



Assessment Overview

Gallagher Amendment Interim Committee

July 13, 2018



We Value Colorado

Colorado Assessors' Association

Life's FAQs:

Why is the sky blue?

How does gravity work?

Are we there yet?

**What happens in an Assessor's office.....
how does property taxation work?**



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Four Major Duties

1. Discover

- Recordings from County Clerk & Recorder
- Building permits
- Property inspections
- Internet descriptions

2. List

- Utilize Assessor's computer software
- Describe the property characteristics
- Identify the physical location of the property (critical for applying tax districts)
- Maintain ownership and mailing address



Four Major Duties (cont.)

3. Classify

- Based on use as of January 1 every year
- Determines valuation method(s)
- Determines Assessment Ratio to be applied:

<u>Property Class</u>	<u>Assessment Rate</u>
Vacant Land	29% (Gallagher Amendment)
Commercial	29% (Gallagher Amendment)
Industrial	29% (Gallagher Amendment)
Agricultural	29% (Gallagher Amendment)
Natural Resources	29% (Gallagher Amendment)
State Assessed	29% (Gallagher Amendment)
Personal Property	29% (Gallagher Amendment)
Producing mines	25% Gross/100% Net, whichever is greater
Oil and gas	87.5% Primary; 75% Secondary/Tertiary
Residential	7.20% (adjusts per Gallagher Amendment)



Four Major Duties (cont.)

3. Classify - FAQs

- **How are apartment properties classified?**
 - *Residential, as are extended stay hotel rooms, nursing homes, etc.*
- **What if a property has both residential and commercial uses?**
 - *The property is listed, classified, and valued separately according to the characteristics for each use*

PROPERTY CLASSES AND SUBCLASSES

VACANT LAND

Real Property:

- 0010 Vacant-Possessory Interest
- 0100 Residential Lots
- 0200 Commercial Lots
- 0300 Industrial Lots
- 0400 PUD Lots
- 0510 < 1.0 Acre
- 0520 1.0 Acre but < 5.0 Acres
- 0530 5.0 Acres but < 10.0 Acres
- 0540 10.0 Acres but < 35.0 Acres
- 0550 35.0 Acres but < 100.0 Acres
- 0560 100.0 Acres +
- 0600 Minor Structures

RESIDENTIAL

Real Property:

- 1020* Residential-Possessory Interest
- 1112/1212 Single Family Residence
- 4277 Farm/Ranch Residence
- 1115/1215 Duplexes-Triplexes
- 1120/1220 Multi-Units (4-8)
- 1125/1225 Multi-Units (9+)
- 1230** Condominiums
- 1135/1235 Manufactured Housing
- 4278 Farm/Ranch Mfd. Homes
- 1140/1240 Mfd. Housing Parks
- 1150/1250 Partially Exempt
- 1177/1277 Property Not Integral to Ag Operation
- 1278 Mfd. Home Not Integral to Ag

COMMERCIAL

Real Property:

- 2020* Airport-Possessory Interest
- 2021* Entertainment-Possessory Interest
- 2022* Recreation-Possessory Interest
- 2023* Other Comm-Possessory Interest
- 2112/2212 Merchandising
- 2115/2215 Lodging
- 2120/2220 Offices
- 2125/2225 Recreation
- 2127/2227 Limited Gaming
- 2130/2230 Special Purpose
- 2135/2235 Warehouse/Storage
- 2140/2240 Multi-Use
- 2245** Commercial Condominiums
- 2150/2250 Partially Exempt(Tax. part)

Personal Property:

- 1410 Residential Personal Property
- 2040 Comm PP Possessory Interest
- 2405 Ltd Gaming Personal Property
- 2410 Other Personal Property
- 2415 Renewable Energy Pers. Prop.

INDUSTRIAL

Real Property:

- 3020* Industrial-Possessory Interest
- 3112/3212 Contracting/Service
- 3115/3215 Manuf./Processing
- 3120/3220 Refining/Milling
- 3125/3225 Refining/Petroleum
- 3230** Industrial Condominiums
- 3040 Industrial PP-Possessory Interest
- 3410 Industrial Personal Property

Personal Property:

- 3040 Industrial PP-Possessory Interest
- 3410 Industrial Personal Property

AGRICULTURAL

Real Property:

- 4020 Agricultural-Possessory Interest
- 4107 Sprinkler Irrigated Land
- 4117 Flood Irrigated Land
- 4127 Dry Farm Land
- 4137 Meadow Hay Land
- 4147 Grazing Land
- 4157 Orchard Land
- 4167 Farm/Ranch Waste Land
- 4177 Forest Land
- 4279 Farm/Ranch Support Bldgs.
- 4180/4280 All Other Agricultural
- 4410 Agribusiness Personal Property

NATURAL RESOURCES

Real Property:

- 5110/5210 Coal
- 5120/5220 Earth/Stone Products
- 5140/5240 Nonprod. Pat. Mining Claim
- 5250 Nonprod. Unpat. Mining Claim Imps.
- 5170 Severed Mineral Interest
- 5410 Coal
- 5420 Earth/Stone Products
- 5440 Nonprod. Pat. Mining Claim
- 5450 Nonprod. Unpat. Mining Claim

PRODUCING MINES

Real Property:

- 6110/6210 Molybdenum
- 6120/6220 Precious Metals
- 6130/6230 Base Metals
- 6140/6240 Strategic Minerals
- 6150/6250 Oil Shale/Retort

