

PROPERTY TAX UPDATE

Board of Trustees
Work Session
May 16, 2023



PROPERTY TAX CALCULATION



\$350,000

X

RESIDENTIAL ASSESSMENT RATE

=

TAXABLE
VALUE

TAXABLE
VALUE

X

**MILL
LEVY**

=

**PROPERTY
TAX**

Colorado Fiscal Institute <https://www.youtube.com/watch?v=-CVZn5eD8E>



TIMELINE

- Gallagher Amendment to the Colorado Constitution was passed in 1982
 - Homeowners were worried about skyrocketing residential property taxes – held 45/55 split (res vs non-res prop tax)
 - Interaction between TABOR and Gallagher Amendment resulted in "permanent" ratcheting down of the RAR (residential assessment rate) due to rising residential property values – put pressure on the State & local govt budgets
- Gallagher was repealed on Nov 2020 ballot
 - Assessment rates in 2021 (for 2022 budget were 29% non-res and 7.15% residential)
- Property tax now subject to legislative workings
 - Senate Bill 21-293
 - Senate Bill 22-238
 - **Senate Bill 23-303**

Property Tax Assessment Rate Changes pursuant to [SB22-238](#)

May 16, 2022

Type of Property		Assessment Rates – For property tax years 2022 (payable in 2023) Created under SB21-293	Assessment Rates – For property tax year 2023 (payable in 2024) Created under SB22-238	Assessment Rates – For property tax year 2024 (payable in 2025) Created under SB22-238	Assessment Rates – For property tax year 2025 (payable in 2026) & thereafter
Non-residential	Hotels, motels and B & Bs – 'lodging properties'	29%	27.9% (Exempt first \$30,000 of Actual Value)	29%	29%
	Renewable Energy Production	26.4%	26.4%	26.4%	29%
	Agricultural Property	26.4%	26.4%	26.4%	29%
	Commercial, Vacant, Industry	29%	27.9% (For improved commercial only: exempt first \$30,000 of Actual Value)	29%	29%
	Oil & Gas	87.5%	87.5%	87.5%	87.5%
Residential	Multi-family housing (i.e. apartments)	6.80%	6.765% (Exempt first \$15,000 of Actual Value)	6.8%	7.15%
	All other residential property	6.95%	6.765% (Exempt first \$15,000 of Actual Value)	TBD (set at a level to hit a total revenue reduction over the 2023 & 2024 property tax years of \$700 million)	7.15%

Backfill for Property Tax Year 2023 & 2024 (3 tiers):

1.) Local governments in counties with over 300,000 people will be made whole for 65% of their lost revenue.

9 counties: Adams, Arapahoe, Boulder, Denver, Douglas, El Paso, Jefferson, Larimer and Weld

*Fire, library, sanitation & water districts, health service districts & municipalities within these counties will receive a higher percentage backfill. Those with an assessed valuation of more than 10% will be made whole for 90% of their lost revenue. Those with an assessed valuation of less than 10% will be made whole for 100% of their lost revenue.

2.) Local governments in counties with a.) under 300,000 people and b.) an assessed valuation growth of over 10% will be made whole for 90% of their lost revenue.

10 counties: Chaffee, Eagle, Elbert, Grand, Gunnison, Lake, Montrose, Park, San Miguel and Summit

3.) Local governments in counties with a.) under 300,000 and b.) an assessed valuation growth of under 10% will be made whole for 100% of their lost revenue.

