Property Tax Increases

Rachel White to: propertytaxcommission 04/09/2024 12:03 PM

Hello,

I am writing to you regarding our increasing property tax in the state. As a homeowner, we set out to purchase a home with a monthly mortgage that we can afford. However, with property tax increases, our mortgage is becoming unaffordable and our salaries cannot keep up with this pace. This is very concerning as people are getting priced out of their homes and communities. I am originally from Michigan. In Michigan, your property tax is set the year you buy your house. It does not change until the house is sold and a new owner takes over and the house is assessed again. This allows my parents who are retired to live comfortable knowing their housing costs will not drastically increase. Is this something that Colorado has looked into? The state is a big proponent of affordable housing, yet is making our current housing unaffordable. Something needs to be done.

Thank you,

Rachel White
Timnath, Colorado
Sent from my iPhone

Homestead Act

lynn gartland to: propertytaxcommission@coleg.gov 03/18/2024 08:45 AM

Dear Property Tax Commission,

Please consider making the Homestead Act portable. Many seniors like my husband and I wait patiently for 10 years to earn this much-needed tax reduction and then we lose it when we move.

I'm our case we moved because we wanted the reassurance of a better hospital in a larger city. Some people move to be closer to adult children to get help as they age.

Colorado has long been sympathetic to seniors with their retirement deduction in income taxes so I hope you strongly consider implementing this change as well.

Thank you.
Lynn Gartland
Pueblo West

Natalie Menten
Lakewood, CO
coloradoengaged@gmail.com

Dear members of the Commission on Property Tax:

The commission was tasked with providing property tax relief options before the temporary tax adjustments expire at the end of 2024.

The obvious answer is to restore inflation and growth adjustable property tax revenue caps where they've been forfeited in prior elections. Good news – that's already in the Taxpayer's Bill of Rights (TABOR) but it needs to be reinforced!

If that doesn't happen, there will be a hard property tax cap on the 2024 ballot. That's been clearly stated by two of the proponents of property tax caps if there was insufficient actions from the commission.

Taxpayers want tax caps whether they are hard or inflation adjustable. Taxpayers like me understand that government growth should be relative to the size of the local economy. That is rightly answered in the existing property tax limit contained in TABOR, paragraph 7c, which allows for such growth.

Having sat through all the commission meetings, there's a few moments I want to highlight.

Bring back the tax caps

In this three minute video, the county assessor from Santa Clara, California described where that state sits now under the Proposition 13 property tax caps. His points illustrate why our Colorado TABOR is ideal. The assessor points out that local California governments didn't appropriately reduce property taxes in 1978, even referring to property taxes as "money machines." So, California voters used their right to petition to place a hard tax cap on the ballot, which became Proposition 13.

The criticism about California's property tax cap has some merit because it doesn't include an inflationary factor. The good news for Colorado is that our TABOR addresses that concern by allowing an inflationary clause. When the Consumer Price Index (CPI) jumps to high inflation, like 5 or 8%, TABOR allows governments to increase revenue relative to the CPI and even adds local growth (construction) to that. That's called sustainable government.

We know that local Colorado governments have acted similarly to California with the recent property valuation explosion. While the Colorado Special Districts Association (SDA) may try to reassure taxpayers that automatic protections exist, that's largely not available anymore because voters unwittingly waived property tax limits, both the TABOR paragraph 7c limit and the 5.5% Annual Property Tax Revenue Cap.

When Commissioner Chris Richardson asked the SDA counsel in testimony how many local voters have waived the tax caps, her off the cuff answer was 70%. When Richardson asked how many local governments lowered their mill levy rate in response to the valuation spike, the answer was "not many."

Leaving government tax revenue caps up to local elected officials without an automatic taxpayer guard dog on duty doesn't work. A typical property owner isn't likely to show up at a budget cycle hearing which happens to also set the mill levy. The average person doesn't show up at the 9 am weekday public hearing about a property tax increase because they're at work.

Here's how such a situation works out in a real life.

Lakewood City Councilor Mary Janssen, in a minority position, forcibly submitted a motion to lower Lakewood's mill levy in October 2023. The city was estimating a 25% revenue increase. Janssen's motion would have lowered the mill levy to result in a single-digit revenue increase. Approving a double-digit increase shouldn't have even been a question since our Lakewood city charter section 12.12 prescribes no more than a 7% increase in property tax revenue.

Yet, somehow the city's finance department and legal counsel interpret that as a limit on increasing the mill levy rate. How can that be misread? The council majority pushed aside Janssen's motion for meaningful tax relief and replaced it with roughly a 12% increase on the back of struggling taxpayers. Quite ironic as "affordable housing" is supposed to be a city priority.

Should a taxpayer have to fight for tax caps with each of the several different governments every assessment period? No, we shouldn't. We need a 24/7 taxpayer watchdog – that's TABOR.

Taxpayers should be the focus

While there have been some pro-taxpayer suggestions from other commission members, I want to commend Commissioner Chris Richardson. He laid out reasonable taxpayer protection options for discussion at the February 9th meeting, as follows: Apply the revenue restrictions already in the Taxpayer's Bill of Rights (TABOR) to taxing entities to specifically limit property tax collection increases to inflation plus population growth. The impact of this would take two forms depending on previous voter actions:

1.
    1. If voters in a taxing district had previously voted to waive the TABOR revenue cap, only the local property tax mill levy collections would be limited by the inflation plus growth formula found in TABOR, but other revenues are unaffected.
    2. If voters have not waivered the TABOR revenue cap, then the local property tax mill levy would be reduced in order to remain under the cap.
    3. Eliminate current waivers to the 5.5% annual increase restriction provided by the "Annual Levy Law") to dampen spikes during periods of high inflation or rapidly rising property values.

4. Allow local votes to raise these caps so long as the ballot language specifies the authority for the increase will expire (sunset) within a period that doesn't exceed ten years. (Does not apply votes for Bonded Indebtedness – which may not exceed 30 year pay-off. This would allow the most beneficial loan rates for larger projects).
5. Lock the current Residential assessment rate (6.7%) – while requiring downward mill adjustment to satisfy the caps in 1 &2 above.
6. Reduce the Assessment rates for Non-residential properties (other than Oil & Gas/Mineral Extraction) (now 24-27%) by 1% annually until parity with Residential is reached (No more than 2:1 Non-Residential:Residential).
7. Continue Non-Residential reduction to parity until all non-res classes are equal, then eliminate all other classes other than Agriculture, and O&G/Mineral.

Richardson's collection of proposals incorporate meaningful tax relief. Shouldn't that be the commission's goal? Please give his proposal serious inspection before you make your decisions.

The commission seems to be top lining measures that would shift the property tax payments from one or two payments to twelve payments, or smoothing of payments, which doesn't lower the bill but rather averages it out. At best these would be considered ornamental and that might be a stretch with little benefit but definitely have administrative challenges. The commission needs to shift this conversation to local caps.

The commission has the option to restore property tax caps. They could eliminate the waivers from the 5.5% Annual Levy Law and amend that section to be adjusted by CPI and local growth, plus – add home rule jurisdictions which aren't included now.

November is going to be here fast. Hard caps or inflation adjustable caps – which will it be?

A few hundred thousand Coloradans aged 60+ could have had the opportunity to lower their property tax bill but may not have been given the chance to sign-up. Their elected officials and governing bodies would have to opt-in and advertise the program, but not all property tax agencies offer the tax saving plan.

Since 1995, Colorado law has offered a Property Tax Work Off Program (PTWOP) found in CRS 39-3.7-101.

School districts, counties, special districts, and cities or towns can offer the program. Thompson School District offers this opportunity for seniors and filled its slots in 2023. Pueblo, Douglas, Boulder, Ouray, San Miguel, and other counties offer it as well.

Participation is limited to individuals aged 60 or older or those with a disability, and it can only be applied to the property they live in. The law allows flexibility on how much money someone can work off and its administration. Though it's like doing volunteer work, the PTWOP pays the enrollee the minimum wage. The plan allows for a check to be disbursed for work time or applied directly to a property tax bill. It's not uncommon to have the senior tax work off hours check made out to the County Treasurer for payroll purposes.

The range of roles a volunteer can play is wide. Thompson School District lists the positions of helping in classrooms, tutors, assisting in labs, chaperone for school activities, presenting at career fairs, and office tasks.

Think of all the government positions you might encounter in the public-facing view and the wealth of information and work experience in the 60+ age group. Colorado is second in the nation in population growth in that latter bracket.

A quick search of Denver Public Schools job board reflects 74 temporary positions, many of which are substitute teaching positions covering a range of age grades and subjects including math, science, arts, language, and physical education. Some counties use the program for open space maintenance. There's a long list of possibilities.

Some governments may be hesitant at first to initiate the program, but this would be unwise. There's so much possible gain not only for taxpayers but also the government. Local governments face workforce issues just like the private sector, and they could use the program to alleviate some of these issues at minimum cost to them. Here's an article from the National Association of Counties speaking about this win-win option.

My own school district, Jefferson County R1, could stand to opt in to the PTWOP. The district just approved closing 21 schools due to declining enrollment. Yet, they want a tax increase and are paving the way for a ballot issue to accomplish this. After closing these schools with not enough students, the board claims there is a workforce shortage, and schools only get 2-3 job applications per position when they used to get 50-75.

I asked a board member if they would consider opting into the PTWOP. They weren't aware of the program. As far as I can see, no property tax agency in Jefferson County utilizes this program. Why not? My local school district and county want to take more money from taxpayers before looking at readily available solutions to their problems.

We should continue to ask our elected representatives to sign up for the Property Tax Work Off Program and use existing human resource personnel to administer the program. If there is not enough current HR support to run the plan, make it work by filling those positions with a few age 60+ qualified volunteers. Public agency volunteer programs already exist with background checks.

If property values and taxes continue to grow at an excessive rate throughout most of the state, we can use this program and benefit from the knowledge of golden agers while allowing them to knock down their tax bill.

Re: Review requested: Property Tax Commission Recs

Mark Baisley to Trace Faust 03/05/2024 12:00 PM

Cc "Rep. Frizell", "Sen. Hansen", "Rep. deGruy Kennedy", "ann@sdaco.org", "joann.groff@state.co.us", "bjjohnson@aurorak12.org", "Tamara.Pogue@summitcountyco.gov", "jonathan@ndcollaborative.org", "akerr@co.jefferson.co.us", "kvick@coloradoea.org", "cody.davis@mesacounty.us", "bdones@weld.gov", "lfurman@cochamber.com", "llaske@alamosacounty.org", "sean@hawaiianshirtguy.com", "Chris Richardson", "gcastriotta@broomfieldcitycouncil.org", "dchurchi@co.jefferson.co.us", "bolme@westmetrofire.org", "Renny Fagan", "Christine Scanlan", "Charles Dukes", "Addie Fischer", "Matthew Becker", "Katie Ruedebusch", "Greg Sobetski", "Adam Alemzada"

Trace and fellow Task Force Commissioners,

I submit this recommendation for additional consideration by the committee. I call it **"Correcting the Flaw in the Calculation Formula."**

The reason that Colorado finds itself in this situation of an unprecedented and sudden escalation in property taxes is because:

- Property valuations are subject to market forces influenced by nationwide migration.
- There is no logical relationship between property valuation and the many district financing requirements.
- The Gallagher Amendment no longer governs extreme swings in residential property tax.

