



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Memorandum

January 17, 2025

TO: Members of the Executive Committee
FROM: Marc Carey, Chief School Finance Officer
SUBJECT: Deliverables from the Property Tax Audit Contract

The following is a summary of the appropriation, tasks and products required in the 2025 valuation for assessment study contract with San Matteo Analytics.

Broadly, the purpose of the study is to ensure that county appraisal practices produce valuations that are methodologically consistent across counties and fall within a reasonable range of market transaction prices. Valuations that are found to be outside the acceptable range are ordered for reappraisal. In recent years, LCS has capitalized on the data collection opportunity presented by the study to enhance our assessed valuation forecasting and fiscal analysis of property tax legislation.

Current Appropriation (2025)

The FY 2024-25 Long Bill appropriates \$752,000 General Fund for the study.

Scope of Work

Tasks Related to Potential Reappraisal Orders (Audit Tasks and Products)

Data Compilation. Assemble necessary data to analyze property assessments for each county in the state. Data is used to create a sales file database to analyze sales ratios for each property class and subclass, using applicable subdivisions, neighborhoods, economic areas and communities.

Sales Verification. Determine whether each county has developed and uses an adequate process to verify all sales qualifying as valid transactions.

Analysis of sales ratios and dispersion. Analyze, for each class and subclass of property in each county, a median sales ratio and coefficient of dispersion. If one or both of these measures



is outside of the limits established by the State Board of Equalization (SBOE), the contractor shall investigate the assessor's statistical methodology, and report results to the SBOE.

Independent Appraisals. For classes and subclasses of property where there is very little market information, conduct independent appraisals in order to identify appropriate assessment levels. Sufficient appraisals are conducted to ensure a one percent sample size requirement is met for each class and subclass of property.

Review of Economic Areas. Determine whether each assessor has adequately considered establishment of reasonable neighborhoods, communities or economic areas. Confirm that sales data reflect typical properties in an economic area.

Sold/Unsold Analysis. For each county, compare assessment levels of sold properties with valuations of similar unsold properties. Report on all relevant statistical calculations, and provide explanation if discrepancies between sold and unsold assessment values appear significant.

Updated values to reflect market fluctuations. For each county, for residential, commercial, and vacant land properties, compare individual property values by class, subclass, economic area, neighborhood or subdivision. Report the number and percentage of properties in those categories where the value did not change for one or more reassessment cycles. Confirm explanation of value changes with assessors.

Procedural Reviews. For each property class in each county, examine procedures employed by the assessor to value property and determine whether each assessor has complied with state law and Property Tax Administrator manuals.

Preliminary County Reports. Delivered to each County Assessor by August 15 or June 20, 2025, as appropriate. The report consists of:

- Recommended orders for reappraisal of any class or subclass of property that does not comply with state standards of the SBOE; and
- Audit exemptions or recommendations for change in specific problem areas that did not rise to the level of requiring a reappraisal order.

Exit Interviews. Required for all County Assessors where a reappraisal order is recommended, the exit interview shall review assessments for each property class and subclass deemed to be out of compliance with laws or standards established by the SBOE. Assessors may object to the SBOE.

Final County Reports. Delivered to each County Assessor by September 15, 2025. The report consists of the same items included in the preliminary report and are provided to the county



assessor, the relevant Board of County Commissioners, the Property Tax Administrator, the SBOE and the Legislative Council Director of Research.

Tasks Not Related to Potential Reappraisal Orders (Data Products)

Previous Orders and findings. Determine whether each assessor who received an order from SBOE complied with the order.

Detailed abstract study. Study includes a list of tax authorities or entities in each geographically defined tax area. For each record, the report includes: account number, property subclass, tax area, actual value after protest, actual value adjustment, assessed value, county, city, zip code, and street address.

Mill Levy Report Update. Update on current year's mill levies, including for each tax entity and area: county tax area ID, tax entity ID, tax entity name, tax entity type, and mill levy.

State Housing Study. Study includes residential housing value information (to be used in the biennial Cost of Living Study) including: change in median price per square foot for single family homes over prior reassessment cycle for each school district.

Statewide Sales Database. Detailed statewide database of all sold properties. Database shall include for each qualified sale: account number, total assessed value of sold property, county, date of sale, sale price, and net sale price.

Regressivity/Progressivity Study. Study of regressivity/progressivity valuation bias for all single-family residential properties (1212 abstract code) in all 64 counties statewide. Counties falling outside IAAO standards for valuation bias are highlighted.

In-Depth Examinations. Conduct a limited number of more detailed, in-depth examinations in 2026 if the contract is extended into that year. Past examinations have included: detailed methods employed to value a specified subclass of property in a specified county; detailed analysis of market fluctuations for residential, commercial and vacant land subclasses; assessor office staff professional development in specified counties; and locally assessed solar energy facilities in specified counties.