



ELEVATE YOUR
FUTURE

COLORADO PROPERTY TAX COMMISSION

CMC Recommendations for Future Property Tax Policies

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CMC REACTIONS TO IDEAS UNDER CONSIDERATION

- **Separating School Finance** from general state assessment processes is a very strong concept.
 - As a constitutional mandate, School Finance is appropriately a state-level concern.
 - Keep all other property taxes local and limit state interference to the greatest extent possible.
- Expanding **Homestead exemptions** to a much larger share of owner-occupied residences could solve most problems with escalation.
 - We would recommend distinguishing occupancy based on time and household income, not only property valuations and occupants' age.
 - **Question:** would the state's uniformity clause allow such "exemptions" to apply to properties based on time of ownership and/or household income?

CMC REACTIONS TO IDEAS UNDER CONSIDERATION

- **Avoid ratios** between residential/commercial. Don't do it.
 - These are false associations that change dynamically according to market forces.
 - This was one of Gallagher's main flaws: it assumed that the residential/commercial ratio was fixed and that populations wouldn't move or change.
- **Truth in Taxation** is a fine concept, but focus on incentives for local governments, not hard caps or revenue ceilings.
 - Arbitrary limits and mandatory "backfill" provisions are impossible to predict accurately and consistently.
 - Instead, focus on incentives based on local economic realities.
- **Smoothing assessments** is far better than ignoring market realities with arbitrary caps/ceilings.
 - State laws should react to changes in markets, not ignore them.

CMC FINAL RECOMMENDATIONS

- **Maintain current rates the same** until next reassessment cycle (2026).
 - Local governments have made their plans for 2024. Allow them to do their work for two years without major new interruptions.
 - Possibly, make all new changes conditional upon the absence of strict caps/ceilings.
- Target relief to individual taxpayers and businesses in the form of **tax credits**.
 - Could be implemented in 2024 potentially using TABOR surplus revenues.
- **Keep revenues from residential, commercial, and other categories separated.**
 - No two tax districts are the same, so resist another Gallagher-like proportionality schemes/ratios.