The primary goal of this solution is to remove property valuation as a multiplier (or multiplicand) from the algebraic formula that calculates each property owner's tax obligation.

Colorado's current problem of wild swings in property taxes is the result of including property valuation as a multiplier without the governing effect of the Gallagher Amendment. Other than tradition ("But we have always done it this way"), there is no logical reason to tie property valuation to the financing requirements of a district (Water, Library, Fire, etc.). If property valuations rise by 45%, that does not translate to a 45% increase in budget needs for the water district. If property valuations drop by 20%, that does not translate to a 20% decrease in budget needs for the fire district. This is a false relationship.

I propose that a budget baseline be established for every district, e.g. what they were as of June 30 of 2020. From that baseline, each district's budget could grow based on population and inflation. Additional mill increases could be requested of the voters.

Rather than a *multiplier* , property valuation would be used as a *divisor* to determine the relative portion of the responsibility for all of the districts for that property. This would create an intrinsic smoothing effect, solving the primary flaw in the current formula. This solution would also allow for peripheral ideas such as allowing monthly payments and deferrals.

From the current: **Mills X Tax Rate X Assessed Value = Property Tax**

To: **Baseline X Population Growth X Inflation ÷ Relative Assessed Value = Property Tax**

I realize that the formulae would be complicated by the many districts. But as Commissioner Kerr and I agreed, we should prefer fairness over simplicity! Regards,

Mark Baisley
Colorado State Senator, District 4
Representing the Counties of Chaffee, Custer, Douglas, Fremont, Jefferson, Lake, Park and Teller

On Mar 4, 2024, at 8:21 PM, Trace Faust <tfaust@keystone.org> wrote:

Hi all,

Hoping everyone had a great weekend. Attached you'll find a document containing what I'm calling ‘recommendation headlines’ ahead of Friday’s meeting. As we look to structure what will be a very full agenda of discussion and voting, we want to make sure you have a heads up on recommendations that will be discussed. Additionally, we’d deeply appreciate a heads up if anyone is planning to bring up any additional topics up for discussion/vote. Please send me a note by end of day Wednesday if that is the case.

As mentioned above, the language in the attachment is meant as a high-level headline of the recommendations that will be discussed. Please try not to get hung up on the language as it is written in this email unless you feel something has been inaccurately captured from the conversations in your groups. We’ll be working through one-by-one with ample opportunity for discussion. This list is meant to be internal, please do not share with anyone outside of the commission at this time. Reach out with questions, detailed agenda still to come!

Thanks and see you Friday!

Trace Faust
Senior Project Director | Keystone Policy Center
(303) 990-7422 (cell)
keystone.org

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<Draft_recs_overview.pdf>

Current property tax proposals
lindatraymond to propertytaxcommission 03/05/2024 09:28 AM

Dear sirs,

I am a 75 year old retired widow. I am, also, a caretaker for my disabled daughter. I am on a limited income with no viable way to increase it.

I have lived in my current home for 48 years and faithfully paid my property taxes in full and on time.

I am currently enrolled in the
Property Tax Exemption for Senior Citizens for relief on property taxes. Unfortunately, with inflation and the current rise in property values, I am finding it extremely difficult to pay for my current property taxes.

Is there any way the commission could consider freezing the current property tax rate for senior citizens who wish to continue to reside in their current home?
At the rate of home values continuing to rise, we would reach a point that we, as senior citizens, would be taxed OUT of our homes!!!

I believe this has been done in the state of Maine to allow senior citizens to continue to remain in their current residencies.

“Ensuring that our seniors are truly able to stay in their homes in their golden years should be a priority of every legislator”, says the law’s sponsor state senator Trey Stewart. “I put the bill out there because there are senior citizens in Maine who are struggling, who have a problem, and we can do something about it.”

Is this something the commission could consider for the state of Colorado?

I know that I myself and others in my position would be extremely grateful.

Thanking you in advance for you consideration into this matter

Sincerely,
Linda T Raymond
7089 Xenon Ct
Arvada, CO

Sent from my iPhone

A Review and Analysis of Colorado Residential Property Valuation & Taxation

Dean Stansbury, Director & Technical Analyst, TS Systems & Analytics, Denver, Co. March 3, 2023

Introduction

Property owners in Colorado have experienced unjustifiable increases in there residential property valuations, assessments, appraisals with a corresponding unprecedented increases in property taxes which is not and can not be supported by the Colorado Constitution Article X and the Colorado Revised Statutes Title 39 Taxation.

This review will demonstrate, by verifiable facts and analysis, that multiple errors are occurring at all levels of government and are the cause of the present crisis within Colorado's Taxing Authority. Statistical evidence is conclusive that the Division of Taxation (DOLA) and County governments are not in compliance with the Colorado Constitution Article X and C.R.S. 39 rules and regulations.

The general consensus of most property owner range from loss of faith and confidence in fairness with the appeals process, to complaints with the Taxing Authority's arbitrary & capricious decisions and political influence over the methods used for property assessments, indicating an unacceptable level of ***bias against the property owner.***

This report proposes and recommends solutions to resolving taxation issues which are reasonable, intuitive and cost effective.

Authorities, Cases and References

1)For purposes of establishing fact, this report will reference randomly selected residential properties as representative of urban and rural residential properties in various Colorado counties.

2)2022 Final Report for Colorado Property Assessment Study prepared for the Colorado Department of Local Affairs (DOLA) Division of Taxation and the Colorado Legislative Council. Provided by Wild Rose Appraisers Audit Division September 15, 2022.

3)2020 to 2023 Article X Colorado Constitution as Entitled Revenue
a)Section 3 Uniform Taxation Exemption
b)Section 15 Boards of Equalization
c)Section 20 The Taxpayer's Bill of Rights

4)2015 to 2023 C.R.S. Title 39 Taxation Rules
a)39-1-101.5 Legislative declaration – Taxpayer rights
b)39-1-102 Definitions, 39-1-102 (14) Real Property
c)39-1-103 Actual value determined, 39-1-103 (5)(a)(b)(c) Assessment Methods
d)39-1-103 (8) Valuation Approaches, 39-1-103 (9) & (13)Valuations Details
e)39-1-104 (10.2) Assessment Period, 39-1-104 (11)(b)(I)Intervening years
f)39-1-104 (16) Legislative council authorities yearly audits of Counties records and assessment procedures.
g)39-1-105.5 Reappraisal ordered based on valuation for assessment study

h)39-1-105.5 (II) (A) Abstract for assessment 5% Rule.
i)39-1-111.5 Temporary property tax credits & temporary mil levy rate reduction
j)39-1-113 Abatement and refund of taxes.
k)39-1-123 Property Tax reimbursement – property destroyed by natural causes
l)39-2-101, 109, Division of Property Taxation Creation, Duties, Powers and Authority.
m)39-2-109.5 Computers for property assessment-State assistance (Repealed)
n)39-2-110 Annual school for assessors
o)39-2-111 Complaints
p)39-2-114 Reappraisal Procedures
q)39-2-115 Review of abstracts of assessment
r)39-3-201 Legislative declaration property tax exemptions for qualifying seniors & disabled veterans
s)39-5-122 Taxpayer's remedies to correct errors

5)Colorado Rules of Evidence Article I General Provisions, Article VIII

6)Colorado Rules of Civil Procedure (C.R.C.P.) Chapters 1, 2, 4, 5, 6, 10 & 14

7)2020 – 2022 Uniform Standards of Professional Appraisal Practice (USPAP) and Standards Of Professional Appraisal Practice (SPAP)

8)2022 Communications with Director Marcia Waters, Colorado Department of Regulatory Agencies (DORA) in regards to Ad Valorum Appraisers professional misconduct, faulty appraisals, C.R.S. violations, and DORA 4CCR725-2 & USPAP violations.

9)SB23-303 Reduced Property Taxes Property Taxes and 2023 initiated State Statute proposed ballot aka proposition HH.

10)DOLA Division of Taxation, Mass Appraisal System (MAS), Operation Procedures, Software, operating system and certification process.

11)Gallagher Amendment Wikipedia online Encyclopedia.

12)Statistical Standard Deviation Method, Wikipedia online Encyclopedia 2023.
Mann-Whitney U Test Wikipedia online Encyclopedia. Statistical non-parametric test used in 2022 Final Report for Colorado Property Assessment Study.

13)KCNC-TV CBS channel 4 Journalist Shaun Boyd Reports on County & State property taxation. December 2023, January and February 2024.

14)BAA Case #2021BAA4933, Court of Appeals Case #2023CA108 Seaco LLC v. Jefferson County Board of Equalization and Board of Assessment Appeals.

Historical Precedent

The Colorado Constitution Article X is the governing document that manifest's the will of the people. Section 2 and 3 requires Colorado state government to estimate expenses of state government for each fiscal year and to levy taxes that are **uniformly applied** to various classes of real and personal property.

The Colorado Revised Statutes Title 39 *Taxation,* is a working document that derives authority from the Colorado Constitution Article X.

C.R.S. 39-1-101.5 Legislative declaration – taxpayer rights.

The general assembly hereby finds and declares that section 3 of article X of the state constitution was approved in 1982 by the voters of Colorado in order to ensure the **fair and uniform valuation for assessment of real and personal property** located in Colorado; that, since the adoption of said constitutional amendment, **the property tax system in Colorado has developed into an impersonal system which is more concerned with the mechanism to levy and collect such property tax than with the fair and courteous treatment of the owners of real and personal property who pay such tax**; that the purpose of the property tax system is to raise revenues to be used for the purpose which benefit the citizens of Colorado, including such property owners; that property owners accept their civic responsibility to pay their fair share of taxes to be used for such purposes; **that all levels of government involved in the property tax system should recognize that they exist to serve their citizens; and that the owners of real and personal property should be accorded the respect and courtesy which they deserve** and should be provided such services which are necessary to assist them in complying with the property tax law of the state.

TAXING AUTHORITY ISSUES

1)County Assessor's Office, City and County Assessor's Office, Ad Valorum Appraisers

The Colorado Constitution Article X establishes the County as a Taxing Authority via the County's Assessor's Office and the County's Treasures Office.

The Assessor's Office employs several Ad Valorum and various levels of real property appraisers to make assessments and appraisals on residential, business/income, commercial, agricultural and industrial properties. Some Counties use DOLA Division of Taxation assistance if the County does not have adequate resources/appraisers to perform assessments.

Ad Valorum appraisers are immune from liability under Governmental Immunity Act.
Department of Regulatory Agency (DORA) is responsible for licensing professionals thru various Boards. The Division of Real Estate is managed by Director Marcia Waters and is responsible for licensing Real Estate appraisers.

A partial list of errors & faults made by Ad Valorum Appraisers include the following:

1)Appraisers failing to perform duties, make on time scheduled appearances, incorrect data entry, exhibits unprofessional & hostile conduct against the property owner.

2)Appraisers failing to provide documentation as required by law, quoting CRS incorrectly, improper data entry into Mass Appraisal System (MAS), Counties using unlicensed appraisers.

3)DORA Division of Real Estate typical have a few individuals to investigate complaints of Appraiser misconduct and it is very infrequent that an Investigator will take a complaint seriously enough to warrant an action. So, violations of professional conduit rules by Ad Valorum appraisers have no consequences and because they do not carry liability insurance, they are unaccountable to the taxpayer.