Remaining 45 counties



BUDGET PROJECTIONS & MILL LEVY ADJUSTMENT

Assessed Values & Assessment Rate Calculations						2022 Assessed Value Estimates / 2023 Budget				2023 Assessed Value Estimates / 2024 Budget				2024 Assessed Value Estimates / 2025 Budget			
						SB293	Amount	Variance to 2021 Assessment Rates	Budget Impact	SB238	Amount	Variance to 2021 Assessment Rates	Budget Impact	SB238	Amount	Variance to 2021 Assessment Rates	Budget Impact
Vacant	62,813,851	216,445,185	2%	220,774,088.70	29.00%	29.00%	64,024,486	-	-	29.00%	65,304,975	-	-	29.00%	66,585,465	-	-
Agricultural	31,929,973	110,100,213	2%	112,302,217	29.00%	26.40%	29,647,785	(2,919,858)	-	26.40%	30,240,741	(2,978,255)	-	26.40%	30,833,697	(3,036,652)	-
Industrial	223,217,697	769,717,213	2%	785,111,557	29.00%	29.00%	227,682,352	-	-	29.00%	232,235,999	-	-	29.00%	236,789,646	-	-
State Assessed	558,441,096	1,925,762,511	2%	1,964,277,761	29.00%	29.00%	569,640,551	-	-	29.00%	581,033,362	-	-	29.00%	592,426,173	-	-
Natural Resources	3,697,224	12,748,847	2%	13,003,824	29.00%	29.00%	3,771,109	-	-	29.00%	3,846,531	-	-	29.00%	3,921,953	-	-
Lodging	17,317,880	59,716,896	2%	60,911,234	29.00%	29.00%	17,664,258	-	-	27.90%	17,325,749	(691,794)	-	29.00%	18,362,128	-	-
Commercial	343,876,431	1,182,234,641	2%	1,205,879,334	29.00%	29.00%	349,705,007	-	-	27.90%	343,160,771	(13,538,336)	-	29.00%	363,684,507	-	-
Renewable Energy Pers Prop	328,087	1,131,332	2%	1,153,959	29.00%	26.40%	304,645	(30,003)	-	26.40%	310,738	(30,603)	-	26.40%	316,831	(31,203)	-
Residential all other	870,916,355	12,175,785,636	2%	12,419,301,349	7.15%	6.95%	863,141,444	(24,838,603)	-	6.765%	856,968,036	(48,771,611)	-	6.80%	878,291,971	(45,207,277)	-
Residential multi	49,526,967	686,701,135	2%	700,435,158	7.15%	6.80%	47,629,591	(2,451,523)	-	6.765%	48,331,112	(2,751,624)	-	6.80%	49,533,754	(2,550,604)	-
TOTAL	2,162,065,563	17,140,343,609	2%	17,483,150,481			2,173,211,247	(30,239,986)	\$ (176,904)		2,178,758,014	(68,762,223)	\$ (402,259)		2,240,746,126	(50,825,736)	\$ (297,331)
Mill Levy Adjustment						0.08				0.18				0.13			
Notes for SB238										State will backfill 100% of lost revenue if Pueblo County's assessed valuation grows less than 10%				State will backfill 100% of lost revenue if Pueblo County's assessed valuation grows less than 10%			



SB23-203 Reduce Property Taxes & Voter-Approved Revenue Change

- Refers a ballot measure Proposition HH in Nov 2023
- Changes the treatment of property tax backfill payments to govts under SB 22-238
- All other provisions of the bill take effect only with approval of the ballot measure
- If voter approved:
 - Imposes a local govt tax revenue limit
 - Reduces certain property assessment rates through 2032
 - Excess monies transfer to Housing Dev Grant Fund and then to State Education Fund

SB23-203 cont'd

- Local property tax limit begins in 2023 (for 2024 budget) unless the taxing district adopts a resolution to exceed it
 - Provide notice, conduct a public hearing, and hear public testimony before adopting the resolution
 - Growth in revenue is limited to rate of inflation (Denver-Aurora-Lakewood CPI) over prior year
- Need to determine if PCCLD can adjust its mill levy to offset the reduction in assessment rates
- Need to determine if PCCLD gets a backfill of lost revenue



Next Steps

- Continue to work on SB23-303 to sort through the details and update property tax revenue projections
- Preliminary assessed valuation is provided Aug 25
- Tap into training & resources
 - Special Districts Association–May 23
 - Collaborate with peer Colorado public libraries–library executive directors' retreat this week

Questions? Comments?