Personal Property:

- 6410 Molybdenum
- 6420 Precious Metals
- 6430 Base Metals
- 6440 Strategic Minerals
- 6450 Oil Shale/Retort

OIL AND GAS

Real Property:

- 7110/7210 Producing Oil/Primary
- 7120/7220 Producing Oil/Secondary
- 7130/7230 Producing Gas/Primary
- 7140/7240 Producing Gas/Secondary
- 7145/7245 Producing CO₂
- 7147/7247 Producing Helium
- 7150/7250 Oil Shale/In-Situ
- 7155/7255 Natural Gas Liquids and/or Oil and Gas Condensate
- 7410 Producing Oil/Primary
- 7420 Producing Oil/Secondary
- 7430 Producing Gas/Primary
- 7440 Producing Gas/Secondary
- 7445 Producing CO₂
- 7447 Producing Helium
- 7450 Oil Shale/In-Situ
- 7455 Natural Gas Liquids and/or Oil & Gas Condensate
- 7460 Pipeline Gather/Trans./Dist. Systems
- 7470 Oil/Gas Rotary Drill Rigs

Personal Property:

- 7410 Producing Oil/Primary
- 7420 Producing Oil/Secondary
- 7430 Producing Gas/Primary
- 7440 Producing Gas/Secondary
- 7445 Producing CO₂
- 7447 Producing Helium
- 7450 Oil Shale/In-Situ
- 7455 Natural Gas Liquids and/or Oil & Gas Condensate
- 7460 Pipeline Gather/Trans./Dist. Systems
- 7470 Oil/Gas Rotary Drill Rigs

STATE ASSESSED

- 8299 Real Property
- 8499 Personal Property

NOTE: There are internal codes under each subclass. See next page.

EXEMPT

Real Property:

- Federal
- 9110/9210 Residential
- 9119/9219 Non-residential State
- 9120/9220 Residential
- 9129/9229 Non-residential County
- 9130/9230 Residential
- 9139/9239 Non-residential Political Subdivisions
- 9140/9240 Residential
- 9149/9249 Non-residential Religious Purposes
- 9150/9250 Residential
- 9159/9259 Non-residential Private Schools
- 9160/9260 Residential
- 9169/9269 Non-residential Charitable
- 9170/9270 Residential
- 9179/9279 Non-residential All Other
- 9190/9290 Residential
- 9199/9299 Non-residential

NOTE: There are internal codes under each subclass. See next page.

* The value listed represents the possessory interest value of land and improvements.
 ** The value listed represents a total value of the property: land and improvements.



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Four Major Duties (cont.)

4. Value

- Determine actual value as of June 30, even year (ex. 2016, 2018)
- Certain property classes are revalued every year (ex. Personal Property) and others every 2 years (ex. all Real Property)

- Value methods/approach:

Property Class

Production property

Non-residential

Residential

Method/Approach

Based on production (agricultural, oil & gas, natural resources)

Cost, Market, and Income approaches – per Constitution (Gallagher)

Market approach only – per Constitution (TABOR)



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Four Major Duties (cont.)

4. Value - FAQs

- How can each Assessor possibly value such a large number of properties with the amount of staff in your offices, you all are **AMAZING!**
 - *Use mass appraisal methodology*
 - *Market approach = multiple regression analysis*
(Denver=250,000, Arapahoe=235,000, El Paso=230,000)
- What value are you estimating?
 - *Actual value = Market value = Most probable price as of June 30, (even year)*



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Certification of Values

Assessor “certifies” to each taxing entity the taxable value and certain additional information used to determine:

- **Revenue and spending limits (TABOR, 5.5%) if applicable**
- **Revenue potential from property tax (budgeting)**
- **The mill levy for the taxing entity which is certified to the Assessor**

Certification of Valuation by County Assessor

Name of Jurisdiction Denver School District No. 1 New Entity: YES NO
 IN Denver COUNTY, COLORADO ON 5-Dec 2017

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATION ("5.5%" LIMIT) ONLY

IN ACCORDANCE WITH 39-5-121(2)(a) and 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2015.

1.	PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	1.	\$	<u>13,460,852,897</u>
2.	CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION ‡ :	2.	\$	<u>17,539,133,810</u>
3.	LESS TIF DISTRICT INCREMENT, IF ANY:	3.	\$	<u>962,483,706</u>
4.	CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	4.	\$	<u>16,576,650,104</u>
5.	NEW CONSTRUCTION * :	5.	\$	<u>513,079,160</u>
6.	INCREASED PRODUCTION OF PRODUCING MINE ~ :	6.	\$	_____
7.	ANNEXATIONS/INCLUSIONS:	7.	\$	_____
8.	PREVIOUSLY EXEMPT FEDERAL PROPERTY ~ :	8.	\$	_____
9.	NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND (29-1-301(1)(b), C.R.S.) v :	9.	\$	_____
10.	TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(a), C.R.S.):	10.	\$	<u>2,191,725</u>
11.	TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a), C.R.S.) and (39-10-114(1)(a)(I)(B), C.R.S.):	11.	\$	<u>8,381,268</u>

‡ This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec. 20(8)(b), Colo. Constitution.
 * New Construction is defined as: Taxable real property structures and the personal property connected with the structure.
 ~ Jurisdiction must submit respective certifications (Forms DLG 52 & 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.
 v Jurisdiction must apply (Form DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

USE FOR "TABOR LOCAL GROWTH" CALCULATION ONLY

IN ACCORDANCE WITH THE PROVISIONS OF ART. X, SEC. 20, COLO. CONS., AND 39-5-121(2)(b), C.R.S., THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2017.