2)County Attorney's Office, City and County Attorney's Office.

Most County Government entities and departments have legal representation thru County Attorney's Office and are generally adversarial to the interest of the taxpayer. Routinely, ACA's represents the Assessor's Office Ad Valorum Appraisers in assessment appeals.
Inconsistency in temperaments of the ACA's, ranging from cooperative to excessive hostile/abusive demeanor, accounts for non-uniformity in property valuation which contributes to bias errors and is a strong contributor to the statistical normal distribution **variance** (widening of the bell curve and lowering of the standard deviation).

Partial list of conduct issues include unprofessional conduct, unconventional practice of the law, condescension/dominating authority/power displays, misrepresentation of material facts, overstating authority.

3) County Board of Equalization (CBOE)

Legal authority has been established by Colo. Const. Article X Section 3 & 20 and CRS Title 39, which allows property owners the right to challenge the County Assessor's property valuations to the CBOE. Colo. Const. Article X section 15 governs rules for Boards of Equalization.

Historically most residential and business/income property owners protest/dispute their property valuation to the CBOE because the petitioner has the least cost to protest their valuation. Industrial and commercial property owners generally appeal directly thru to District Courts or arbitration which require significant cost to dispute.

This process is inherently unfair to the unrepresented property owner because the property owner has no say into the selection of a hearing official at the CBOE level and typically 5 minute is insufficient time to present the Petitioners evidence to the CBOE. Approximately 75% to 98% of all County property valuations are sustained by the hearing official requiring the property owner to appeal to the Colorado Board of Assessment Appeals (BAA), if property owner disputes the CBOE decision.

Please reference KCNC-TV CBS Channel 4 Shaun Boyd and others report in April 26 2023, December 2023 property assessments increases range from 30% to 60% in front range Cities and Counties.

Several violations of law are; 1) Properties owners are not being allowed constitutional rights to due process in presenting their evidence, 2) Property Owners have no say in the selection of hearing officials, arbitrators or judges, as County Attorney's and Assistant County Attorney's (ACA's) have sole influence over the dispute process, 3) CBOE is typically composed of one to five entities which are generally unwilling to communicate with the Petitioner on any subject regarding the process which results in a conflict of interest, as the taxpayer is funding a hostile CBOE 4) CBOE fails to update data.

4) Colorado Board of Assessments Appeals (BAA)

Most residential property owners appeal property valuations to the BAA because it is the least costly method to redress a CBOE denial and is allowed by Colo. Consti. Article X and C.R.S. Title 39 as a *de novo* hearing or evidentary trial. The BAA is an authority established by the Colo. Consti, Article X section 20 and C.R.S. 39-2-125, 127, 24-4-103, 105 which is prescribed as the BAA operating rules, as well as BAA's Procedures of Practice and Review established by 8 CCR 1301-1.

Casey Stokes, Administrator for the BAA, selectively chooses appraisers from various locations throughout the state to serve as hearing officials and board members. The property owner have no say in the selection of board members, again creating bias against the property owner.

2022 & 2023 List of Appraisers that serve as hearing officials and board members:

Chair Diana DeVries (Wheat Ridge, Colorado) Residential Appraiser Term had expired on July 30, 23
Amy J. Williams (Hayden, Colorado) Certified General Appraiser CGA, MAI Term expires June 30, 26
Claudia Crane (Crestone, Colorado) CGA, Term expires June 30, 2024
John F. DeRungs (Denver, Colorado) CGA, MAI and AL-GRS Term Expires June 30, 2024
Jess E. Ketchum (Pagosa Springs Colorado) CGA, MAI Term expires June 30, 2024
Monte Mullins (Alamosa, Colorado) CGA, MAI & SRA Term expires June 30, 2024
Sondra W. Mercier (Westminster, Colorado) CGA Term expires June 30, 2027
Valerie C. Bartell (Longmont, Colorado) CGA Term expires June 30, 2025
Samuel Forsyth (Colorado Springs, Colorado) CGA Term expired June 30, 2023

BAA issues include the following:

Petitioner generally have insufficient time to present evidence and cross examine CBOE's expert witness, the County Ad Valorum Appraiser.

ACA often objects to Petitioner's evidence, citing incorrect selection of market approach comparable sales.

ACA often attempt to provoke unprofessional adversarial confrontations as well a general disregard of Petitioner's information and evidence.

Hearing officials typically give preference to ACA even when the evidence is so overwhelming in favor of the petitioner.
Please reference KCNC-TV CBS Channel 4 Shaun Boyd report in December 2023 property tax appeals at the CBOE and BAA levels of appeals for cases unfavorable to the property owners for tax years from 2020 to 2022. Approximate values range from 35 to 80% depending on the County and the year.

5) County Commissioners, Mayors and City Counsel, Board Member of Taxing Authorities.

There is a wide range of variability in taxing policy and funding methods that this represents a significant departure for application of the CRS, CRCP and Constitutional rules, that it violates C.R.S. 39-1-101.5 Legislative declaration – taxpayer rights.

Most notably City & County of Denver enforces De-Brucing rules. Denver City Counsel and Mayor's Office pass local ordnance codes to mandate everything from city sidewalk repair to waste water drainage fees, street maintenance rules etc.

6) Colorado District Courts and the Colorado Court of Appeals

A property owner is allowed to appeal a CBOE denial thru CRS & CRCP to a District Court. If a decision is made by the Court, the Petitioner has a diminished chance to prevail with a favorable

decision, as Judges routinely rule with County ACA's information upholding the Assessor's Office valuation.
If a property owner appeal with a jury demand to District Court, Petitioners have a significantly better chance to prevail if successful in getting the case past the abusive motions for dismissal from the ACA's.

If a property owner disputes the BAA final decision, they are entitled thru CRS to Appeal to the Colo. Court of Appeals and paying a fee of $233.00
Typically very few appeals are decided in favor of the Petitioner, as the burden of proof is excessively high and the demonstrable bias of Court of Appeals in favor of Attorneys representing the CBOE and the BAA.

7) Colorado Department of Local Affairs (DOLA) and Division of Property Taxation

The Division of Taxation is a Tax Authority established by C.R.S. 39-2-101, 109, Division of Property Taxation Creation, Duties, Powers and Authority.

The Division Administrator, JoAnn Groff, and staff provides direction to various Counties on taxation rules and regulations as well as hearing property owner complaints on various taxation issues.

Issues with the Division of Property Taxation:

Failure to enforce changes in CRS rules and give corrected direction/guidance to Counties. Failure to prohibit the use of MAS Appraisal System by County Appraisers. Unhelpful and argumentative staff that work against the interest of the property owner. Allowing questionable data from Appraisal Audit Company to certify compliance of C.R.S. 39-1-105.5 (II) (A) Abstract for assessment 5% Rule, 39-2-111 Complaints and other CRS rules.

8) Colorado Department of Regulatory Agencies (DORA) and Division of Real Estate

Issues with DORA Division of Real Estate:

Failing to act on complaints from property owners in regards to Ad Valorum Appraiser misconduct. Please reference 2022 Communications with Director Marcia Waters, Colorado Department of Regulatory Agencies (DORA) in regards to Ad Valorum Appraisers, professional misconduct, faulty appraisals, C.R.S. violations, and DORA 4CCR725-2 & USPAP violations, Case #22-942 thru 22-945.

9) Special Districts as Taxing Authorities and other protected interest.

Partial list of issues with Special Districts and other fee based services.

Over charging for services not rendered or unusable services.
Urban Drainage & Flood Control mil levy duplication with water and wastewater services.
Special Districts that do not provide tangible product or service.
Fire Protection District overcharges for denial of fire inspection services, ambulatory services and other

essential emergency services, non compliance with National Standards.
Unilateral decided HOA fees, with little or no input from property owners.

10) Property Owner Tax Exemption as a granted benefit with transferable rights.

2020 to 2022 Article X Colorado Constitution as Entitled Revenue, Section 3 Uniform Taxation Exemption allows a qualified property owner a partial tax exemption on there residential property who has declared residency/occupied for 10 years and has reached an age of 65. This is understood as a granted benefit to the property owner regardless of the County deriving an offset of fund from the state. There is no language in the Constitution that prohibited a property owner from transferring a benefit (exemption) from one location to another. The benefit/exemption stays with the individual and not the property. There are many examples and precedence of similar State and Federal programs such as Social Security, Medicare, unemployment benefits, etc.
Prop HH was an effort by the Governor's Office, the Senate and Legislature to recognize the need for portability of this granted benefit.
Please reference Prop HH for language to changes to Colorado Constitution and related C.R.S. Rules for Homestead exemption for qualifying seniors an disabled veterans (allowing portability of an exemption).

Issues with the application of the Senior Citizen Tax Exemption.

There are no appeal process available to the eligible senior citizens to dispute the County decisions. This violates a property owner's constitutional rights to appeal a unfavorable decision by the CBOE and/or Assessor's Office.

Recommendations and Conclusions

The issues of over valuation and over taxation, which Colorado property owners are facing at this time originates with the Department of Local Affairs (Division of Taxation) which provide authoritative direction to the County Attorney's Office and the Assessor's Office. The Department of Regulatory Agency Division of Real Estate License & Certifies Appraisers and Ad Valorum Appraisers.

The data demonstrates that the State and County Governmental Taxing Authority is neither **fair or uniform in regards to assessing real and personal property and has diverged from its original purpose: "that all levels of government involved in the property tax system should recognize that they exist to serve their citizens; and that the owners of real and personal property should be accorded the respect and courtesy which they deserve."**

This report has identified several issues which are candidates for reform.

1) The MAS Appraisal System, supplied to the County Assessors Offices is outdated and Ad Valorum Appraisers are not applying adjustments for various conditions with a Subject Property correctly. Errors in data entry by the operator are refereed to as bias errors and are strong contributors to the statistical normal distribution variance (widening of the bell curve and lowering of the standard deviation).
The use of MAS Appraisal System is not recognized by C.R.S. therefore its use is illegal. C.R.S. 39-2-109.5 Computers for property assessment-State assistance (Repealed).
Recommendation: County Appraiser's should cease using MAS.

2) Ad Valorum Appraisers are failing to adjust for property damages and characteristics that have change to a real property during assessments cycles. The County fail to keep accurate information on real property and in many cases refuse to update errors even when property owner informs the County of gross errors.
Recommendation: County Administrators and Assessors Office need to update procedures which will allow property owner to correct faulty property information in the counties data base and encourage Appraisers and ACA's to be cooperative with the property owner (not adversarial).

3) Prior to 2015 Appraisal Methods and Standards did not include GIS Satellite Imagery which required site visits by the County Appraisers. Starting in 2016 County Appraisers began developing data base information systems which allowed Appraisers a one way yearly property valuation increase on all properties with little possibility for property owners to dispute Appraiser's assessments.
Recommendation: Appraisers need to comply with C.R.S. Rules and USPAP professional standards.

4) Prior to 2016, the closing cost and fees that had nothing to do with the value of a real property sale of a property was not a significant contributor to inflation of property values. Before 2018 property values typical less that 3% and housing values generally followed Consumer Price Indices and the property owner experienced modest tax increases around 1% to 3% per year. After 2018 to 2023 property taxes began to increase exponentially predominantly from simple compounding errors, faulty assessments and appraisals, etc.
Recommendation: The Colorado Legislature need to enact reforms to address overvaluation of real and personal properties and to establish an effective appeals process that is not biased to the taxing authority.

