

## **Section II**

# **Administration**



# COLORADO PROPERTY TAX

## OVERVIEW

In Colorado, 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 articles 1 through 14 of title 39 of the 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 law throughout Colorado's sixty-four counties.

The Colorado property tax system provides revenue exclusively for local government services. The largest share of property tax revenue (49.9 percent) goes to support the state's public schools. County governments claim the next largest share (24.9 percent), followed by special districts (18.8 percent), municipal governments (5.2 percent), and junior colleges (1.2 percent).

Revenue derived from 2010 property taxes (payable 2011) will decrease statewide for both counties and junior colleges, while it will increase slightly for school districts, municipalities, and special districts. The decrease for counties and junior colleges was caused by a 47 percent drop in the value of oil and gas property, which is mostly located in unincorporated areas.

**Table 1** lists the percentage change in property tax revenue between taxes payable in 2010 and taxes payable in 2011.

TABLE 1

REVENUE CHANGE BY ENTITY TYPE	
Tax Years 2009-2010	
Taxing Entity	% Change
School District K-12	0.7%
Junior Colleges	-14.7%
Counties	-2.4%
Municipalities	1.1%
Special Districts	0.6%
<b>Combined Change</b>	<b>-0.3%</b>

## 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 2010 State Board of Equalization saw a changing of the guard with Lyle Kyle's retirement. Lyle Kyle, appointee of the Governor, started serving on the board in 1986 and served as Chairman of the Board from 1993 until his retirement. Charles Brown, formerly Vice-Chairman and appointee of the Governor was selected to be the new Chairman at the October 5, 2010, meeting. The remaining state board members for 2010 were Craig R. Welling, designee of Governor Bill Ritter, Jr.; Wally Grant, designee of Brandon Shaffer, President of the Senate; Representative Joel Judd, designee of Terrance D. Carroll, Speaker of the House of Representatives; and Sandra M. Adams, appointee of Governor Bill Ritter, Jr.

### 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 title 39, articles 1 and 9 of the 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 however, 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.

### **2010 Enforcement and Repayment**

On October 5, 2010, 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 second order to Montezuma County to reappraise oil and gas personal property utilizing the methodology prescribed in the

Basic Equipment Lists (BELs) and valuation grids published by the Division of Property Taxation in the Assessor's Reference Library, Volume 5. The board also met in executive session to discuss the pending District Court case resulting from a similar order that the board had issued to Montezuma County in 2009.

**NOTE:** The 2010 order was also appealed to the District Court. The District Court issued an order holding the 2010 appeal in abeyance until the decision of the 2009 case has been delivered.

### **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.

**NOTE:** This order was appealed to the District Court.

The board also reviewed the status of its 2005 recommendation that Jackson County 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.

The board also reviewed the status of its 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. It did, however, review the status of a prior reappraisal order issued to Costilla County.

On October 11, 2006, the state board determined that the order it had issued in 2005 for the reappraisal of single-family residential property had been successfully completed, and it ordered Costilla County to pay back the excess state aid to schools and supervision costs during 2007. At the October 2007 state board hearing, Division staff testified that the county had paid back the entire \$968.09 of excess state aid to schools, with interest, and the Costilla County Deputy Assessor documented the repayment of all but \$307 of the supervision costs. In accordance with the "Bledsoe Plan" described below, the supervision costs were repaid through investments in training and equipment within the Costilla County Assessor's Office, and the remaining \$307 was slated to be spent on additional training.

The board reviewed the progress of its 2005 recommendations to both Rio Grande and Jackson Counties. The state board's 2005 recommendation to Rio Grande County asked that the county determine the productive capability of agricultural land by implementing the National Resource Conservation Service (NRCS) soil survey by 2007 for tax year 2008. Staff of the Division and Rocky Mountain Valuation Specialists, Inc., reported that Rio Grande County had completed the soil survey.

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. It 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.

<u>County</u>	<u>Supervision Reimbursement</u>	<u>State Aid To Schools Payback</u>
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 three percentage point reduction to the interest rate, resulting in a rate of six percent.

The board also approved the county's request to employ the "Bledsoe Plan" for the repayment of the cost of supervision. Under the Bledsoe Plan, a county is allowed to pay back the supervision costs by adding the money to the assessor's budget, thereby enhancing the operational effectiveness of the assessor's office.

**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 law throughout the 64 counties so that valuations are fair, uniform, and defensible, thereby ensuring that each property class contributes only its fair share of the total property tax revenue. In other words, the Division's goal is equalization of valuation and proper distribution of property taxes throughout the state.

The Division is comprised of four sections: Administrative Resources, Appraisal Standards, Exempt Properties, and State Assessed Properties.

## **Administrative Resources**

Administrative Resources prepares and publishes administrative manuals, procedures and instructions. It conducts schools and seminars regarding the administrative functions of the assessors' offices. It conducts field studies and provides statewide assistance in tax increment financing, manufactured housing, title conveyance, mapping, abstracting valuations, certification of values to taxing entities, and workforce analysis studies. The section also investigates taxpayer or taxing entity complaints. It is responsible for various studies and reports such as the residential assessment rate study and the Property Tax Administrator's Annual Report to the Governor and the General Assembly. It also coordinates with agencies having an interest in property taxation. In addition, the field staff works closely with assessors in all areas of property taxation.

