

LOWER RESIDENTIAL ASSESSMENT RATE IN 2017?

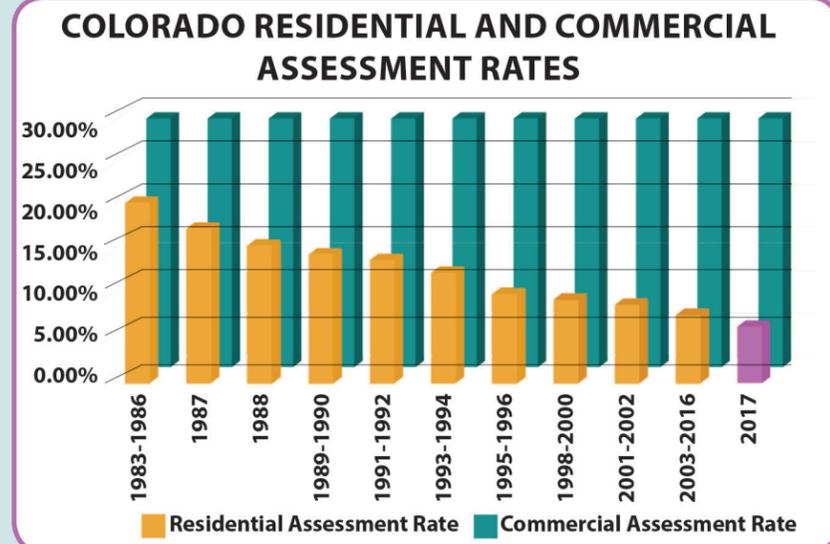
Colorado has one of the lowest residential tax rates in the country – and it is poised to drop even lower in 2017, due to an intersection of two constitutional amendments – Gallagher and TABOR. Lower property taxes provide relief to homeowners but create hardships for local tax districts that rely on property taxes to fund their services.

(TABOR), passed in 1992. TABOR requires that all tax increases, which include an increased assessment rate, go to a vote of the people. This is a non-starter, because the majority of Colorado voters are residential property owners, and are unlikely to vote to increase their taxes.

So, the residential assessment rate can go down to maintain the Gallagher split, but can't go back up because of TABOR.

In the early 1980s local property taxes paid 54% of the cost of public schools in Colorado, with the state backfilling the remaining 46%. During this time, Colorado spent \$488 more per student than the national average and the assessment rate was 21%. By 2015, local property taxes paid only 34% of the cost of public schools in Colorado, with 66% backfilled by the state. In 2015, Colorado spent \$2,024 less per student than the national average, with the assessment rate at 7.96%.

Source: Colorado Fiscal Institute



Across the state, the proposed lower tax rate means a 10% drop in residential tax collections. Gunnison County, similar to other ski area counties and neighboring western slope counties, has had an increase in residential value approximately proportional to the projected decreased tax rate, and effects of the lower tax rate are expected to be minimal. Other communities that have had a flat economy and stagnant or decreasing values will be impacted – some of them severely – by this loss of revenue.