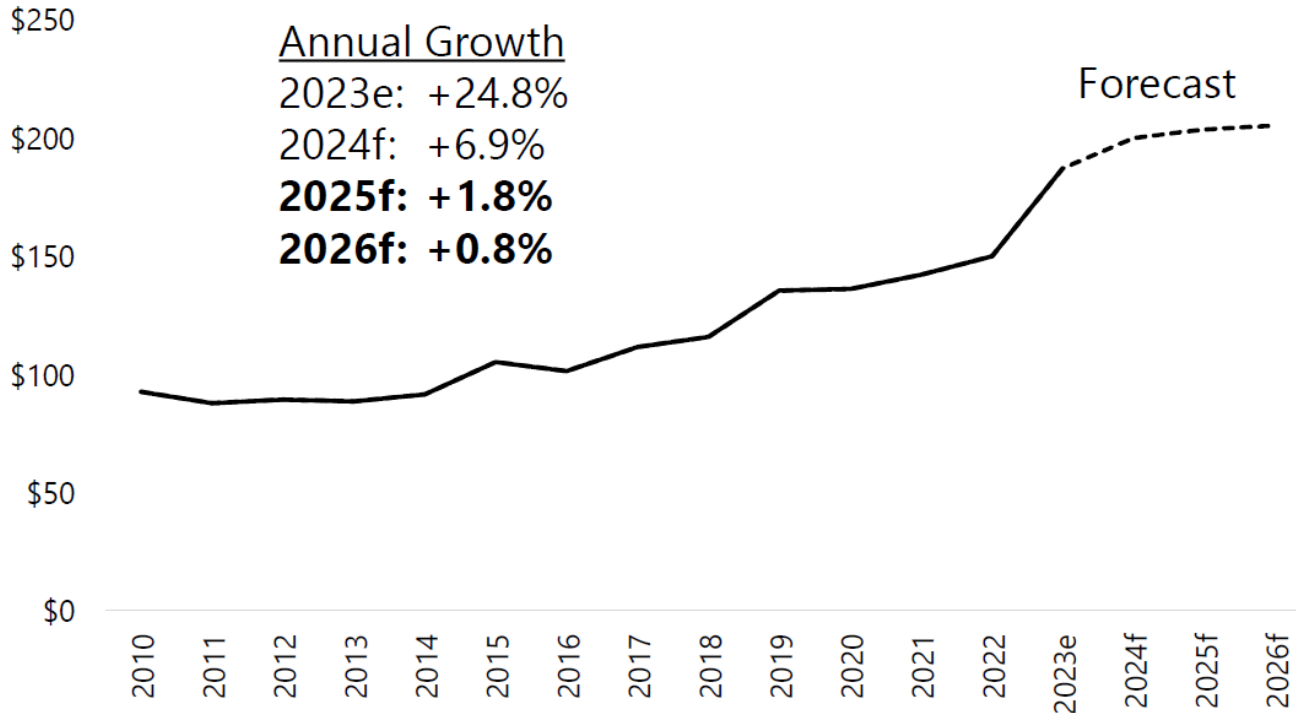
ADDITIONAL DETAILS, IF TIME ALLOWS





THIS IS A SHORT-TERM PROBLEM: HOUSING VALUATIONS IN COLORADO

Dollars in Billions



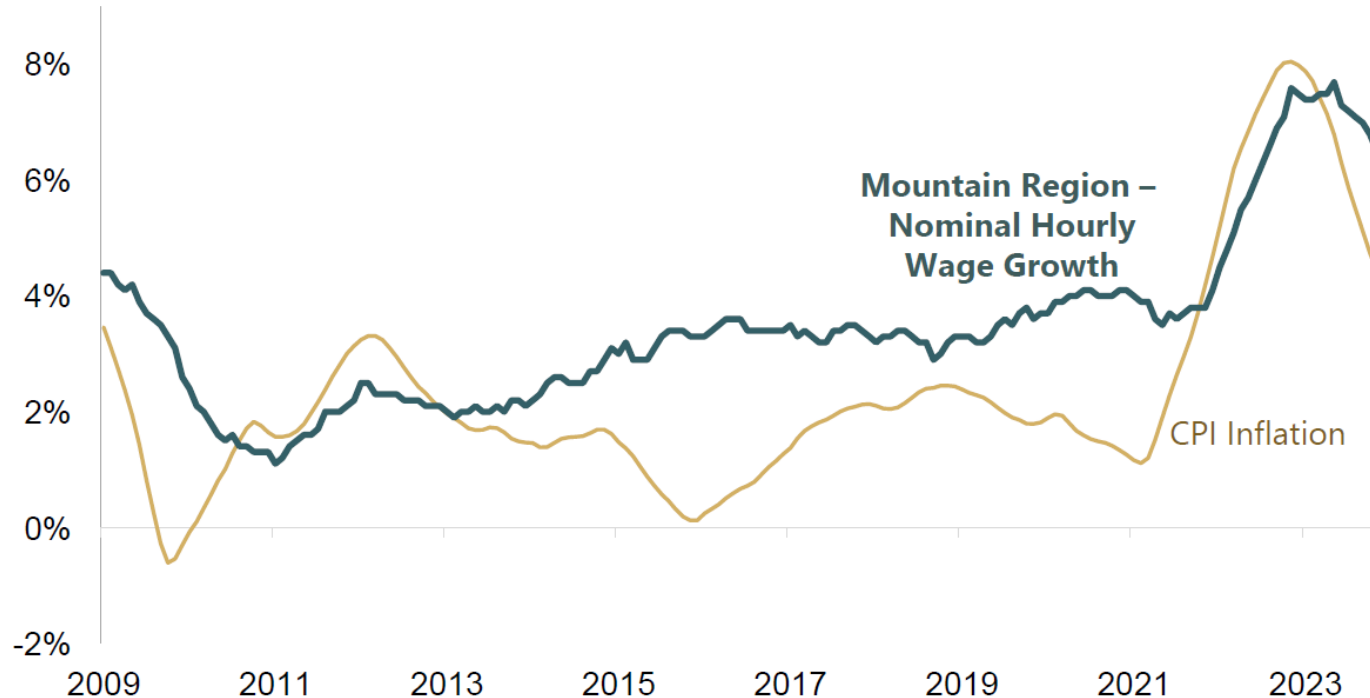
Source: Legislative Council Staff, e=estimate, f=forecast





COLORADO'S ECONOMY IS VERY STRONG: WAGE GROWTH EXCEEDS INFLATION

Median Nominal Hourly Wage Growth and CPI Inflation
Year-over-Year Change, 12-month moving average



