

COLORADO PROPERTY TAX

OVERVIEW

The Colorado property tax system provides revenue exclusively for local government services. The largest share of property tax revenue (49.4 percent) goes to support the state's public schools. County governments claim the next largest share (25.4 percent), followed by special districts (18.7 percent), municipal governments (5.1 percent), and junior colleges (1.4 percent).

The authority for property taxation is both constitutional and statutory. Article X of the Colorado Constitution provides that all property is taxable unless declared exempt by the Constitution, and that the actual value of taxable property shall be determined under the general laws to secure just and equalized valuations. The specific statutes pertaining to property taxation are found in Title 39, Articles 1 through 14, Colorado Revised Statutes.

Under the general laws of Colorado, county assessors are required to value all taxable property within their county boundaries. The State Board of Equalization (state board) has supervision over the administration of all laws concerning the valuation and assessment of taxable property and the levying of property taxes. The Division of Property Taxation (Division), under direction of the Property Tax Administrator (Administrator), coordinates the implementation of property tax laws throughout Colorado's sixty-four counties.

Revenue derived from 2009 property taxes (payable 2010) will increase statewide for every local government type. **Table 1** lists the percentage increases in property tax revenue between taxes payable in 2009 and taxes payable in 2010. The combined revenue increase from taxes payable in 2010 is 7.1 percent.

TABLE 1

Tax Years 2008-2009	
Taxing Entity	% Increase
School District K-12	5.5%
Junior Colleges	30.0%
Counties	8.1%
Municipalities	3.0%
Special Districts	10.0%
Combined Increase	7.1%

In 2007, the General Assembly amended § 22-54-106(2), C.R.S., to freeze the "total program" mill levies certified annually by school districts. The mill levy freeze applies to 174 of the state's 178 school districts that had previously approved broadly worded ballot issues waiving the revenue limits of Article X, Section 20 of the Colorado Constitution (TABOR). The remaining four districts excluded from the change are Colorado Springs, Harrison, Cherry Creek and Steamboat Springs. Over time, the mill levy freeze is intended to restore the percentage of school total program funding derived from property tax revenue to levels that existed prior to the 1992 passage of Section 20, Article X of the Colorado Constitution (TABOR). On March 16, 2009, the Colorado Supreme Court issued a determination that the mill levy freeze is constitutional.

STATE BOARD OF EQUALIZATION

The State Board of Equalization consists of the Governor, the President of the Senate, the Speaker of the House of Representatives, or their designees, and two members appointed by the Governor with consent of the Senate. Each appointed member must be a qualified appraiser, a former assessor, or a person who has knowledge and experience in property taxation. The state board members for 2009 were Lyle C. Kyle, Chairperson and appointee of the Governor; Charles Brown, Vice-Chairman and appointee of the Governor; Craig R. Welling, designee of Governor Bill Ritter, Jr.; Wally Grant, designee of Brandon Shaffer, President of the Senate; and Representative Joel Judd, designee of Terrance D. Carroll, Speaker of the House of Representatives.

Duties and Responsibilities

The state board supervises the administration of property tax laws and the equalization of the values of classes and subclasses of taxable property. Duties of the state board are found primarily in Article X, Sections 3 and 15 of the Colorado Constitution and in Title 39, Articles 1 and 9, Colorado Revised Statutes.

Among its duties, the state board reviews the findings and conclusions of the annual study contractor and orders reappraisals in counties found not in compliance. The annual study was initiated by a 1982 amendment to the Colorado Constitution to ensure that all

assessors value property at the same level of value using standardized procedures and statistical measurements. The study is conducted by an independent auditing firm contracted by the Director of Research, Colorado Legislative Council, § 39-1-104(16), C.R.S. The study and the resulting orders of reappraisal are the primary means of achieving statewide equalization.

The importance of the state board's equalization function is due in part to the relationship that exists between assessed values and state aid to schools. Generally, if the property in a school district is under-assessed, it is likely that the district will receive more state revenue than it is entitled. When the results of a reappraisal order indicate that the affected school district(s) received too much state revenue, the state board will order the county (not the school district) to pay back the excess funding. During the 1980s and early 1990s, this occasionally required the repayment of substantial revenue to the state. In more recent years, significant improvements in the quality of county assessments have resulted in far fewer reappraisal orders and smaller repayments of excess state aid to schools.

The state board also reviews county Abstracts of Assessment, decisions of county boards of equalization (county boards) and the policies and recommendations of the Property Tax Administrator.

STATE BOARD ENFORCEMENT

The following is a brief history of recent enforcement actions by the State Board of Equalization.

2009 Enforcement and Repayment

On October 27, 2009, the state board met to review the findings and conclusions of Wildrose Appraisal, Incorporated, annual study contractor for Legislative Council. Based on the findings, the state board issued a reappraisal order for oil and gas personal property in Montezuma County.

The board also reviewed the status of their 2005 recommendation for Jackson County. The 2005 recommendation asked Jackson County to implement a five-year cycle for physical inspections of rural outbuildings. The Jackson County Assessor indicated that she had completed the physical inspections of all rural outbuildings in Jackson County.