1.	CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY a :	1.	\$	_____
ADDITIONS TO TAXABLE REAL PROPERTY:				
2.	CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS e :	2.	\$	_____
3.	ANNEXATION/INCLUSIONS	3.	\$	_____
4.	INCREASED MINING PRODUCTION j :	4.	\$	_____
5.	PREVIOUSLY EXEMPT PROPERTY:	5.	\$	_____
6.	OIL OR GAS PRODUCTION FROM A NEW WELL:	6.	\$	_____
7.	TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT: (If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)	7.	\$	_____
DELETIONS FROM TAXABLE REAL PROPERTY:				
8.	DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	8.	\$	_____
9.	DISCONNECTIONS/EXCLUSIONS:	9.	\$	_____
10.	PREVIOUSLY TAXABLE PROPERTY:	10.	\$	_____

a This includes the actual value of all taxable real property plus the actual value of religious, private school, and charitable real property
 e Construction is defined as newly constructed taxable real property structures
 j Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS:

1.	TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY:	1.	\$	<u>129,040,583,782</u>
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NOTE: ALL LEVIES MUST BE CERTIFIED to the COUNTY COMMISSIONERS NO LATER THAN DECEMBER 15.



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Certification of Values – cont.

Taxing entities have the authority to levy taxes on property and include:

- **School Districts**
- **Counties**
- **Special Districts (Fire, Water, Metro, Improvement, etc.)**
- **Municipalities**
- **Junior Colleges**

School Districts

- 50.4% of 2012 property taxes
- 50.3% of 2013 property taxes
- 49.8% of 2014 property taxes
- 49.5% of 2015 property taxes
- 50.5% of 2016 property taxes



- 178 school districts in Colorado
- School District boundaries sometimes overlap county boundaries
- Every property in Colorado is located within a school district
- **School districts are the largest tax revenue entity**

County Governments

- 25.3% of 2012 property taxes
- 25.3% of 2013 property taxes
- 25.4% of 2014 property taxes
- 25.1% of 2015 property taxes
- 24.6% of 2016 property taxes



- 64 counties including Denver & Broomfield (city/county)
- **A county is typically the largest taxing entity in terms of land area & population**
- Tax revenue goes to various funds

Special Districts

- 18.4% of 2012 property taxes
- 18.3% of 2013 property taxes
- 18.7% of 2014 property taxes
- 19.2% of 2015 property taxes
- 18.9% of 2016 property taxes



- Special Districts provide a specific service or set of services such as fire protection, water, sanitation, and recreation
- There are more than 2,000 special districts in Colorado
- A Property may or may not be located in a special district

Municipalities

- 4.9% of 2012 property taxes
- 4.9% of 2013 property taxes
- 4.8% of 2014 property taxes
- 4.8% of 2015 property taxes
- 4.8% of 2016 property taxes



- May be located in one or more counties
- There are 271 municipalities in Colorado

Junior Colleges

- 1.2% of 2012 property taxes
- 1.2% of 2013 property taxes
- 1.3% of 2014 property taxes
- 1.4% of 2015 property taxes
- 1.2% of 2016 property taxes



- 4 Junior College districts in 14 Colorado counties
 - Aims Community College
 - Colorado Mountain College
 - Moffat County Affiliated Junior College
 - Rangely Junior College
- These are not part of Colorado's community college system

Property Tax Distribution

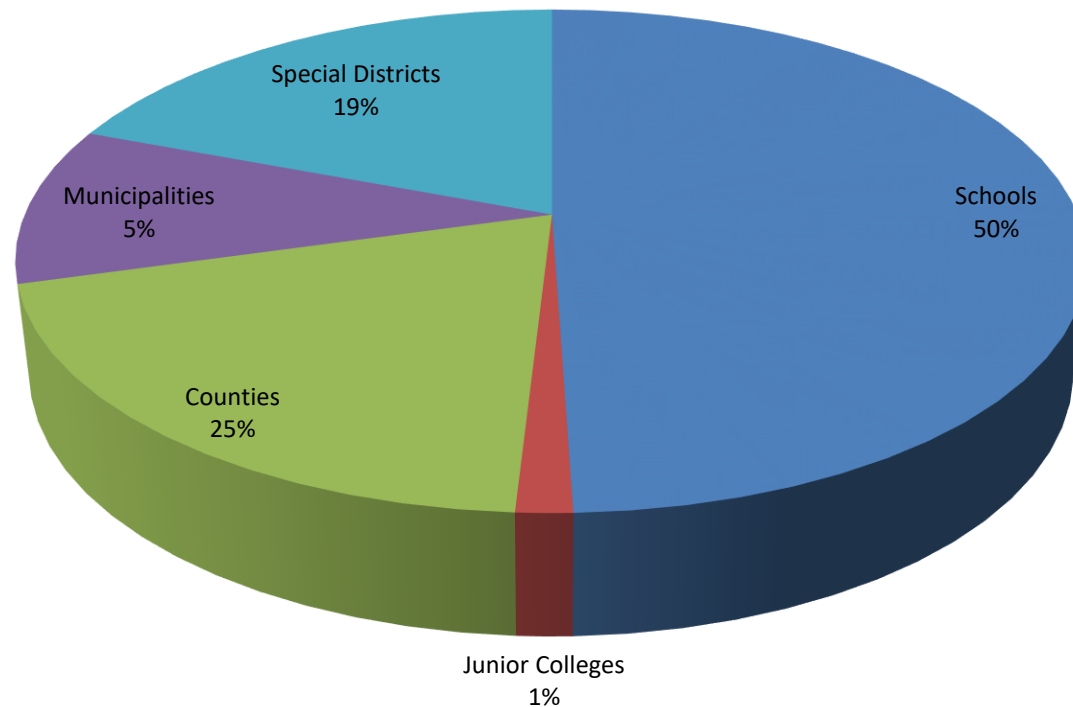
2016 Taxes Due in 2017

(in Billions of Dollars)