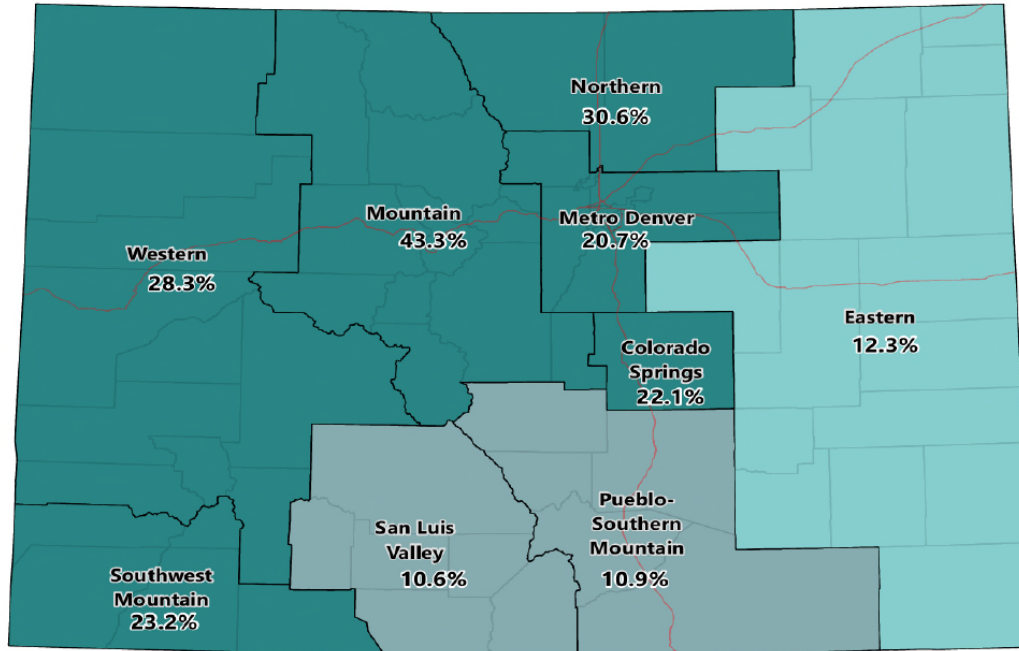
Source: Atlanta Fed Wage Growth Tracker and Bureau of Labor Statistics. Data are through November 2023.



NORTHERN AND WESTERN COLORADO WERE MOST IMPACTED IN 2023

2023 Reassessment Year: 24.8% growth

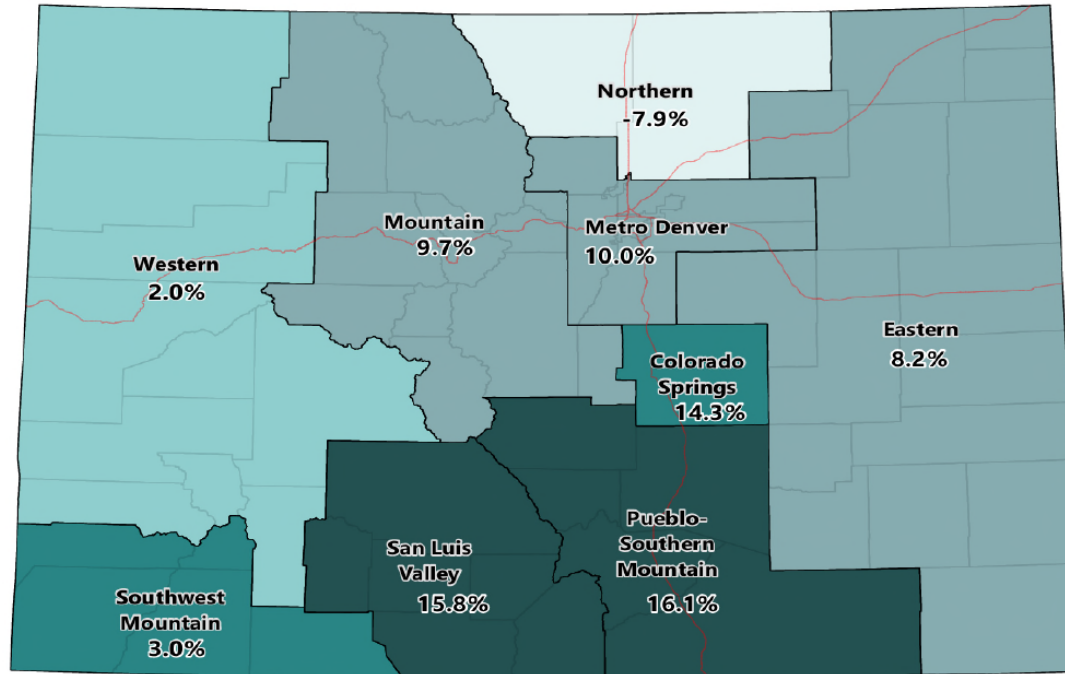
Fastest growth in resort communities, larger relative impact of legislative adjustments on growth in lower value areas of the state