5) Ad Valorum Appraisers abuse of many standard rules that protected the property owner from a dominating County Assessor's Office from egregious over valuations:

a) Misapplication of the excuse that property owner did not allow access to the property.
b) Misuse of deferred maintenance argument made by appraisers to ignore/deny of petitioners valuation.
c) Appraisers ignoring property owners estimates for cost to cure damages.
d) Misuse/misapplication of depreciation data as applied to the entire market data instead of allowing individual property owners to apply reasonable depreciation information to their own property.
e) Appraisers violations of prior 2016 practice standards of using unapproved data from MLS services. By law an appraiser and property owner is restricted to using County published qualified sales data in the base period.
f) Appraisers testifying in appeals hearing outside of their area of expertise ie. offering testimony on structural damage to a property that requires a professional engineer license as an expert witness. Appraisers acting as forensic investigators instead of verifying damages.
g) Appraisers that fail to follow up on reviewing declared damages changes to properties.

Recommendation: 1) The County Assessor's Office needs to provide a clear pathway for property owners to declare damages to their property by a printable form accessible by the County's online website to satisfy C.R.S. 39-1-123 Property Tax reimbursement – property destroyed by natural causes. 2) The County Assessor's Office and the County Attorney's Office needs to provide documentation to demonstrate compliance to C.R.S rules and regulations. 3) The County Assessor's Office and the County Attorney's needs to establish property owners oversight advocacy representation to address complaints and County employee misconduct issues. 4) The State Legislature needs to review and reform DORA Division of Real Estate procedures with respect to qualifications and licensing of Ad Valorum Appraisers. 5) The State Legislature needs to review and reform DOLA Division of Property Taxation and DOLA Board of Assessment Appeals Administration as need to address property owner's complaints.

6) Base period calculation advantages the Counties Appraisers in overvaluation and create a large time lag for property owners to argue their cases for immediate relief, allowing the County to overvalue every year instead of every two years.
Recommendation: The Colorado Legislature need to enact reforms to address the property owners rights to speedy resolution to their property valuation appeals and to establish an effective appeals process that is not biased to the taxing authority.

7) Legally questionable enforcement of a corrupted property assessment system, which results in the adversarial County Attorney & ACA's to act against the property owner's interest. The constitution and CRS require Counties to be forward looking in yearly budget for expenses and not to burden the property owners with raising cost without consideration of the effects on the taxpayers. The property owner should not be held responsible for County mismanagement & budget issues.
Recommendation: County Appraiser's should cease using MAS. County Administrators and Assessors Office need to update procedures which will allow property owner to correct faulty property information in the county's data base and encourage Appraisers and ACA's to be cooperative with the property owner (not adversarial). County Commissioners, City Mayor's Office, Attorney's Office and Administrators need to provide documentation to demonstrate compliance with C.R.S. Rules and regulations.

8) The misuse of the tax law to satisfy Taxpayer Bill of Rights argument during BAA appeals, often quote by hearing official as Colo. Consti. Article X Section 20 which require Ad Valorum Appraisers to use the "market approach" exclusive in residential property assessments/appraisals and which is contradictory to CRS Title 39 rules that allow the Cost Approach, Income Approach, and the Market Approach.
The property owner has no say as to what approach is advantageous to their needs and often ends up experiencing retaliation from the Appraiser and ACA, with the BAA typically siding with the County valuation. If appealed to the Colorado Courts of Appeals the burden of proof is so high that very few appeals are decided in favor of the Petitioner.
Recommendation: County Assessor's Office, CBOE and BAA need to provide basic statistical data & information on property appeals decision on denial of the property owner's valuation. The County Assessor's Office and the County Attorney's needs to establish property owners oversight advocacy representation to address complaints and County employee misconduct issues.

9)The overwhelming evidence has demonstrated that County Governments and the State Division of Taxation are not in compliance with either Colorado's Constitution Article X or C.R.S. Title 39 rules and **that C.R.S. 39-1-105.5 Reappraisal ordered based on valuation for assessment study, must be enacted to remedy the issues with Colorado's Taxing Authority.**

A SHORT EXPLANIATION OF HOW STANDARD STATISTICS CAN SATISFY AND IMPROVE C.R.S. 39-1-105

A yearly real and personal property abstract is required from DOLA Department of Property Taxation. For 2022 the State legislature contracted Wild Rose Auditing to provide a report, data and information

that was used for the yearly abstract and to satisfy C.R.S. 39-1-105 which includes the **Abstract for 5% assessment Rule**.

Clearly the statistical method used by Wild Rose Auditing in their 2022 report to the Colorado Legislature is far to complicated for most property owners, our elected representative and Tax Administrators to understand.

A simplified method is the traditional Gaussian Distribution with qualifications to include a standard deviation of 3 Sigma allows for setting a ceiling on the maximum growth in property valuations for any given tax year and allows definition of the permissible spread for outliers at the lower property values.

Ideally, all property owner should be accorded justifiable assessments that have no variance regardless of any variable from one tax year to the next. If a property value has been established in a prior assessments or property appeals, than sales data used in the market approach become irrelevant. Property owners are at the mercy of inflation adjustment for the County to provide appropriate services and the County should follow C.R.S. Rules for changes in mil levy for operating expenses, which should be disclosed and approved by the voters in the County.

Other Recommendations:

1) Develop an Inflationary Data Indexing (IDI) method to be applied to the various approach that Assessors use to determine property valuation, which limits yearly increases in property valuations and property tax and/or legislate a cap on tax year increases.

2) Contract Software firm to create new software for residential, business/income, commercial agricultural etc. to streamline reporting requirements and allow professionals appraisers, approved property owners access to correct information in the data base for properties.

3) Increase qualification for Appraisers for licensing and certification, develop report performance based requirement for Ad Valorum Appraisers, ACA's CBOE officials, BAA hearing officials.

COLORADO SELF STORAGE ASSOCIATION:

COLORADO HOUSING AFFORDABILITY

SELF STORAGE PROPERTY TAX DISCUSSION

PROBLEM: Self-Storage is a residential accessory use that is assessed at the commercial valuation for property taxes. As stated by the 2020 Self-Storage Almanac, 81% of all self-storage is used by residential customers as an extension of their homes.[1] Self-storage is used as garages, basements or closet storage. The number one reason for customers seeking a self-storage solution is the need to store items that they do not have room for at home. [2]

Source: *2020 Self-Storage Almanac, Twenty-Eighth Annual Edition. (2019)* [3]

IMPACT: Self-Storage is an accessory use to a person's primary residence. Climbing real estate tax rates and valuations are creating an unfair burden to the owners of self-storage and ultimately the residential and small business owners that self-storage supports. More than 80% of self-storage facilities in the country are owned by small business owners/operators. These facilities provide a necessary residential usage to the community they serve, as evidenced during the COVID-19 pandemic where self-storage was designated as essential. More and more, self storage is home to our tenant's possessions when their housing situations, job situations, and small business situations change and space is no longer affordable.

This cycle caused higher occupancy levels at self storage centers, brought the asset class into the Class A designation by appraisers and assessors, which has caused a huge spike in property tax "valuations" and tax rates paid by self storage owners. These higher tax rates have to be passed on the tenants or the business will fail. Higher rates precipitated higher valuations and around it goes. As Colorado's most vulnerable makes up a significant portion of the self storage tenant base, more and more of them are being priced out of storage. Property taxes at our storage centers now range between 18% and 23% of every rent dollar paid. Not 18% - 23% of profit, it's the top line gross amount of storage rent paid by our customers that goes to property taxes. That is two to three times higher than sales tax rates. Some operators polled by the Colorado Self Storage Association reported new Property Tax payments as high as 25% of rental revenues.

Industry studies continually show that lifestyle changes (job relocation, marriage, divorce, etc.) are the main drivers of self-storage demand. [5]

- As boomers downsize their residences, real estate experts contend they will not have room for all their possessions and will continue to put excess goods into storage units. [6]
- As Millennials and the next generation continue to enter the housing market, affordability limits the amount of space available to them making self storage more and more necessary as an extension of their home.

PRECEDENT: There are other non-primary resident real estate assets fitting the same characteristics of self-storage, such as medical rehab centers, that have characteristic of tenancies of more than 30 days and "buildings, RE: Letter from the Governor

Sean Dougherty to: LCS PropertyTaxCommission, &LCS Commission on Property Tax Members 01/09/2024 07:49 AM

Good morning, all. Thank you for forwarding us the letter from Governor Polis, I appreciate knowing where the request for looking at the concept of the Land Value Tax came from.

Unless I was reading the room wrong on Friday, I didn't see much support for the concept of LVT from our Committee. Did I miss anything on this? If this system had been implemented when Colorado became a state, it may have worked well to encourage development where planners wanted said development, but I'm having a very hard time seeing how this would help ease the burden on property owners of all classifications, and see a potential to harm many landowners in Colorado.

If I'm incorrect, please let me know. If there's agreement to this, I do hope that we will be able to follow up in our recommendations that we have looked into the LVT, and appreciate the recommendation, but will be passing on this concept at this time.

Thank you for allowing me a few minutes this morning.

Sincerely,
Sean

Sean M. Dougherty, REALTOR®
CRS, C2EX, ABR, GREEN, CDPE, SFR, GRI, SHOP
Director, National Association of REALTORS®
2012 Realtor of the Year, Fort Collins Board of Realtors
RE/MAX Alliance of Northern Colorado
Proud Recipient of the RE/MAX Lifetime Achievement Award
www.HawaiianShirtGuy.com or 970-40-ALOHA (402-5642)

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From: Matthew Becker <matthew.becker@coleg.gov> **On Behalf Of** LCS PropertyTaxCommission
Sent: Monday, January 8, 2024 4:48 PM
To: &LCS Commission on Property Tax Members <&LCS_Commission_on_Property_Tax_Members@CLICS.ganotes.state.co.us>
Subject: Fw: Letter from the Governor

Members of the Commission on Property Tax:

Please see below for a letter from the Governor.
Sincerely,
Commission on Property Tax
Matthew Becker, Katie Ruedebusch, and Adam Alemzada

propertytaxcommission@coleg.gov

----- Forwarded by Matthew Becker/CLICS on 01/08/2024 04:42 PM -----

From: "Polis - GOVOffice, Governor" <governorpolis@state.co.us>
To: propertytaxcommission@coleg.gov
Cc: "Kevin Amirehsani - GovOffice" <kevin.amirehsani@state.co.us>, "Shepard Nevel - GOVOffice" <shepard.nevel@state.co.us>, "Cary Kennedy - GOVOffice" <cary.kennedy@state.co.us>
Date: 01/08/2024 04:31 PM
Subject: Letter from the Governor

Members of the Commission on Property Tax,

House Bill 23B-1003 includes the commission studying the concept of land value tax and how it might be used to provide property tax relief. I think land value tax is an innovative concept that merits further examination. Please see my attached letter.

Sincerely,

Governor Polis

The Colorado General Assembly has moved to a new email domain. Please replace @state.co.us with @coleg.gov in your address book.

Property tax reliefRobert Frost to propertytaxcommission@coleg.gov 12/08/2023 10:30 AM

MY NAME IS John Frost, I live in Pueblo County.
My propert tax on land in Colorado City was raised 400%.