2008 Enforcement and Repayment

On October 8, 2008, the state board met to review the findings and conclusions of Rocky Mountain Valuation Specialists, Inc., annual study contractor for Legislative Council. Based on these findings, the state board issued no orders of reappraisal.

They also reviewed the status of their 2005 recommendation for Jackson County. The 2005 recommendation asked Jackson County to implement a five-year cycle for physical inspections of rural outbuildings. The Jackson County Assessor indicated that she only had four physical inspections left to complete the project.

2007 Enforcement and Repayment

On October 10, 2007, the state board met to review the findings and conclusions of Rocky Mountain Valuation Specialists, Inc., annual study contractor for Legislative Council. Based on these findings, the state board issued no orders of reappraisal. They did, however, review the status of a prior reappraisal order given to Costilla County.

On October 11, 2006, the state board determined that the 2005 ordered reappraisal of single-family residential property was successfully completed by Costilla County, and ordered the county to payback the state aid to schools as well as the supervision reimbursement costs by the end of 2007. At the October 2007 state board hearing, the Costilla County Deputy Assessor provided the state board with a document detailing the County's 2007 expenditures. Although the entire \$17,964.97 had not yet been spent, the remaining portion was slated to be used for education of assessor personnel and a list of proposed courses was submitted.

The board reviewed the progress of their 2005 recommendations for both Rio Grande and Jackson Counties. The state board's 2005 recommendation asked Rio Grande County to determine the productive capability of agricultural land by implementing the National Resource Conservation Service (NRCS) soil survey by 2007 for 2008. At the 2007 hearing, it was reported the county completed the soil survey. This was verified by Carl Ross of Rocky Mountain Valuation Specialists, Inc.

The state board also reviewed Jackson County's progress toward implementing a five-year cycle for physical inspections of rural

outbuildings. The Jackson County Assessor indicated that as of October 10, 2007, 45 percent of the inspections had been completed.

2006 Enforcement and Repayment

On October 11, 2006, the state board met to review the findings and conclusions of Rocky Mountain Valuation Specialists, Inc., annual study contractor for Legislative Council. Based on these findings, the board issued no orders of reappraisal. They did, however, review the results of the reappraisal order given to Costilla County in 2005 for all single-family residential properties in the county. The board determined that the reappraisal was successfully completed, and ordered the county to make the following payback and reimbursement.

County	Supervision Reimbursement	State Aid To Schools Payback
Costilla	\$17,964.97	\$968.09*

* + interest on state aid payback based on the rate set by the Colorado Banking Commissioner, which can be reduced by three percent under the authority of the state board.

The board approved Costilla County’s request to repay the excess state equalization payments to schools by the end of 2007. In addition, the state board approved a reduction of three percentage points, resulting in an interest rate of six percent.

The board also approved the county’s request to employ the “Bledsoe Plan” for the repayment of the supervision costs allowing the county to choose an alternative method of repaying the costs associated with the state’s supervision of the reappraisal. The Bledsoe Plan authorizes counties to increase the assessor’s budget by the supervision reimbursement money for expenditures that will enhance their operational effectiveness.

2005 Enforcement and Repayment

On October 11, 2005, the state board met to review the findings and conclusions of Rocky Mountain Valuation Specialists, Inc., annual study contractor for Legislative Council. Based on the findings, the state board issued a reappraisal order for the single-family residential property subclass in Costilla County. The board recommended that Rio Grande County comply with a procedural requirement to use a soil survey conducted by

the United States Natural Resource Conservation Service (NRCS) when classifying and valuing agricultural land, and it recommended that Jackson County submit a plan for detailing the methodologies and time frames the county will use to physically inspect agricultural outbuildings.

The board also reviewed the results of a reappraisal order issued to Fremont County in 2004. Pursuant to the reappraisal, it ordered the repayment of excess state aid to schools and ordered the repayment of the cost of supervising the reappraisal.

The county commissioners requested the state board allow them to apply the supervision reimbursement money to the assessor’s budget for 2006. The alternate repayment method, referred to as the “Bledsoe Plan” authorizes counties to increase the assessor’s budget by the supervision reimbursement money for expenditures that will enhance their operational effectiveness. The county requested the funds be used to purchase a variety of computers, various types of software and maps. The board approved the county’s request to employ the “Bledsoe Plan” for the repayment of the supervision costs.

The board approved Fremont County’s request to repay the excess state equalization payments to schools by the end of 2006. The state board approved a reduction of three percentage points, resulting in an interest rate of four percent.

County	Supervision Reimbursement	State Aid To Schools Payback
Fremont	\$54,751	\$131,263

+ interest on state aid payback based on the rate set by the Colorado Banking Commissioner, which can be reduced by three percent under the authority of the state board.

DIVISION OF PROPERTY TAXATION

Under the general laws of Colorado, the Property Tax Administrator (Administrator) heads the Division of Property Taxation. The Administrator is appointed by the State Board of Equalization to serve a five-year term, and until a successor is appointed and qualified.

A primary responsibility of the Division is to administer the implementation of property tax