School Districts	\$4.106
County Governments	\$2.000
Special Districts	\$1.536
Municipalities	\$0.392
Junior Colleges	\$0.094

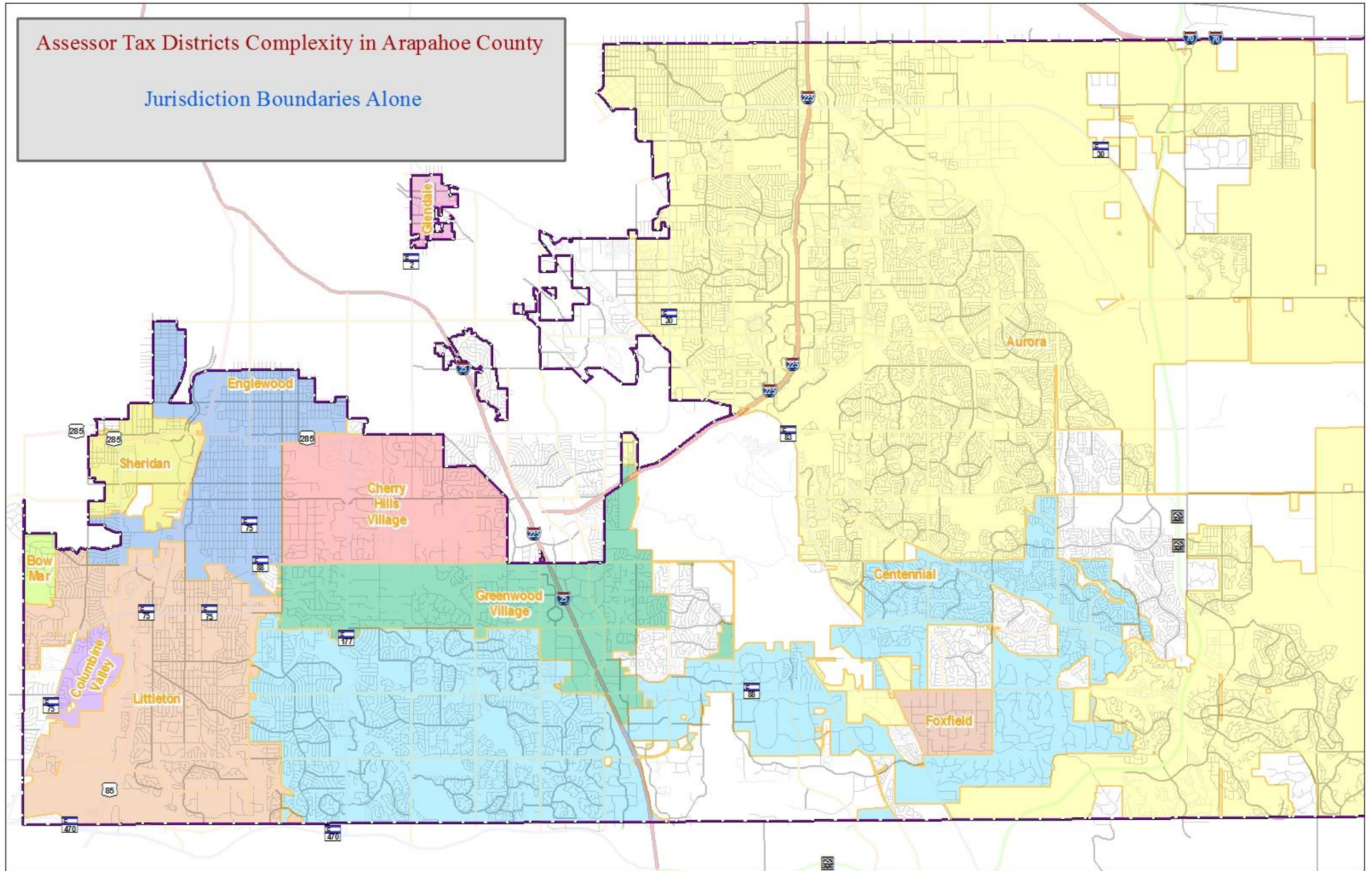