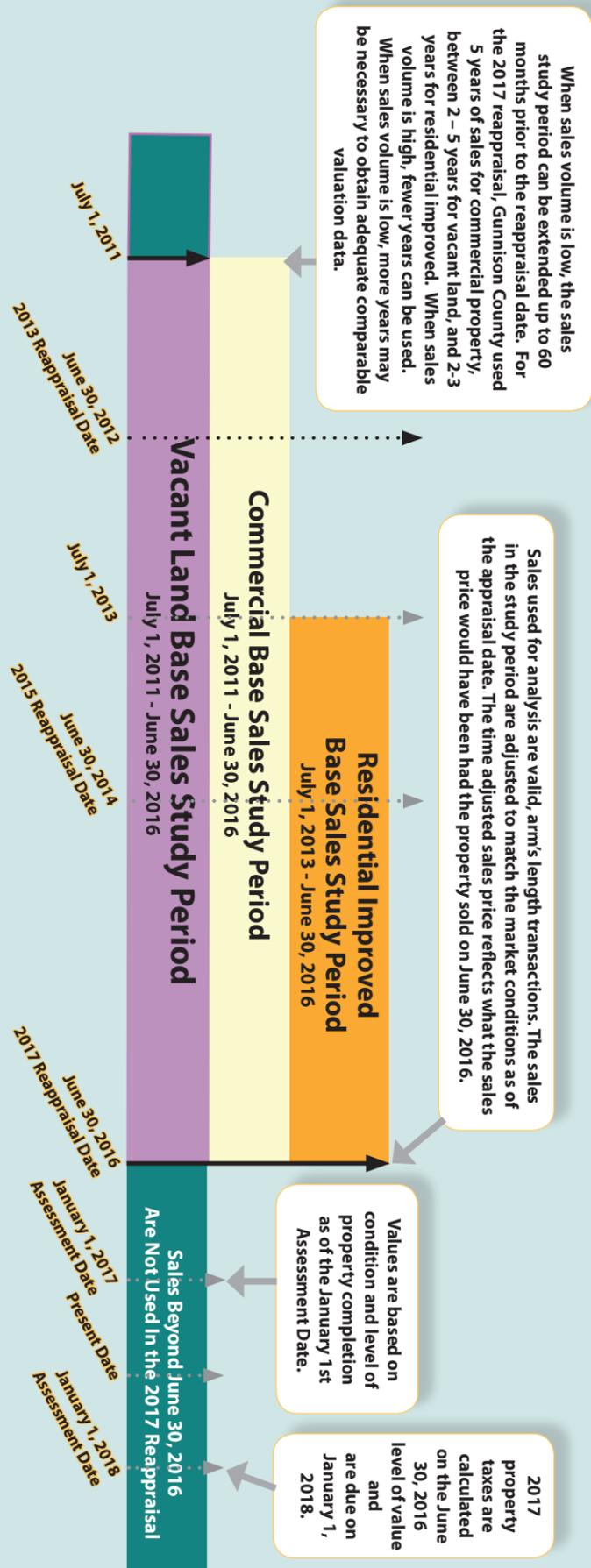
In 1982, the Gallagher Amendment to the Colorado Constitution was passed. This new law changed the way homes were appraised and requires that residential assessed value must be 45% of total state-wide assessed value, with non-residential comprising the remaining 55%. This ratio is often called the 45/55 split.

Gallagher also permanently established the assessment rate for all non-residential property at 29%. The assessment rate on all residential property would be adjusted every two years to maintain the 45/55 ratio.

When this law was enacted in 1983, the residential assessment rate was 21%. Throughout the 1980s the increasing value of residential property outpaced the increases in non-residential property. With ever-rising residential property values, the assessment rate had to be lowered continually to maintain the 45/55 split. In 2003, it fell to its current low point, 7.96%.

When the oil and gas boom occurred, there was a turnaround in growth and non-residential property was actually growing faster than residential property. So, to maintain the 45/55 split, the residential assessment rate should have been increased to 9.13% in 2013. This didn't happen, though, due to another constitutional amendment: the Taxpayer Bill of Rights

2017 REAPPRAISAL TIMELINE - APPRAISAL DATE: JUNE 30, 2016



When sales volume is low, the sales study period can be extended up to 60 months prior to the reappraisal date. For the 2017 reappraisal, Gunnison County used 5 years of sales for commercial property, between 2 – 5 years for vacant land, and 2-3 years for residential improved. When sales volume is high, fewer years can be used. When sales volume is low, more years may be necessary to obtain adequate comparable valuation data.

Sales used for analysis are valid, arm's length transactions. The sales in the study period are adjusted to match the market conditions as of the appraisal date. The time adjusted sales price reflects what the sales price would have been had the property sold on June 30, 2016.

Values are based on condition and level of property completion as of the January 1st Assessment Date.

2017 property taxes are calculated on the June 30, 2016 level of value and are due on January 1, 2018.