The county, the state and the city have done nothing to improve the subdivision the land in in and there is no water or sewage available.
The road isn't maintained by the city or county.
No septic systems are permitted.
The metro district has bought up all of the lots around mine and valued those lots down to ZERO dollars.
I do not believe it is right that my property taxes should skyrocket 400% while they reduce theirs.

Please help us!

Sincerely yours,
John Frost
719-621-7498
jrobertfrost@outlook.com

Re: Property Tax suggestionGuyleen Castriotta to LOTTE RADOOR 01/16/2024 05:37 PM
Cc "LCS PropertyTaxCommission"

Hello Lotte,

I appreciate you reaching out and have included the Property Tax Commission staff on my reply for inclusion in our materials.
Thank you,
Guyleen

On Tue, Jan 16, 2024 at 3:15 PM LOTTE RADOOR <lradoor@comcast.net> wrote:

> Dear Mayor Castriotta,
>
> My name is Lotte Radoor, I am a former resident of Broomfield, a current resident of Thornton, and am a licensed realtor in Colorado.
>
> I have heard that you have been appointed to be on a commission tasked with looking into various Property Tax issues.
>
> I want to bring to your attention an issue regarding property taxes and the Senior
>
> > https://dpt.colorado.gov/property-tax-exemption-for-senior-citizens-in-colorado
> > 50 percent of the first $200,000 of actual value of the qualified applicant's primary residence is exempted.
> >
> > - The applicant is at least 65 years old on January 1 of the year in which he/she applies; and
> > - The applicant or his/her spouse is the property owner of record and has owned the property for at least 10 consecutive years prior to January 1; and
> > - The applicant occupies the property as his/her primary residence, and has done so for at least 10 consecutive years prior to January 1.
>
> This property tax is having some unintended negative effect availability of optimal houses in our state.
>
> Many people, who are now seniors, purchased large homes while their children were still living at homes. Since their children have left the home, many of these seniors would like to downsize and move to a home with less upkeep. However, if they sell their homes they will loose the tax credit, and it thus becomes unaffordable for them to purchase something more appropriate for their needs.
>
> This dynamic is creating a disconnect of appropriate housing -- where large homes ideal for families, are occupied by seniors, who in turn would love to live in something smaller and with less upkeep.
>
> I was wondering if it would be possible to somehow consider making the tax credit transferable, if Seniors have qualified for it in one home, and they wish to move to a smaller home in the same county or even in Colorado. This could free up homes appropriate for families, and at the same time make it affordable for seniors to downsize.

> Thank you very much for your time. I know you are very busy, so I appreciate you taking time to read and/or consider this.
>
> If I can help you in any way, or if you would like to discuss this suggestion further, I am at your disposal.
>
> Sincerely,
>
> Lotte Radoor
> 491 E. 134th Avenue
> Thornton, CO 80241
> 303-885-8964

--

Guyleen Castriotta
Mayor
City and County of Broomfield
One DesCombes Drive
Broomfield, CO 80020
720-607-1527

PRIMER ON LAND VALUE TAX
FOR THE COLORADO COMMISSION ON PROPERTY TAX

KEY TAKEAWAYS

- The Colorado Commission on Property Tax is evaluating ways to provide tax relief while maintaining local budgets, including consideration of a land value tax (LVT).
- A revenue-neutral LVT shift increases the tax rate on land values, with offsetting tax cuts on homes, businesses and other improvements.
- By reducing taxes on improvements, LVT improves incentives for development. Evidence suggests that it boosts business activity and stimulates right-size infill housing construction.
- LVT shifts are neutral for the average homeowner, but tend to raise tax bills for relatively small or old buildings on high value land, and provide tax relief to apartments and multiplexes.
- Shifting from current property taxes to LVT is strictly better for Coloradan tenants as it replaces a tax which does raise rents and discourages housing supply with one which does not.

INTRODUCTION

Property tax policy in Colorado reached a crucial point in 2023 with biannual reappraisals showing a record breaking 40% average increase in values. After Proposition HH was rejected by voters, the Commission on Property Tax was established to thread the needle of providing tax relief to homeowners while still empowering local governments to collect sufficient revenues to maintain services. Part of the Commission's agenda is a specific requirement to evaluate the potential benefits of switching to a land value tax system. As Colorado's current property tax policies are likely to be pushing up rents by penalizing housing construction, the need for a better tax structure is clear. This primer first introduces the land value tax (LVT) and its merits, before delving into the three specific aspects of LVT that the Commission has been required to evaluate, namely the impacts on development incentives, residential tax bills and residential rents. It concludes with some policy options and potential next steps.

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Luke Teater
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WHAT IS A LAND VALUE TAX?

Land value tax (LVT) is a recurring levy charged against the market value of each piece of land. LVT is similar to a traditional property tax except that homes, businesses and other structures ('improvements') are wholly or partly exempt from taxation. Colorado assessors are already required to appraise the value of land and improvements separately; which can be used to implement a revenue-neutral LVT shift by taxing land at higher rates while easing the tax burden on improvements. This type of 'LVT shift' is explained in detail here, while the specifics of how an LVT shift could be implemented in Colorado are discussed below.

Taxes on land have several desirable properties. As the old saying goes: "if you tax something, you get less of it," and this is generally true. Taxes on income penalize productive work; corporate taxes reduce investment and innovation; sales taxes raise prices and cause employment to shift out to neighboring states; and taxes on buildings discourage construction. However, because land cannot be moved to avoid a tax, taxes on land do not distort economic activity and are better for economic growth than other taxes. Shifting the tax base onto land can boost housing construction and maintenance, stimulate entrepreneurship, and raise overall property values. LVT can reduce per capita energy use and carbon emissions, and incentivize efficient local governance. Crucially, LVT does not get passed on to tenants in the form of higher rents, but rather can reduce inequality by directly capturing the economic rents of land and its location. It is for these reasons that land value taxes are supported by a wide range of thinkers, economists and policy institutions, including Albert Einstein and Adam Smith.

In short, LVT can help policymakers to shift the tax base onto land rents while achieving the Commission's objectives of maintaining budgets for schools, firefighters & other municipal services, and giving tax relief to those who work hard and invest in Colorado. The Commission has been required to evaluate three specific aspects of LVT, and the following sections delve into each of these topics in detail.

TOPIC 1: IMPACT ON INCENTIVES FOR DEVELOPMENT

Under current tax settings, property owners in Colorado receive an increase in their tax bills when they invest in new buildings, businesses or renovations. An LVT removes these "tax penalties" for investment, increasing incentives for development. LVT shifts the tax burden onto less productive land uses such as vacant lots & surface parking lots, creating a financial disincentive for land speculation. Together, this stick for speculation and carrot for construction will stimulate development in desirable locations (like those close to transit), contributing to a much-needed post-COVID revival of main streets and downtown areas.

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Under an LVT, tax bills increase with land values, which tend to be high both in high-demand locations and on sites with more permissive zoning. LVT therefore helps to achieve the State's strategic growth goals of building efficient housing in urban communities and job centers, by rewarding efficient land use, discouraging California-style suburban sprawl, and promoting right-sized infill development which reflects the planning settings put in place by local governments.

Empirical evidence from experiments with LVT in Pennsylvania support the pro-development benefits of this policy. Revenue-neutral LVT shifts were found to boost business activity, reward renovation & maintenance of existing buildings, and stimulate housing construction, especially of infill and multifamily buildings (1). A recent working paper finds evidence from throughout the US that counties with higher implicit land taxes have faster growth in: wages, business formation, population density and income & racial diversity. Clearly, land value taxes improve incentives for development and reward smart growth.

TOPIC 2: IMPACT ON RESIDENTIAL TAX BILLS

Revenue-neutral LVT shifts can be designed in such a way that ensures that total taxes charged to residential properties does not change, meaning that tax bills for the owner of an average home will be unchanged (2). However, this average masks a wide range of impacts on tax bills for different types of residential properties, depending on how productively each piece of land is being used. Typically this means that tax bills will fall for multifamily residential properties like apartments and multiplexes, which explains the above finding that LVT shifts tend to spur infill development instead of sprawl. Conversely, taxes will rise for properties with relatively small or old buildings on high value land where there is demand for development (3).

TOPIC 3: IMPACT ON RENTERS

Concerns that higher property taxes would be passed on to tenants were a key part of the recent public debate around the Prop HH ballot measure, likely prompting the requirement that the Commission consider the impact of an LVT on residential tenants. Crucially, both economic theory and real-world evidence indicate that land value taxes do not get passed through to higher rents. This is summarized in the following paragraphs, but a more thorough explanation is available in this research brief.

(1) A full exploration of the PA experience with LVT can be found in this research brief.
(2) Of course it is also possible to implement LVT shifts which raise or lower overall revenues, or which shift the tax burden from residential to non-residential land.
(3) LVT are fully compatible with existing property tax exemptions, such as for the elderly or disabled veterans, which can help ensure that Colorado simultaneously enjoys the benefits of a more efficient tax system while retaining protections for vulnerable homeowners.

While economic theory holds that tax incidence depends on the relative elasticities of both supply and demand, land is unique in having perfectly inelastic supply, meaning that higher land taxes do not change the quantity of land available and therefore do not raise the rents paid by tenants. Empirical evidence supports this claim, with Høj, Jørgensen & Schou (2018) examining tax changes in Denmark and finding that the land tax "does not distort economic decisions because it does not distort the user cost of land". Likewise, Buettner (2003) analyzed rent data in Germany's Baden-Württemberg region and found no impact of land taxes on rents, concluding "obviously, the landlords are not in a position to shift the tax incidence of the land tax to the tenants".

Conversely, studies on property taxes tend to find partial pass-through into higher rents in places where housing supply is elastic, like Colorado (4). This means that existing property taxes are likely to be pushing rents upwards by discouraging supply. Conversely, by reducing taxes on improvements, an LVT shift can help to stimulate housing supply, putting downward pressure on rents. Thus, by reducing a tax that does raise rents with one which does not, an LVT system is strictly better for Coloradan tenants than existing property taxes, and can therefore be considered broadly progressive overall.

POLICY OPTIONS

With the merits of this policy in mind, this section suggests possible options for implementing an LVT shift within the context of Colorado's current legal and tax structures. As mentioned previously, this section does not propose any changes to existing targeted tax relief mechanisms (such as exemptions for seniors), but acknowledges that these are within the scope of work for the Commission and may be grounds for subsequent discussion. Additionally, no changes to taxation of agricultural, oil and gas, and mining property types are recommended in this discussion, as isolating land values from improvements is complicated for these types of properties.

Policy Option #1 - Partial Building Exemption

A modest shift towards LVT which can be achieved without a statewide vote would require new property subtypes for residential land and non-residential land, distinct from residential improvements and non-residential improvements. Assessment rates for the land categories could be raised to their current legal maximums (of 7.15% and 29% respectively), enabling offsetting reductions to the assessment rates applied to buildings, and leaving overall revenues unchanged. The benefits of an LVT would be more minor in nature within these limits, but would be a positive step forward.

(4) Saiz (2010) estimates that Denver and Colorado Springs have moderate housing supply elasticities at 1.53 and 1.67 respectively.