Total Taxes: \$8.129 Billion

NO STATE PROPERTY TAX



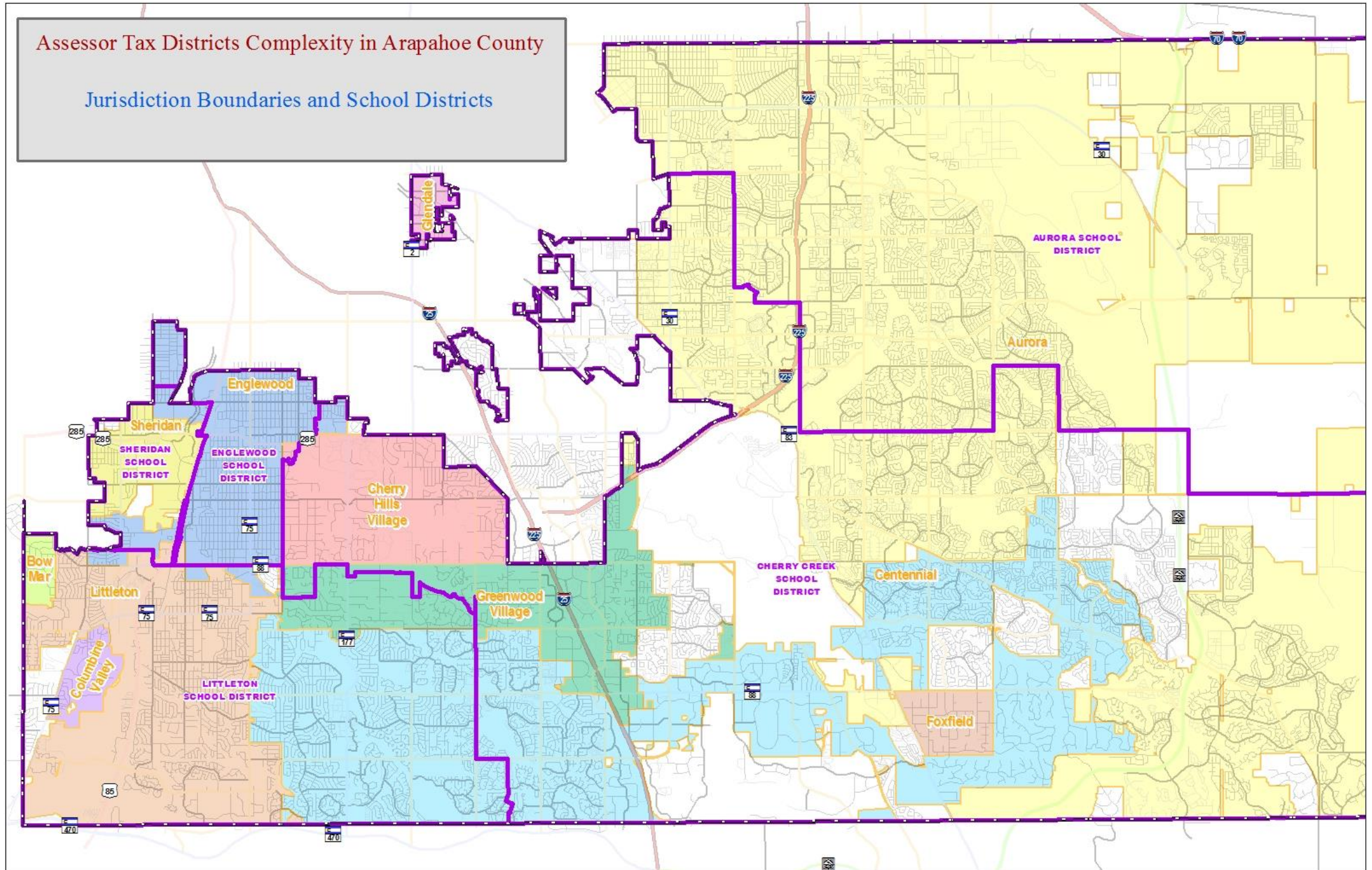
Assessor Tax Districts Complexity in Arapahoe County