SOUTHERN COLORADO AND THE SAN LUIS VALLEY ARE EXPECTED TO BE MOST IMPACTED IN THE FUTURE

2024 Intervening Year: 6.9% growth

Fastest growth in lower value areas of the state that experienced a larger relative impact of 2023 legislative adjustments





THERE IS NO RECESSION ON THE HORIZON: COLORADO'S ECONOMY CONTINUES TO EXCEED EXPECTATIONS

TABOR Outlook

Revenue Subject to TABOR
Dollars in Billions

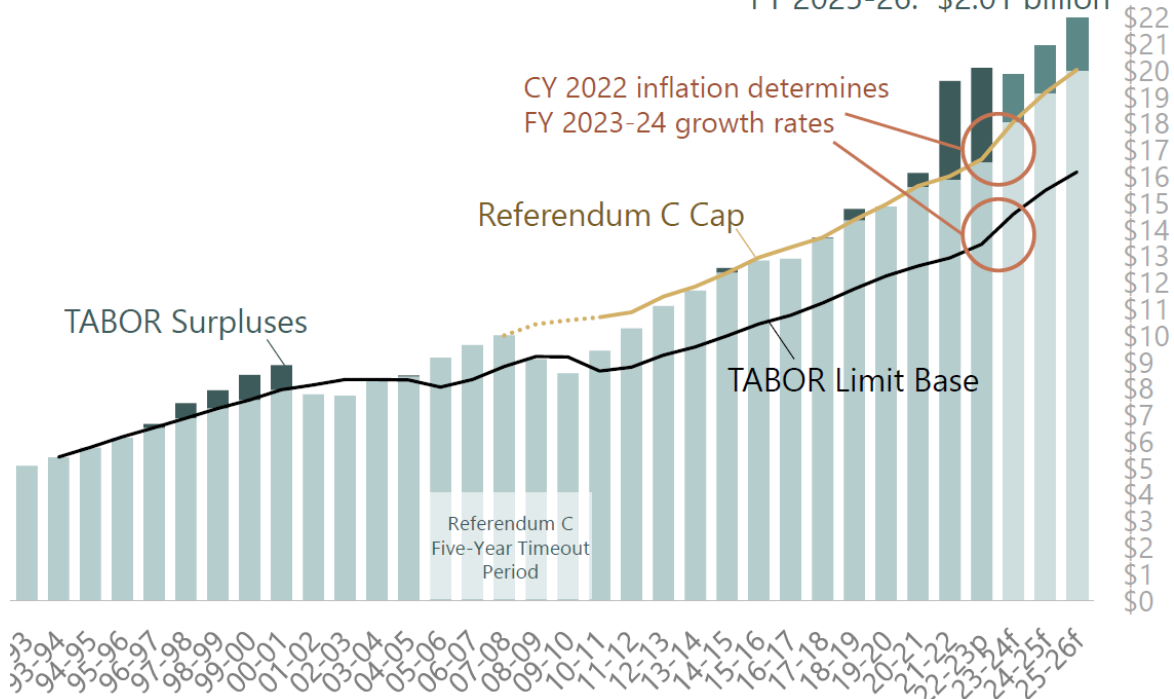
Revenue Above the Ref C Cap

FY 2022-23: \$3.57 billion

FY 2023-24: \$1.78 billion

FY 2024-25: \$1.79 billion

FY 2025-26: \$2.01 billion



IMPACT OF 2024 ON A “TYPICAL” COLORADAN

- Average wage in Colorado = \$35/hr (About \$72,000)
- Average wage growth = 5.6% (CPI inflation = 5.2%)
- Average home value = \$612,000 (\$1,677 taxes in 2023 @40 mills)
- Average increase in valuation = 24.8%

- Average change in wages = **\$4,032** (+\$336/mo)
- Average home with 24.8% growth = \$763,776 (\$1,900 taxes in 2024 @40 mills)
- Average change in property taxes = **\$223** (+\$18.58/month)