

Bond Case Briefs

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Rare Air Limited, LLC v. Property Tax Administrator

Colorado Court of Appeals, Division II - August 29, 2019 - P.3d - 2019 WL 4064961 - 2019 COA 134

Taxpayer, a lessee of land owned by political subdivision of State, appealed order of the Board of Assessment Appeals (BAA) upholding tax assessment on aircraft hanger facility which taxpayer had constructed on the land.

The Court of Appeals held that:

- Lessee possessed a taxable ownership interest in the hanger facility;
- Lessee's possessory interest in hanger facility was subject to taxation; and
- Unit assessment rule did not apply to lessee's ownership of hanger facility.

Lessee of land owned by airport authority, a political subdivision of State, upon which lessee constructed an aircraft hanger facility at its own expense, possessed a taxable ownership interest in the hanger facility, where lease vested in lessee significant benefits of ownership in the facility, including exclusive use of the facility, right to all depreciation and tax advantages, retention of all profits generated, and rights to encumber improvements and assign or transfer them with proper authorization, lessee also had duty to maintain the facility at its own expense, to pay any assessed taxes pursuant to the terms, and to insure the facility at its own expense, and lessee held title to the facility.

Lessee's possessory interest in aircraft hanger facility on land owned by airport authority, a political subdivision of State, was subject to taxation; lessee owned a significant interest in the property from which it derived profits for private benefit, and lessee had exclusive right of possession to the property.