Jurisdiction Boundaries Alone



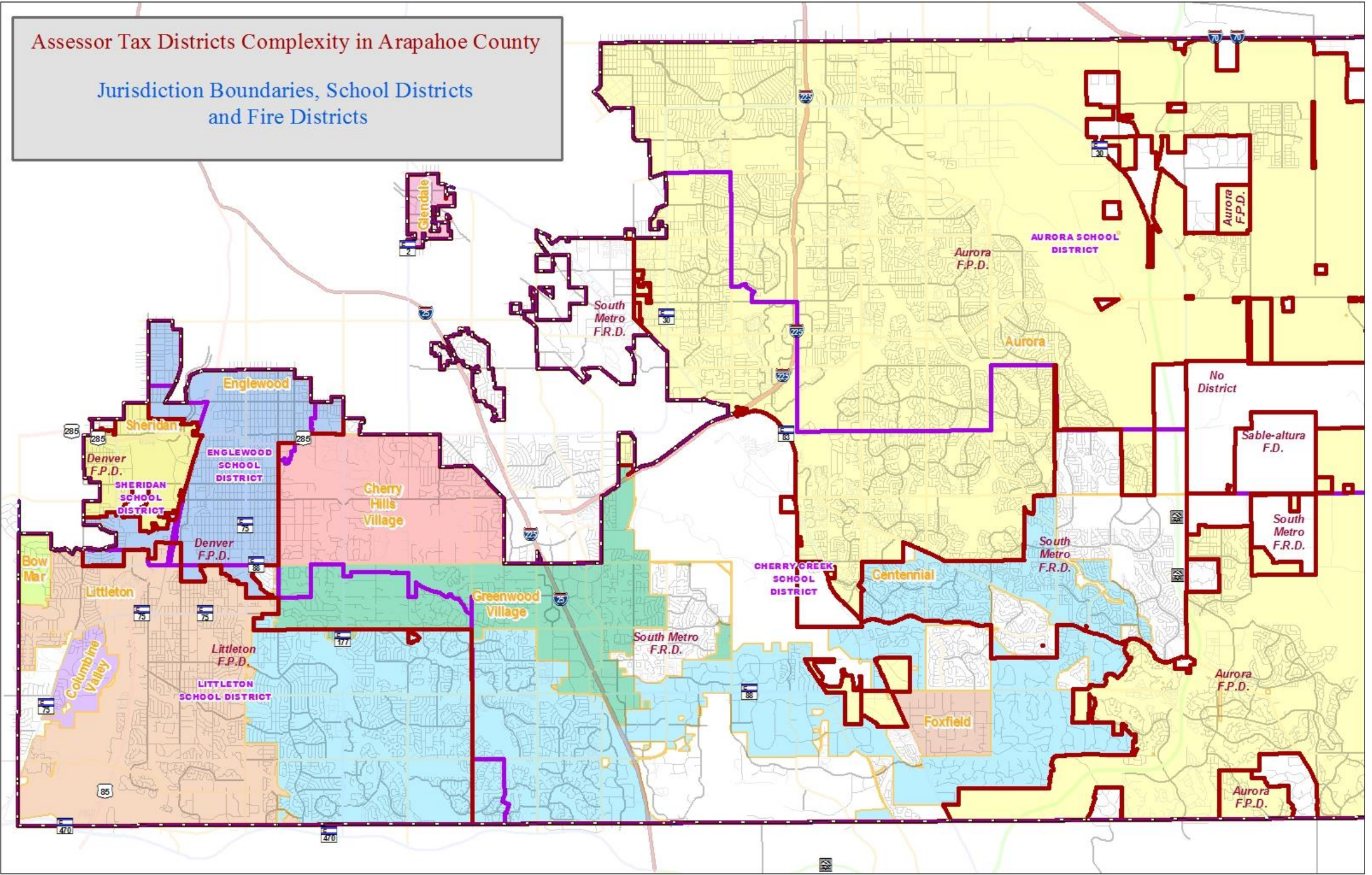
Assessor Tax Districts Complexity in Arapahoe County

Jurisdiction Boundaries and School Districts



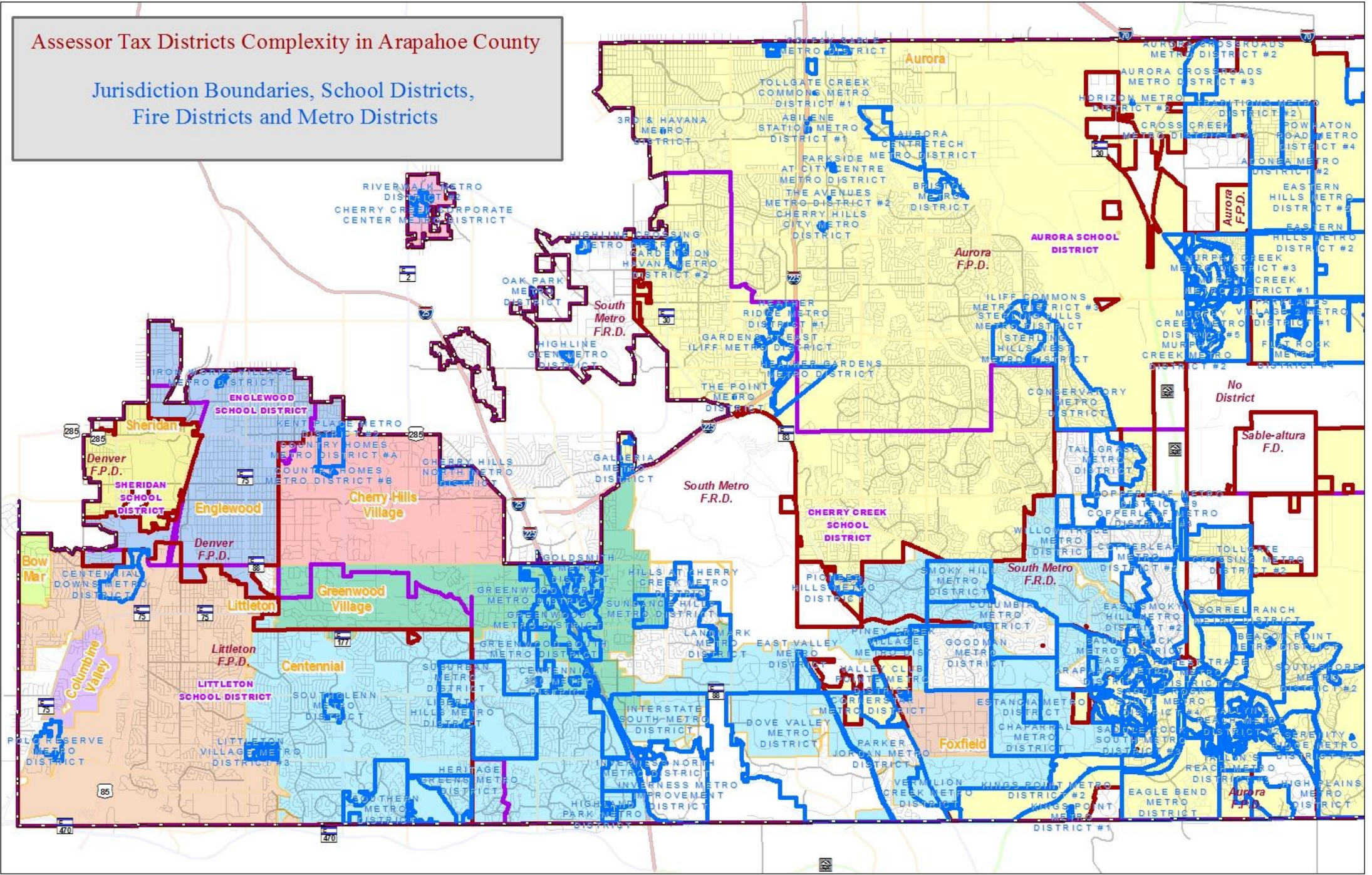
Assessor Tax Districts Complexity in Arapahoe County