WHAT YOUR 2017 NOTICE OF VALUATION REPRESENTS

- All property in Colorado is reappraised by county assessors in even-numbered years, on June 30. Your valuation notice is dated May 1, 2017, and represents your property value as of June 30, 2016, the reappraisal date.
- Your 2017 value is determined by analyzing sales between July 1, 2011 and June 30, 2016. These sales establish the value of all properties.
- Sales occurring early in the sales study period are time-adjusted to reflect the market conditions as of the appraisal date, June 30, 2016.
- To see the effect of the time adjustment on the sales, visit the Gunnison County Assessor's Office website and choose the link "Reappraisal Sales."
- While the market may have changed between July 1, 2016 and May 1, 2017, those changes do not affect the June 30, 2016 appraisal date, the basis for your 2017 value. Sale activity occurring after June 30, 2016 affects the next reappraisal, in 2019.

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ATTENTION SENIORS!

You may be entitled to the senior property tax exemption. The Colorado Constitution establishes a property tax exemption for qualifying senior citizens and surviving spouses of senior citizens who previously qualified.

QUALIFICATIONS

- o Qualifying seniors who were born on or before January 1, 1952, and
- o Lived in the home continuously starting before January 1, 2007, and
- o Owned the home continuously starting before January 1, 2007.

EFFECT ON TAXES

- o The exemption goes into effect for tax year 2017.
- o The discount will first appear on the tax bill sent in January 2018.
- o 50% of the first \$200,000 of actual value on the applicant's primary residence is exempted
- o The exemption remains in effect until a disqualifying event occurs.

Deadline: Applications must be filed no later than July 15 to have the exemption apply to your tax bill the following year. Applications are available online at the Assessor's website: www.gunnisoncounty.org/assessor.html or at the Assessor's Office.

Disabled veterans may also qualify for a property tax exemption. Information and applications on our website, or contact the Dept of Military and Veterans Affairs at www.colorado.gov/vets



FREQUENTLY ASKED QUESTIONS

Q IF MY PROPERTY VALUE HAS INCREASED, WILL MY PROPERTY TAXES GO UP?

A If your property value has increased, that does not automatically mean that your property tax will go up by the same percentage. THE ASSESSOR DOES NOT SET PROPERTY TAXES OR MILL LEVIES. Property taxes are a result of assessed value running against the mill levies. The mill levies are established by the taxing districts at the end of each calendar year, based on the revenue needed to fund their annual budget. While there are constraints within the Colorado Constitution and Statutes to prohibit excess taxation, the responsibility lies with the taxpayer to attend the annual budget meetings of these tax districts and ensure the expenses within the budgets are reasonable and necessary. Tax districts are political subdivisions of the state, subject to all of Colorado's open government laws, and are required to publish the dates of their meetings and provide financial statements at the public's request.

Q DO ALL ASSESSMENTS OR VALUES CHANGE AT THE SAME RATE?

A Each reappraisal cycle the Assessor's Office disregards the old valuations and starts from scratch using an entirely new sales list extending two years beyond the previous reassessment, with a new appraisal date. Colorado law requires that market value for a parcel is established using sales from a specific time frame (see back page). Over the course of two years, values in different neighborhoods may change by significantly different amounts.

Q IF I BOUGHT MY HOUSE DURING THE STUDY PERIOD, SHOULDN'T THE VALUE BE THE SAME AS WHAT I PAID FOR IT?

A One sale by itself does not determine market value. All neighborhood sales must be considered when establishing a level of value for consistency and equalization purposes. Your sales transaction is verified and then will be considered along with sales of similar properties, so long as it is an arm's length, open market transaction.

Q HOW CAN MY ASSESSMENT OR VALUE CHANGE WHEN I HAVEN'T DONE ANYTHING TO MY PROPERTY?

A While a property may not have been updated and characteristics remain the same, the property value is based on what it would sell for as of the prescribed appraisal date. Real estate values are influenced by numerous external economic, social, governmental, and physical factors. As property values change in the market place, those changes must be reflected on the assessment roll. The word 'improvement' is an appraisal term that refers to the structure that is on a property, and does not imply that the structure has been improved since the last reassessment.

SINGLE FAMILY RESIDENCE SALES TRENDS