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Policy Option #2 - A Significant Shift to LVT

If lawmakers believe that voters would support such a measure, a more significant step towards LVT would increase assessment rates of land for residential and non-residential properties such that assessed land values meet current assessed total values (for both land and improvements together). This would enable assessment rates for improvements to be reduced to zero. At 2023 actual values, Denver would need approximately assessment rates of 70% for non-residential land and 23% for residential land, to enable all other taxes on improvements and personal property to be eliminated. The benefits of LVT as described in this primer would be significant and immediate.

CONCLUSION & NEXT STEPS

A land value tax system has many features which are consistent with the objectives of the Commission, and with optimal tax policy in general. LVT rewards development, boosting business formation and stimulating housing supply. A revenue-neutral shift towards LVT would be neutral for the average homeowner but would discourage sprawl by cutting taxes for multifamily residences while increasing taxes for properties with few improvements on valuable land. While Colorado’s current property tax system discourages housing supply and raises rents, land taxes are not passed-on in rents, meaning that LVT shifts are strictly better for tenants. It is therefore recommended that the Commission express support for this innovative tax policy.

The authors of this report are happy to present these findings to the Commission. With clarity on preferred approaches to implementing an LVT shift within Colorado’s legal context, subsequent analysis could investigate the impacts of an LVT shift on tax bills for different types of properties across the state, or the distribution of impacts within a given county. Any comments or questions about this report can be sent to luke@thriveecon.com or shoskins@schalkenbach.org.

structures, … that are an integral part of the residential use.", which are already specified by law and legal precedent as being "Residential" in the manner they are classified and assessed.[9, 10]
80% of self storage customers use self storage for Residential purposes. Multi family apartment complexes are statutorily taxed as Residential even though most of them have an equal percentage or more of their space used for non-residential and commercial purposes as home office, garage, closets, locker storage, recreational and gym facilities.

Other similarities to the statutory and legal precedents of Residential tax property tax rates

The average stay was longer than one month.

This was part of the legal justification when the courts said extended care and rehab medical facilities are Residential for property tax purposes.

Self Storage leases are a minimum of one month and tenancies average nearly a year.

Property Taxes are an expense of the Gross Lease.

Commercial Land Lords pass on property taxes to their tenants as part of their NNN lease. Residential and self storage operators have to pay property taxes from gross proceeds.

Renting the space is the primary economic activity of the property.

Commercial properties are rented to tenants who conduct their business on the property. A manufacturer doesn't pay a higher property tax amount for every widget he produces in a leased space. A distribution center doesn't pay higher property taxes because FedEx or Amazon moved more product through their leased facility. A bank doesn't pay higher property taxes because that particular branch generated a bigger loan. A retail store doesn't pay higher property taxes because they sold an extra can of beans.

https://dpt.colorado.gov/property-valuation-and-taxation-for-business-and-industry-in-colorado
With the income approach, the annual net income of the subject property is capitalized to account for a typical investor's financial return on the investment.

Property tax valuations based on the NOI of the property taxes every single apartment or self storage unit that is rented. That may make sense at the lower residential tax rate but is onerous and unjust for the similar usage at a self storage center if it is taxed at the commercial level.

https://dpt.colorado.gov/property-valuation-and-taxation-for-business-and-industry-in-colorado
With the market approach, the actual value of the subject property is based on an analysis of arm's- length sales of similar properties.

This market assessment approach doesn't work for self storage as just like apartments, **Renting the space is the primary economic activity of the property.** It is the business acumen and resulting enterprise value of the business in the property that drives the income generated at the property, not the property itself. The property value is not what the last 50,000 net rentable square feet in the market sold for. The price that it sold for was determined by how well the operator ran the business and included a significant enterprise value for the business, not just value of the property, which is what property tax is supposed assess and tax. <u>There is no current standard in Colorado for determining enterprise and blue sky value of a self storage facility in sales, resulting in County Assessors over estimating the value of the real estate and improvements.</u>

https://dpt.colorado.gov/property-valuation-and-taxation-for-business-and-industry-in-colorado
Using the cost approach, the actual value of the subject property is based on an estimate of the cost to replace the property with a substitute that is equivalent in function and utility. Accumulated depreciation is subtracted from the replacement cost new to arrive at the conclusion of value.

Perhaps the cost approach is the fairest way to assess and tax the unique property type of self storage as a commercial property, if the obvious solution of assessing and taxing it as the residential property type it is lost in the political shuffle. A $3,000,000 or $10,000,000 box on a $1,000,000 lot is what it is, regardless of enterprise value or inconsistent market factors. Perhaps a legislative mandate to use this standard, similar to what is written in the personal property section, is an option. *"…the cost approach* *shall establish the maximum value and the market or income approaches can only be used to establish value if they produce a lower value than the cost approach as required by § 39-1-103(13), C.R.S."*

SOLUTION: Reclassify self–storage facilities under the Residential Assessment Rate as these facilities serve as an extension to our tenant's homes. Lowering the onerous and unfair tax rates on self storage will make the taxation rate for self storage equitable to the law's intent in helping to keep Colorado residency more affordable.

Table 6.6 – Reason for Storing by Generation

	Total	Millennials	Gen-X	Boomers	Greatest
Temporary storage while changing residence	38.8%	44.3%	35.9%	36.9%	38.9%
Temporary storage while remodeling home or residence	7.1%	7.5%	8.4%	5.6%	6.9%
Temporary storage for valuables or other personal items while you are away from your home or residence (such as on vacation)	5.7%	7.7%	6.3%	4.2%	1.3%
Temporary storage due to natural disaster (such as fire or flood at home or residence)	3.1%	5.1%	2.5%	2.6%	0.0%
Storing a college student's things between semesters	5.3%	7.8%	5.6%	3.3%	3.7%
Storing items that you don't have room for at home or residence	39.4%	36.3%	37.1%	42.6%	46.5%
Storing items you no longer need or want until you find a buyer or another way to dispose of them	14.6%	9.2%	15.5%	15.2%	27.6%
Storing items you inherited because of a death in the family	8.8%	6.3%	4.6%	12.9%	17.4%
Storing a relative's items due to changes in the relative's living situation (e.g., parent moving from a home to an apartment)	11.2%	11.0%	7.3%	14.5%	14.3%
Storing items usually kept in a vacation home	3.7%	5.2%	5.4%	1.6%	0.0%
Storing items that require a controlled environment (e.g., wine)	4.4%	3.4%	4.6%	4.7%	5.2%
Storing items because we had a baby/our family grew	3.3%	5.9%	4.8%	0.2%	0.0%
Other	4.9%	2.4%	5.8%	5.6%	8.0%

Source: 2017 Self Storage Demand Study (SSA)

Source: *2020 Self-Storage Almanac, Twenty-Eighth Annual Edition. (2019)* [8]

Small Storage Units

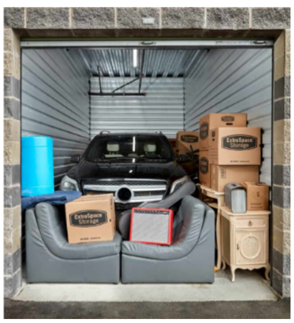
We offer storage lockers and small storage units ranging from 5×5 to 5×15. They're ideal for storing seasonal décor, sports equipment, business supplies, or small home items.

Medium Storage Units

Our medium storage sizes include 10×10 and 10×15 units. They're ideal for moving apartments and small office spaces, and for storing furniture or other large items.

Large Storage Units

If you have a large apartment or a house, you may need one of our bigger self-storage unit sizes. We offer 10×20 and 10×30 storage units, so you can find the best size for your home.



Storage spaces are extensions of a customer's home, they serve as garage spaces, basement storage, and closet storage. They allow our customers to retain the items that they have saved for and collected for their homes in times of transition and stress. They allow our customers to fully utilize their immediate living space and still have convenient access to their belongings not needed for every day living but add to the quality of their lives.

HISTORY:

https://www.cde.state.co.us/sites/default/files/documents/cdelib/librarydevelopment/publiclibraries/librarydistrictinformation/download/pdf/gallagheramendmentquestions.pdf

Q: What did the Gallagher Amendment do?

A: The Gallagher Amendment divided the state's total property tax burden between residential and nonresidential (commercial) property. According to the Amendment, **45%** of the total amount of state property tax collected had to come from residential property, and **55%** of the property tax collected must come from commercial property.

In 1982, residential property was responsible for 45% of the state's total property value, and commercial property was responsible for 55% of the state's total property value. The authors of the Gallagher Amendment believed that the overall property tax burden should continue to reflect this split. As a result, with the passage of the Gallagher Amendment, the 45/55 split was set in stone.

Further, the Amendment mandates that the assessment rate for commercial property, which is responsible for 55% of the total state property tax burden, be fixed at **29%**. The residential rate, on the other hand, is annually adjusted to hold the 45/55 split constant.

Because of rapidly increasing number of residential properties and residential property values, the residential assessment rate has sunk from approximately 21% in 1982 to around 7% today. This led to the 45% share of property tax collected from residential properties being dispersed across more and more residences that were worth more and more money. Something had to give in order to maintain the 45/55 split.

In Colorado, in order to maintain the 45/55 split, the residential property assessment rate has dropped from 21% in 1982 to the current level of 7.96%.

Q: Does residential property still account for 45% and commercial property 55% of the state's total property value?

A: No. In the twenty years since Gallagher passed, increases in residential property values have significantly outpaced the increases in the value of commercial property. In fact, residential property, which made up only 45% of the state's total property value in 1982, today accounts for **75%** of the state's total property value. However, due to the Gallagher Amendment, residential property **is only responsible for 45%** of the state's total property tax burden. Conversely, commercial property, which now accounts for only **25%** of total property value in the state, **is still responsible for 55%** of the state's total tax burden.

References

1. 2020 Self-Storage Almanac, Twenty-Eighth Annual Edition. (2019) page 46.
2. 2020 Self-Storage Almanac, Twenty-Eighth Annual Edition. (2019) page 58.
3. 2020 Self-Storage Almanac, Twenty-Eighth Annual Edition. (2019) page 27.
4. 2020 Self-Storage Almanac, Twenty-Eighth Annual Edition. (2019) page 26.
5. 2020 Self-Storage Almanac, Twenty-Eighth Annual Edition. (2019) page 44.
6. 2020 Self-Storage Almanac, Twenty-Eighth Annual Edition. (2019) page 44.
7. 2020 Self-Storage Almanac, Twenty-Eighth Annual Edition. (2019) page 44.
8. 2020 Self-Storage Almanac, Twenty-Eighth Annual Edition. (2019) page 57.
9. https://leg.colorado.gov/bills/hb20-1083. 2020 Regular Session, Bill summary paragraph 1
10. Colorado Revised Statutes Title 39 – Taxation Property Tax
    Article 1 – General Provisions Section 39-1-102. Definitions (14.3)

Property Taxes
Kim Stevenson to: 'propertytaxcommission@coleg.gov' 02/05/2024 05:07 PM

My personal home went up 54% in 2023 property taxes compared to 2022.
My investment properties went up 27%.
Isn't that enough of an increase for a long while? Your recommendation as a commission should be to leave property taxes where they are now and quit raising property taxes. The State of Colorado will obtain a windfall of monies with the increase in 2023 property taxes across the State. Quit trying to figure out how to charge 1 property owner more so that you can charge another property owner less. Quit making recommendations and laws that affect people's property rights. My investment properties are for my retirement income. Legislators, the Governor, town council, County Commissioners and property tax commissioners are taking my retirement income away with all of your recommendations, taxes and laws. Also, I'm paying huge licensing and administration fees (also taxes, just a different name) on my investment properties. An 800% increase from just a couple years ago!
NO MORE NEW TAXES FOR ANYONE!
PLEASE STOP DOING IT!

