Colorado Commission on Property Tax
Recommendations for Voting

Assessments

1. **When residential actual values increase/decrease over a certain percentage (based on the average increases/decreases over a period of time) in an assessment cycle, smooth residential assessments by adjusting the assessment rate to get to a target.**

    a. Determine a Smoothing Variable that is fixed based upon the average increases/decreases in residential actual value changes over the last three assessment cycles.
    b. In an assessment cycle, if the change in statewide residential actual values exceed the Smoothing Variable, then
    c. Reduce/increase taxable value through the assessment rate that targets the increase/decrease to half of the Smoothing Variable.
    d. If residential actual values do not exceed the Smoothing Variable, then the assessment rate does not change for that assessment cycle.
    e. Repeat this process for each assessment cycle.

2. **Gradually step down assessment rates for vacant land and nonresidential property, except oil & gas, to get to a target. Temporarily backfill local districts when the step down results in a certain percentage loss to the local district.**

    a. Set a target for the non-residential (except oil & gas) assessment rate (for example 25.5%) to reach by a certain date.
    b. Gradually step down the assessment rates on nonresidential, except oil & gas commercial, over assessment cycles to reach the date certain.
    c. The step down increments should be such that local taxing entities have flexibility to retain revenue lost by the declining date by holding mill levy elections, if they so choose.
    d. If a step down increment results in loss of a fixed percent of revenues (for example 5%) at the district level, then the state will temporarily backfill revenue loss for one assessment cycle.
    e. Use the Legislative Council database to model impact on local districts before determining target assessment rate and percentage of local district revenue reduction that would trigger state backfill.

Taxpayer Relief

3. **Create a system allowing residential and commercial property owners to opt for 12 monthly payments for property tax, while establishing a mechanism with the State**

Treasurer to manage cash flow for taxing districts impacted by taxpayer choices. Additionally, define the delinquency threshold for taxpayers opting for the 12-month payment plan for purposes of tax liens.

a. Limited to properties that don't pay tax through mortgage/escrow.
b. Evaluate whether a taxing entity could levy a special assessment and/or interest for the taxpayer to catch up on payments.

4. **Study expanding the homestead exemption, to include:**

   a. Making all primary residences eligible to exempt a certain percentage of assessed value.
   b. Define primary residence by considering less restriction on ownership (for example, long-term rentals.)
   c. Reducing or eliminating the length-of-time required to own the property to qualify for the exemption.
   d. Factoring in the amount of state funds that would be necessary to backfill revenue lost by local taxing entities through an expanded exemption.

5. **Study creating means-tested/income qualified relief for low or fixed income property owners by considering:**
   a. Tax relief to taxpayers whose residential properties have increased in value over time and who are now low or fixed income.
   b. Eligibility variables such as the percent of income required to pay property tax.
   c. Ability of state and local agencies to efficiently administer the relief based on limitations of merging income information with property ownership records.

6. **Create a assessed value exemption for certain nonresidential properties.**

   a. Base the exemption either on a percentage of or flat dollar amount of assessed value, with the goal of targeting small and medium businesses.
   b. Determine whether and how single owner/single business or multi-business properties would be eligible and claim the exemption.

7. **Implement an adjustable cap on property tax increase that fluctuates based on a fixed variable. The variable could be:**
   a. CPI plus population growth, or
   b. Producer Price Index or some index that more accurately reflects the goods purchased by local districts,or
   c. Rate of population or infrastructure (for example, residential or commercial development) growth
   d. Flexible to exempt expenditures necessitated by wildfire, floods or other emergencies.

8. **Expand the property tax deferral program to all owners of residential property without a minimum limitation of percent increase of taxes in a given year with a limit on the maximum amount of tax that can be deferred.**
    a. Consider whether property owners must apply for the deferral annually or if the deferral status continues until taxes are paid.
    b. State Treasure to administer cash flow with County Treasurers as with the current program.

Local Control

9. **Participatory Taxation - Once a government increases their expenses by a specific benchmark, then the public needs to be involved in the conversation.**

    a. Benchmark should be informed by local needs.
    b. Consider enhancing notice requirements for public involvement beyond current law, by increasing the number of days in advance of the meeting notice is required and ensuring that meeting participation is accessible (place, manner, time.)

10. **Study implementation of a mechanism to separate school and local taxing jurisdiction assessments.**

    a. The goal of separation is to allow the state to adjust and control property tax for school finance without impacting the assessment rate or revenues used by local taxing entities.
    b. The mechanism should be feasible for assessors and county treasurers to administer.
    c. The mechanism should be transparent and understandable to taxpayers.

Other

11. **Extend the provisions of SB23B-001 regarding assessment rate reductions and assessed value subtractions to apply in 2024.**

12. **Change the current method of determining property tax to base the tax on local district expenditures as a starting point rather than assessed value.**
    a. From the current: Mills X Tax Rate X Assessed Value = Property Tax

b. To: Budget Baseline X Population Growth X Inflation ÷ Relative Assessed Value = Property Tax