Jurisdiction Boundaries, School Districts and Fire Districts



Assessor Tax Districts Complexity in Arapahoe County

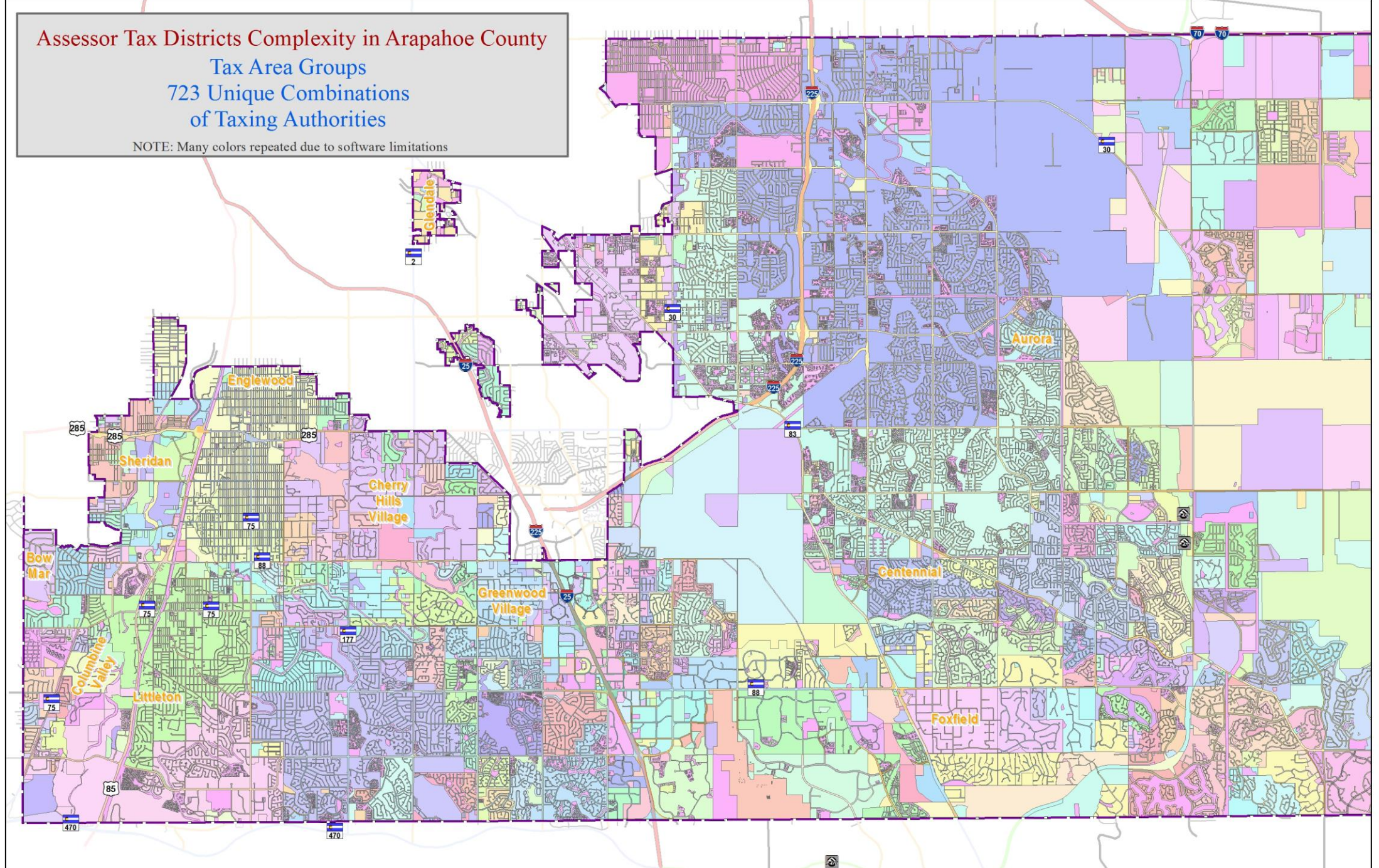
Jurisdiction Boundaries, School Districts,
Fire Districts and Metro Districts



Assessor Tax Districts Complexity in Arapahoe County

Tax Area Groups
723 Unique Combinations
of Taxing Authorities

NOTE: Many colors repeated due to software limitations



Example of Taxing Entities



2017 Tax Levies for Taxing Authority 0900

Code	Taxing Authority	Levy
0601	Littleton School Dist # 6	51.1660000000
2998	Arapahoe County	12.8170000000
2999	Developmental Disability	01.0000000000
3009	City Of Littleton	06.6620000000
4528	Regional Transportation	00.0000000000
4650	S Suburban Park & Rec	08.4960000000
4712	Urban Drainage & Flood	00.5000000000
4713	Urbn Drnge&Fld (S Platte)	00.0570000000
	Total:	80.6980000000