Kind regards,

Kim Stevenson
970-390-3150 cell
Breckenridge, CO
Kim@BreckenridgeAssociates.com

COLORADO STATE SENATE

January 31, 2024

Chris Hansen, Chair
Commission on Property Tax
Colorado State Capitol
200 E. Colfax Ave.
Denver, CO 80203

Members of the Commission on Property Tax,

We are disappointed to learn that El Paso County will not be included in public conversations regarding the state's current property tax structure. As legislators representing not just the most populous county in Colorado but also the second most populous city, it is important that the Pikes Peak region be heard.

For the past two years, the people of Colorado – including, and especially, the voices of El Paso County – have demanded that policymakers respond to rising property taxes. The predictable failure of recent property tax proposals has been the result of critical perspectives being shut out of the conversation. To be denied a seat at the table in light of that reality is particularly disappointing.

El Paso County officials have estimated that the county will collect $83.4 million in property tax revenues in 2024. This amount represents a large portion of Colorado's aggregate property tax collections. Given the role that your commission will play in developing property tax policy and the effect that such policies will have on Colorado's local governments, excluding the most populous county from the stakeholding process causes concern.

Regardless of why El Paso County was overlooked as a site for one of your community conversations, we ask that the commission add El Paso County to its list of venues. Given that there is no statutory limitation on the number of public meetings that the commission may hold, allowing El Paso County to host a community conversation is an easy and commonsense resolution to this concern.

Sincerely,

Minority Leader Paul Lundeen

Assistant Minority Leader Bob Gardner

Senator Larry Liston

Senator Tony Exum

COLORADO STATE SENATE

cc: Colorado Springs Chamber and EDC
102 South Tejon Street, Suite 1200
Colorado Springs, CO 80903

El Paso County Board of Commissioners
% Chair Cami Bremer
200 South Cascade Avenue, Suite 100
Colorado Springs, CO 80903

Mayor Yemi Mobolade
30 South Nevada Avenue, Suite 601
Colorado Springs, CO 80903

Property Tax Hikes
Aaron Kitchell to propertytaxcommission 01/26/2024 02:01 PM

Team,

First, thank you for tackling this issue.

My family and I moved to Colorado 20 months ago and purchased our home 1 month later. We were shocked when only a few months after purchasing our home, our property taxes skyrocketed by 48%! After reviewing the language put forth to repeal the Gallagher amendment, which was voted on prior to us moving here, I found it to be very vague and deceptive. Had the understanding of significant property tax hikes been properly established, I do not believe this would have been voted in.

While the democrats have put forth prop HH, I believe this is bad for Coloradans as it will reduce refunds we are rightfully owed.

Further, Colorado should not be increasing their budgeted expenses at this rate which means I should be receiving a significant portion of the increased taxes back. However, I shouldn't need to offer an interest free loan to the state, but instead should see a reduction in property taxes, keeping my hard earned money in my wallet.

If Colorado is increasing its expenditures at this rate, I have significant concerns on the fiscal management of our state tax revenue.

Again, thank you for tackling this issue.

Thank you for sincerely studying this issue!

C L Werner to: propertytaxcommission 02/02/2024 12:53 PM

To members of the Property Tax Commission,

Proposition HH was a poorly worded, designed, and unbalanced way to address the run away rise of property values and associated property taxes in Colorado, particularly for long time residents of the state. Decades ago I remember reading about long time homeowners in Minturn being forced to sell their homes because thanks to Vail and the surrounding area their property taxes had gone beyond their means. As a Fort Collins resident, school employee, and homebuyer of a modest home at the time, I had empathy for these folks and thought it couldn't ever happen to me especially since my home is only 1200 square feet.

Well I am still in that same home 38 years later and I understand the impact of inflation better than I ever have in my life. Interest rates are NOT the problem as I bought my home with an FHA loan at 10.5%. I bought where I could afford and chose to live in a place where I could afford home ownership even though I took a huge pay cut to move to Colorado in 1981. Our state and local governments sought out businesses to come to Colorado with incentives and TIFFS passed on to residents. And, now local governments are empowered to value homes at "market rate prices" even though I have no plans on selling or moving. This year I watch the sales around me and none are close to how my home was valued. So, start with a revamping of how properties are assessed. This methodology has always been the most biased and unfair approach I have ever witnessed. It hurts home buyers over time not only in the funds available to maintain their homes but also from being able to invest in their community.

Why can't a flat percentage be added to property values every two years, or none at all if market decline is evident? It is far easier to budget when someone knows an increase of 2-3% is coming versus a 50% increase. Furthermore, typing property taxes to Tabor refunds is flat out wrong!

Thanks to the Democrats approach to addressing housing, property taxes, and Tabor refunds I as an independent voter will be looking for political candidates who want to make neighborhoods healthy and viable for ALL citizens. So, I hope your committee can find a way to address property tax issues in an equitable way for all taxpayers. We ALL benefit from our local services and not just one group of taxpayers should be responsible for the full cost of those services for their communities.

Sincerely
Connie L. Werner
935 W. Oak St.
Fort Collins, CO. 80521

clw
Sent from my iPad

Data on Municipal Property Tax RevenueElizabeth Haskell to Matthew Becker
01/30/2024 05:03 PM
History:This message has been replied to.

1 Attachment

Property Tax Research Request - Copy.xlsx

Matt:

I've attached data related to property tax revenue from 54 municipalities. CML asked municipalities what percentage of their budget is from property tax revenue and is this revenue dedicated to a specific purpose.

A few takeaways:

- The percentage of municipal budgets coming from property tax revenue are all over the place.
  - Property tax makes up less than 25% of budgets for the majority of responding municipalities.
  - From a light bit of analysis, it looks like property tax **generally** makes up a larger percentage of revenue for smaller towns when compared to larger cities. But this is not a statistically significant finding.
- Most responding municipalities do not dedicate property tax revenue to specific operations or services.
  - Specific funds responding municipalities do direct property tax to include: public safety departments (especially fire), parks and rec, downtown development authorities

Let me know if you have any questions.

Best,

COLORADO MUNICIPAL LEAGUE

Elizabeth Hakskell
Legislative and Policy Advocate
Colorado Municipal League
1144 Sherman Street, Denver, CO 80203
(303) 831-6411 · (303) 995-6467
ehaskell@cml.org · www.cml.org

Municipality	On average, what percentage of your municipal budget comes from property tax revenue?	Is your municipality's property tax revenue dedicated to specific operations or services? If so, what?
City of Arvada	8% of General Fund (2.5% of overall budget)	No
City of Cañon City	1.2%	No - general fund
City of Castle Pines	20%	Parks and recreation and law enforcement
City of Centennial	17% of General Fund revenues	No
City of Cherry Hills Village	30%	No
City of Craig	5.3%	2 mills of 19 mills are dedicated to capital curb & gutter replacement. The rest in general fund reserves to support O&M and capital improvements.
City of Dacono	70%	No, general operations
City of Delta	0%	N/A
City of Edgewater	0%	No
City of Evans	3%	Provides funding to the general fund to support departmental operations
City of Fort Collins	11%	67% of our property tax revenue goes directly to Poudre Fire Authority
City of Fort Collins	11%	67% Goes directly to Poudre Fire Authority
City of Fruita	14% of General Fund, 5% of total budget.	100% dedicated to General Fund operations
City of Golden	8.5%	65.5% of property tax revenue is for general operations in the general fund; 31.8% is dedicated to the Golden Fire Department; 2.7% is dedicated to the DDA and GDGID for downtown Golden
City of Grand Junction	Approximately 10-12% of General Fund revenues, 5% of total operating budget revenues	Property taxes are received to the General Fund for general government operations. The city also has two special districts, the DDA and the Dos Rios General Improvement District; collected property taxes for the TIFs in those districts are used to pay debt associated
City of Greenwood Village	8%	No - goes to general fund
City of Lakewood	5.3%	No
City of Leadville`	5.5%	No
City of Lone Tree	0%	N/A
City of Longmont	5.5%	No

City of Manitou Springs	3.7%	79% non-specific, 12% capital, 9% maintenance of a specific park
City of Sheridan	7%	No
City of Steamboat Springs	1.5%	EMS
City of Thornton	5%	No
City of Victor	10%	The revenue is dedicated to operations, such as, costs for streets and rights-of-ways maintenance.
City of Wheat Ridge	3%	No
City of Woodland Park	18%	No
Town of Basalt	12%	Approximately half to repay debt on issued bonds and half for general fund with no specific use
Town of Berthoud	30%	No - general fund
Town of Blue River	31%	No
Town of Castle Rock	Less than 1% of total town budget	General fund which includes public safety departments of police and fire
Town of Eaton	5%	No
Town of Estes Park	0.52% of the total budget	N/A
Town of Frisco	Less than 1%	No - it goes to general fund
Town of Granby	9.6%	N/A
Town of Haxtun	10%	A portion is dedicated to our town library. The remainder goes to the general fund.
Town of Hayden	24%	No, it funds all operations within the general fund.
Town of Johnstown	50%	General fund purposes, but not parks and streets.
Town of Julesburg	40%	No
Town of La Jara	20%	No
Town of Limon	10%	No
Town of Lyons	36%	General operations and capital
Town of Meeker	6%	No
Town of Nucla	15%	No just general fund
Town of Oak Creek	8.64% of general fund revenues	N/A
Town of Ophir	90%	No
Town of Parker	2%	No
Town of Rangely	Less than 3%	General fund - specifically towards economic
Town of Silt	13%	No - it goes to general fund

Town of Silverton	10%	No
Town of Snowmass Village	5%	Mainly roads
Town of Springfield	10%	No
Town of Vail	7%	No
Town of Winter Park	5%	1.375 mills to General Fund; 2 mills to forestry & natural resources

property taxes
Ev Schmitz to: propertytaxcommission@coleg.gov 02/06/2024 11:36 AM

Please respond to "Ev Schmitz"

Hello:

These are questions regarding the increase (too much$$$$$):
1. Is there a change to reject bill/& vote to bring property taxes back to a reasonable range and when will this happen?

2. In the state of Colorado property ownership: will a senior over 65 and/or veteran be able the move their 10year
property tax discount benefit from one location (county) to/move to new location)different Colorado county?

3. What are the different zone/codes regarding property taxes to achieve a lower rate?

4. How/when/where the right person to change zone/codes regarding property taxes?

Information about me: I'm in my mid 70's; on a fix income; need to have funds to buy food, pay utilities, medicine, insurance, old age health issues, and etc. I moved from Park County to primary location in Saguache County. I lived in Park County for approx. 20 years and I was able to have the Senior discount on property taxes. I moved June of 2023 and the previous property taxes at the Saguache location was less and thinking I would be ok. However, this year when I received the invoice; my property tax increase almost double from approx. 1600.00 to approx.2780.00.
That amount to too high for anyone on a fix income. My property is 35+ acres; right now property zone for residential and my plans would be to have some chickens/eggs, a garden of vegetables to sell to others. However, I talked to Saguache County office and they said I couldn't change my property code to achieve a lesser rate. However, other properties similiar as mine and around me are zone/code different and they're not raising nor gardening anything and they're paying property taxes a lot less than me. I need understanding, help to make changes in my property zone/code status, some say I might be able to carry over my discount status from Park Co. to new Location in Saguache County. Will that happen and when?

