Colorado Property Tax Commission

Bell Policy Center ballot measures and recommendations for reform

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Focus: What are the problems we need to solve?

- Replacement of a residential limit (aka Gallagher Amendment) to avoid spikes
- Funding education AND paying for a commercial rate reduction
- Adequate and predictable funding for local governments
- Ballot Armageddon
Our Measures

• Avoid Ballot Armageddon
• Fund education AND pay for a commercial rate reduction
• Ensure adequate and predictable funding for local governments
Local Community Losses Under Initiative 50

Losses from 4% Statewide Revenue Cap if in Place Starting in 2015

- $0
- $4 billion
- $8 billion
- $12 billion
- $16 billion


ANNUAL LOSS CUMULATIVE LOSS
Annual Property Tax Reductions Under Initiatives #198-201

Residential: 7.1% to 5.7%
Commercial: 29.1% to 25.5%
+$55,000 Residential Exemption

~$2.8 Billion Total Loss to All Districts = ~15% of FY24-25 General Fund

Source: DOLA
Neverending Statewide Elections on Local Tax Policy

Statewide Property Tax Revenue Growth

Source: DOLA
Hold local government revenue captive to statewide revenue

7.9%

Total value forecast for 2024

Source: DOLA
Ballot Initiatives

Initiative 95
Only local electors are allowed to approve a property tax revenue reduction.

Initiative 96
Creates a *conditional* tax on luxury homes through a floating tax rate if a statewide vote reduces property tax revenue.
Beyond Ballot Measures:
A look at what’s actually happened and what we should do next
What has the legislature already done?

- SB21-293, SB22-238, SB23B-001
- Cumulative Reductions
  - Residential: 7.15% to 6.675% and $55,000 value exemption
  - Commercial: 29.1% to 27.9% and $30,000 value exemption
“Actual” Value Growth: 2023

Why we need targeted tools

Source: LCS
Average Actual Assessed Value in 2024 After Legislation Action

2022 to 2023: % Increase in Taxable Value for Average Single-Family Home i.e., assessed value after reduced assessment rates and exemptions

Source: DOLA
Actual Property Taxes After Legislation Action in 2024

2022 to 2023: Property Tax Increase for Average Single-Family Home i.e., actual property tax increases after legislative action

$2M+ Residential Properties

Source: DOLA
Market expected to cool

Total Assessed Value
Forecasted Growth: 2024

Source: LCS
Uniform Relief?

↓ Smallest Increase
Baca: -17%
Kiowa: -5%
Jackson: -2%
Cheyenne: -1%
Conejos: 0%

↑ Largest Increase
Routt: 67%
Archuleta: 60%
Summit: 57%
Eagle: 55%
Ouray: 55%
% of Income spent on Property Tax: Median Household

Source: DOLA, DOR, U.S. Treasury

Note: Pre-tax income, post-relief property tax
<table>
<thead>
<tr>
<th>County</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Adams</td>
<td>5.5%</td>
</tr>
<tr>
<td>Broomfield</td>
<td>4.3%</td>
</tr>
<tr>
<td>Jefferson</td>
<td>4.2%</td>
</tr>
<tr>
<td>Boulder</td>
<td>3.9%</td>
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<tr>
<td>Arapahoe</td>
<td>3.8%</td>
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<tr>
<td>Larimer</td>
<td>3.7%</td>
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<tr>
<td>Clear Creek</td>
<td>3.7%</td>
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<tr>
<td>Elbert</td>
<td>3.6%</td>
</tr>
<tr>
<td>Douglas</td>
<td>3.3%</td>
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<tr>
<td>Gunnison</td>
<td>3.3%</td>
</tr>
<tr>
<td>Denver</td>
<td>3.2%</td>
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<tr>
<td>La Plata</td>
<td>3.2%</td>
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A comparison: Adams & Douglas

<table>
<thead>
<tr>
<th>Adams County</th>
<th>Douglas County</th>
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</thead>
<tbody>
<tr>
<td>Mill Rate: 120</td>
<td>Mill Rate: 100</td>
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<tr>
<td>AV Growth: 32%</td>
<td>AV Growth: 40%</td>
</tr>
<tr>
<td>Median Home: $540,000</td>
<td>Median Home: $700,000</td>
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<tr>
<td>Median Income: $86,000</td>
<td>Median Income: $139,000</td>
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Income spent on property tax: 5.5%  
Income spent on property tax: 3.3%
A STRAWMAN, Step 1

Eliminating Gallagher solved two problems:

- ever decreasing residential revenue
- ever increasing commercial assessment rates
A STRAWMAN, Step 2

❌ Problem: Possibility of spiking residential rates
✅ Solution: Smoothing using rolling averages

❌ Problem: Affordability
✅ Solution: More targeted tools like a circuit breaker or regional assessment rates

❌ Problem: High commercial rates
✅ Solution: Focus on education side – split assessment rates and find replacement revenue

❌ Problem: Radicalization
✅ Solution: Reaffirm local control
Appendix
Maps
% Res Class of Property Tax

Source: DOLA
What does school finance have to do with any of this?

State vs Local School Finance Funding (in Millions)

- Local Share of School Finance
- State Share of School Finance

Source: Bell Analysis of Legislative Council Staff Data From FY 93-94 through FY 20-21
2022 to 2023: % Increase in Taxable Value for Average Single-Family Home i.e., assessed value after reduced assessment rates and exemptions

[Map showing percentage increase in taxable value across various counties in Colorado]