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Calculation of Property Taxes

Actual Value (Market Value)

x Assessment Ratio (based on classification)

= Assessed Value

x Mill levy (determined primarily by location)

= Property Taxes



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Calculation of Property Taxes - examples

	<u>Residential</u>	<u>Non-Residential</u>
Actual Value	\$1,000,000	\$1,000,000
x Assessment Ratio	x <u>7.20%</u>	x <u>29%</u>
= Assessed Value	\$72,000	\$290,000
x Mill levy	.077134	.077134
= Property Taxes	\$5,553.65	\$22,368.86



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Abstract of Values

Assessor reports annually to Property Tax Administrator:

- **Assessed values by class and subclass**
- **Parcel and unit counts**
- **Assessed values by school district and municipality**

Used by State Agencies for:

- **Fiscal impact analysis**
- **Residential rate study (Gallagher Amendment)**



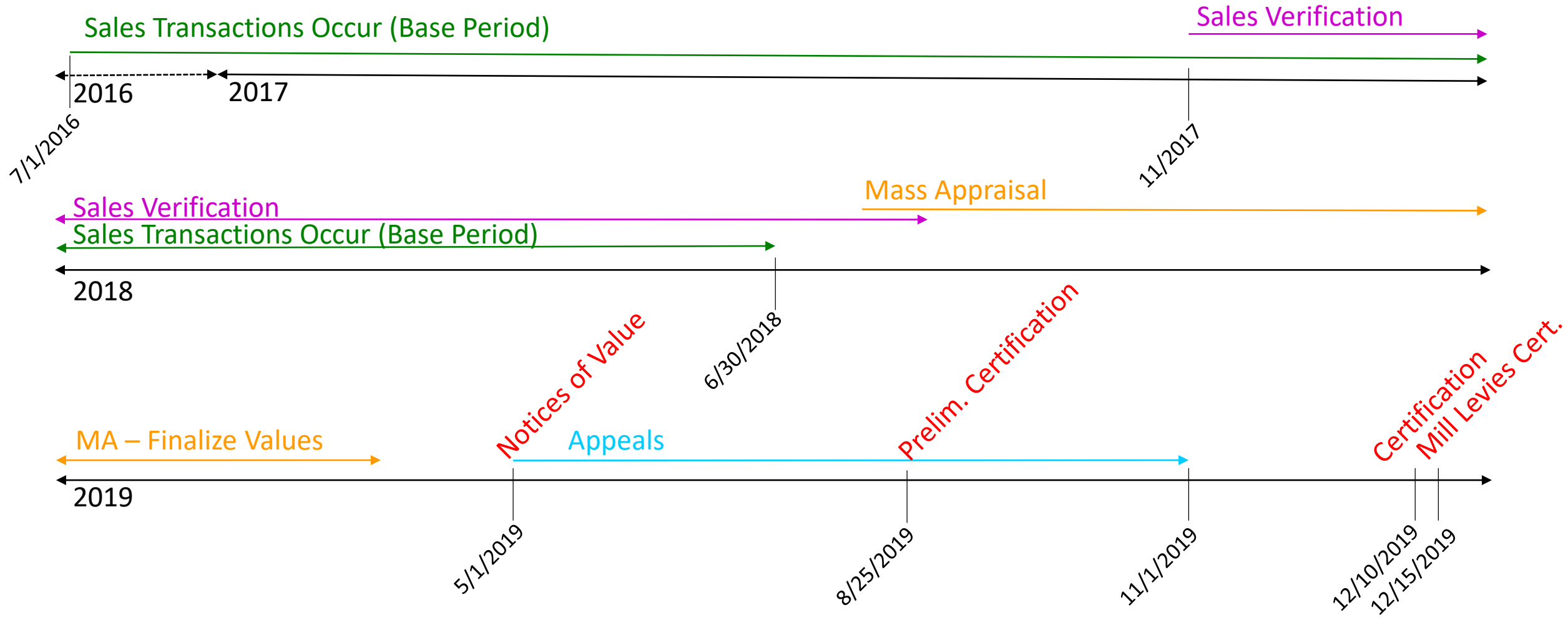
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“Lightning Round”

- **Exemptions are applied to eligible property (Governmental, Public Schools, Metro District, Religious, Charitable, qualifying Seniors, etc.)**
 - **Public property = 97,382 parcels = \$15.6B actual value**
 - **Religious, charitable, private schools = 11,235 parcels = \$14.8B actual value**
- **Various appeal rights are available to property owners to consider classification, valuation, error in levying, etc.**
- **Division of Property Taxation provides oversight and publishes the Assessor’s Reference Library (contains 1,907 pages)**
- **Assessors must comply with annual audit performed on behalf of the State Board of Equalization**



Calendar





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“The office of assessor is one of the most important in the county and, generally speaking, demands a higher class of ability than is required of any of the other county officers. Like the judges of the courts, an assessor is charged with the administration of justice. Fixing values which determine the amount of the taxpayers’ contribution to the support of government is a delicate business, and one that demands most careful discrimination and the keenest appreciation of the rights of individuals.”

**First Annual Report of the Colorado Tax Commission
to the Governor, Treasurer, and Legislature
December 14, 1912**



We Value Colorado

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Thank you for the opportunity!

The Colorado Assessor's Association