Please contact me via email with answers and the status of this not reasonable high taxation on everybody and will there be and when regarding changes to reduce, and have the property taxes reasonable for all.

Thank you for responding to my issues and concerns.

Respectfully;

Evelyn Schmitz

aspengold77@aol.com and my phone # 303-815-9899

From: "Renny Fagan" <rfagan@keystone.org>
To: "Christine Scanlan" <cscanlan@keystone.org>, "Trace Faust" <tfaust@keystone.org>, "Ernest House Jr. " <ehouse@keystone.org>, "Matthew Becker" <matthew.becker@coleg.gov>, "Greg Sobetski" <greg.sobetski@coleg.gov>, "chris@hansenforcolorado.com" <chris@hansenforcolorado.com>
Date: 02/07/2024 08:30 AM
Subject: Proposal from Henry Sobanet

Hello All- Christine and I followed up with Henry last week about his idea to separate schools and local taxing entities and asked him to submit a short explanation, which I have included below. Thanks, Renny

The basic idea is that reductions in local property taxes should not happen at the General Assembly level and that the State's interest in property taxes is for school finance.

I am submitting this as Henry Sobanet, not as an employee of Colorado State University System.

New Policy for Assessment Rates

In the aftermath of the repeal of the Gallagher Amendment and in the context of the recent surge in property values, the use of the Residential Assessment Rate (RAR) or the Non Residential Assessment Rate (NRAR) for property tax relief should be evaluated for its impact on local governments, special districts, and school finance.
Going forward, the assessment rates for Residential and Non-Residential property taxes should be separated into those that apply to county and special district values and those that apply to school district values. Taxpayers would receive a bill that reflects mill levies applied to different valuations (either school district or non-school district), though in the immediate term the rate could likely be the same.

Without the need to balance the Gallagher formulas of value burden, the reduction of the RAR or NRAR uniformly across the state affects local government revenues without their participation. The impact of such a policy change does reduce taxpayer property tax burden.

Though the surge in property values has become a statewide political and policy issue, the primary State interest in local property taxes is effectively within school finance. Because the State constitution requires a large portion of the school funding formula to grow with inflation and enrollment, there is continuing need for alignment of local and state tax policy to generate sufficient dollars from both state and school district sources.

On a going forward basis, the RAR and NRAR should be available to the General Assembly as tools in the toolkit for school finance. Without new voter-approved authority, raising these rates would not be allowed by statute.

Meanwhile, a statute that removes the ability of the General Assembly to reduce the RAR and NRAR for local government and special districts could be amended back with a simple majority vote. While it would be difficult for the Legislature to reclaim this power, to protect this more sufficiently would need a Constitutional provision.

Prop tax concerns

Kathie Kralik to propertytaxcommission 01/31/2024 03:17 PM

Hi all
Thank you for reaching out for feedback
I have gratefully lived in Summit County since 1988 and just recently retired.
My concern is as a middle class single female, and caring for my 93 yr old mother, I receive no help for the almost doubling of property tax increase this year alone. I'm concerned what the future property taxes will do to my budget and my ability to continue to live in my hard-earned, labor-of-love 1971 home. I'm neither low-income (not eligible for governmental assistance), nor am I "rich" where these increases are just absorbable. It is the middle class like myself that have lived & worked in the resort towns for 35+ years that are feeling the pinch. There is plenty of help/funding (including money out of my pocket) for young workers with all of the employee/attainable housing developments but not the middle-class "original" long time locals who have worked & lived here for decades. I fear I will be forced to move from my home where I have lived the majority of my life due to the cost of living & the tripling of property taxes since owning my home, because I am not eligible for any assistance to help with taxes, utilities, solar panels, etc. Even the cost of basic trash pickup has gotten unaffordable for the middle class. We are the forgotten ones.
Please do what you can to curb the enormous and continuous increases to property taxes and, Xcel energy costs too.
Thanks for caring and doing something about unattainable middle class living
Kathie Kralik
PO Box 1722
Breckenridge 80424
Kkralik@comcast.net
970-453-2276
Sent from my iPad

Property Taxes for Residentail and Long term renters

Thomas Castrigno to propertytaxcommission, Dylan Roberts 02/23/2024 01:05 PM

Feb 23, 2024

Hello,

I am a Colorado resident living in Summit County since 1987.

I support many of the suggestions around the homestead act along with a few additional ones:

- Eliminate age limitation. Base on number of years full time occupancy.
- portability to allow downsizing
- allow cumulative occupancy (CO resident for 10 years living in more than one location during that time)
- Cap property appreciation for assessment purposes at Lesser of 5% or market (Non-compounding similar to deed restricted housing)
- Allow to apply to property rented to year round residents as a form of rent management.

Properties rented year round for 3 years or more at or below HUD fair market rates qualify. Help landlords keep rents lower vs passing increases on to tenants

Thank you

--

Thomas Castrigno
tcastrigno@gmail.com

(970) 333-1788 cell
PO Box 2681
Frisco, CO 80443

STATE OF COLORADO DEPARTMENT OF THE TREASURY

Dave Young
State Treasurer

Eric Rothaus
Deputy Treasurer

April 26, 2024

Commission on Property Tax
Colorado General Assembly
200 E. Colfax Ave
Denver, CO 80203

Dear Senator Hansen:

The Department of Treasury would like to thank the Commission and the Commissioners for taking on the challenging and complex issue of property taxes. The Department wanted to provide feedback for your consideration on policy proposals being considered to help with your development of the ideas and timelines, and ask for a change to language in the bill draft which has a significant impact on the Treasury. As we continue to review the bill draft, we may have additional feedback.

Language Change for Treasury

The Treasury requests a change in one provision of the bill draft should it be introduced. On page 39, lines 23-27, page 40 line 1, and page 76, lines 23-27, the bill directs the Treasury to reduce payments to local governments to ensure they are not exceeding their individual spending limits under TABOR.

THE STATE TREASURER SHALL REDUCE A LOCAL GOVERNMENTAL ENTITY'S REIMBURSEMENT AS NECESSARY TO PREVENT THE LOCAL GOVERNMENTAL ENTITY FROM EXCEEDING ITS FISCAL YEAR SPENDING LIMIT UNDER SECTION 20 (7)(b) OF ARTICLE X OF THE STATE CONSTITUTION FOR THE FISCAL YEAR.

There are more than 4,700 local governmental entities in Colorado. The Treasury has no way of calculating or tracking the TABOR limits for each of these entities to ensure they are meeting their constitutional requirements under TABOR. This language was included in SB23B-001 and has proved to be unfeasible for the Treasury to implement. Treasury distributes revenue to County Treasurers for them to then distribute to their local governmental entities.There is simply no mechanism for the Treasury to know spending limits for 4,700+ local governments and annually adjust these levels.

We request this language be modified to require local governments to track their own spending limits and revert any funds that would cause them to exceed their limits. We would also request a change to the language that was included in SB23B-001.

Proposal #3 – 12 monthly payments

We recognize the spirit of this proposal is to provide options for taxpayers to manage their property tax payments and potentially reduce the number of taxpayers who struggle to pay their property taxes in two payments or one lump sum. It may also have a corresponding result of reducing the number of taxpayers who utilize the property tax deferral program since they would have more manageable ways to remit their taxes. However, **this proposal will carry a significant fiscal impact to the Treasury and the State for implementation for a potentially small number of taxpayers to take advantage of the benefits.**

In reviewing the proposal, Treasury anticipates needing two years to implement this program. This is due to the need to select and work with a vendor and implement a software system capable of meeting the requirements of this program. To make this proposal active, one would have to create not just application and payment systems, but also a servicing system that accounts for monthly payments, creates reports (for those accounts that are unpaid each month), calculates interest through a “good through” date, and can accept thousands of payments per month. Simply put, this is not a turn-key project that would be easily implemented, and we would request appropriate time for implementation.

Further, this does not account for any programmatic or software needs by county treasurers, which will vary widely.

Additionally, as part of this 12-month payment program, the current bill directs the Treasury to create a program to advance payments to county treasurers to help them manage their cash flow and offset fiscal impacts with this change. Options to implement such a program are limited. We currently provide cash flow relief to school districts through no-interest loans that are paid back within 12 months. It should be noted that with the loans, the state covers the cost of the loans, including any interest, to be able to provide the school districts with no-interest loans. Establishing a similar program for counties would also have a cost to the state. While the bill is silent on the type of program for advancing funds to counties, there are limited options other than a loan program for counties.

Proposal #7 – Expand Property Tax Deferral Program

The Treasury is open to expanding the current tax deferral program, but wants to provide some additional context about this provision. Under current Tax Growth Cap guidelines, only a small percentage of the total property tax payment is eligible for deferral, which in some instances is not a significant financial benefit to the taxpayers. The deferral program is essentially a loan to taxpayers and is capped at no more than $10,000. Removal of the 4% cap would likely make the program available to more taxpayers, however, it could also result in smaller loan amounts to taxpayers which may not be beneficial in the long run. At the state level, it will likely result in a higher administrative burden and ultimately, a higher administrative cost per loan.

Impacts on Treasury and the State would include:

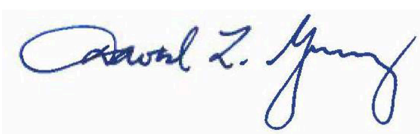
- greater annual cost to the State (as there are potentially more participants);
- higher corresponding administrative burden; and
- additional staff needed to: work with applicants, verify applications, record and process successful applications, and ensure payment of deferrals;

We also estimate that collection costs will go up and the State will most likely have to write-off a higher number of deferrals if it is unable to collect on those payments. We anticipate that seniors will still elect to defer their property taxes, given that many are on a fixed income and are significant users of the current deferral program.

It is important to note that the current property tax deferral program run by the Treasury is only for residential property tax and does not include commercial property taxes.

Thank you for your consideration.

Sincerely,



Dave Young
Colorado State Treasurer

CC: Commission on Property Tax

Senator Mark Baisley
Representative Chris deGruy Kennedy
Representative Lisa Frizell
Commissioner Andy Kerr
Commissioner Tamara Pogue
JoAnn Groff
Ann Terry
Bob Olme
Brenda Dones
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Taxing of Vacant Land

dave_ofarrell to: propertytaxcommission 04/19/2024 04:49 PM

I own a two acre undeveloped piece of land located West of Fort Collins. I just made the full year payment to the Larimer County Treasurer of almost $7,000 ($6,661.58). This is an increase of 41% of almost $2,000 ($1,948.57) from the prior years.
This for a two-acre parcel that is only used occasionally for recreation my myself and my family.
For some reason, undeveloped vacant land is assessed and taxed as if it were commercial, income generating, property, and not as residential property. In comparison, the taxes on my primary residence, with has an actual value of over 3 times the vacant property are $4,647.57.
Hopefully, the committee will be addressing the taxing of vacant land, so it isn't taxed 5 times higher than residential property.
Perhaps small parcels of vacant land, 10 acres or less, or 5 acres or less could be assessed at the residential rate?
Thank you for the work you do for the State of Colorado.
Best,
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