## **Appraisal Standards**

Appraisal Standards prepares and publishes appraisal manuals, procedures and instructions. It holds schools and seminars regarding all areas of appraisal. It conducts field studies and provides statewide assistance in agricultural land classification, natural resources and personal property valuation, as well as assistance in the valuation of residential, commercial and industrial properties. The section assists in reappraisal efforts, reviews internal appraisal forms used by assessors, and investigates and responds to taxpayer complaints.

## **Exempt Properties**

The Exemptions Section is responsible for determining qualification for exemption from property taxation for properties that are owned and used for religious, charitable and private school purposes. Exempt property owners are required to file annual reports with the Division to continue exemption. The section provides assistance to counties and taxpayers with inquiries about exempt properties, conducts hearings on denied exemption applications and revocations of exemption, and defends appeals of such denials and revocations.

## **State Assessed Properties**

The State Assessed Section values all public utilities, rail transportation companies, and airlines doing business in Colorado. The company valuations are then apportioned to the counties for collection of local property tax. The section conducts research projects in connection with state assessed companies; assists counties and taxpayers with inquiries on the assessment of public utilities, rail transportation companies, and airlines; hears protests of the assigned values and defends appeals of such valuations.

## **2010 VALUE INFORMATION**

Taxable real property classified as residential, commercial, industrial, agricultural, and vacant land, is subject to revaluation by county assessors every two years. For this property, the 2010 tax year was a non-reappraisal year, and for most properties, the actual values remained the same as they had been for tax year 2009.

Taxable property not subject to the biennial reassessment cycle is valued every year. This includes all property classified as state assessed; land and leaseholds classified as oil and gas, natural resources, and producing mines; and all subclasses of personal property.

For 2010, Colorado assessed values decreased by \$5.1 billion, representing a 5.3 percent reduction from the prior year. The decrease was attributable to a 47.3 percent decline to the value of the oil and gas class caused by lower commodity prices.

**Table 2** displays the changes to the total value of each property class.

TABLE 2

VALUE CHANGES BY CLASS		
Class	2009-2010 Change	Class as % of Total
Vacant Land	-4.2%	6.4%
Residential	1.0%	46.1%
Commercial	-0.8%	29.3%
Industrial	8.0%	3.8%
Agricultural	1.0%	1.0%
Natural Resources	-5.1%	0.4%
Producing Mines	4.5%	0.6%
Oil and Gas	-47.3%	6.7%
State Assessed	5.2%	5.6%
<b>Net Total</b>	<b>-5.3%</b>	<b>100.0%</b>

Table 3 provides a by-county comparison of 2010 to 2009 values for the residential, commercial, and vacant land classes.

### **Residential, Commercial, Industrial, and Vacant Land**

The Colorado Constitution and statutes specify that real property classified as commercial, industrial and vacant land is valued by county assessors through consideration of the market, cost and income approaches to value. Residential property is valued solely by the market approach. For tax years 2009 and 2010, the actual values established for these properties represent their market value as of June 30, 2008.

Although 2010 was a non-reappraisal year, the values of some parcels were subject to change as a result of an appeal or abatement petition, the discovery of omitted property, or the occurrence of an "unusual condition." Colorado statute identifies a limited set of unusual conditions that necessitate a revaluation of the property during a non-reappraisal year. Examples include new construction, destroyed property, and changes to the property's use. The new values also reflect an appraisal date of June 30, 2008.

A portion of the commercial and industrial classes is comprised of personal property, which is subject to revaluation every year. Personal property accounts for 12.9 percent of the value of the commercial class and 49.9 percent of the value of the industrial class. The 8.0 percent increase to the total value of the industrial class is largely attributable to new personal property located at natural gas plants in Rio Blanco County.

TABLE 3

COMPARISON OF PROPERTY CLASS VALUES BY COUNTY - 2010 to 2009									
COUNTY	RESIDENTIAL CLASS			COMMERCIAL CLASS			VACANT LAND CLASS		
	2010	2009	Change	2010	2009	Change	2010	2009	Change
Adams	2,015,295,810	2,005,689,060	0.5%	1,680,969,270	1,676,166,460	0.3%	156,155,870	169,451,270	-7.8%
Alamosa	49,791,969	49,620,684	0.3%	48,777,829	49,679,043	-1.8%	14,142,305	14,131,497	0.1%
Arapahoe	3,988,026,170	3,955,280,450	0.8%	3,346,834,380	3,356,710,690	-0.3%	236,088,290	256,650,870	-8.0%
Archuleta	190,620,740	185,556,060	2.7%	55,862,090	55,573,680	0.5%	139,357,470	140,435,830	-0.8%
Baca	6,184,864	6,119,320	1.1%	5,273,108	5,318,745	-0.9%	313,988	306,559	2.4%
Bent	7,780,068	7,783,383	0.0%	19,149,797	20,131,371	-4.9%	426,439	429,259	-0.7%
Boulder	3,172,955,440	3,151,178,140	0.7%	1,764,909,840	1,789,084,720	-1.4%	179,187,870	174,286,800	2.8%
Broomfield	432,519,415	424,535,458	1.9%	461,645,210	452,716,760	2.0%	45,696,390	51,769,290	-11.7%
Chaffee	183,857,510	180,033,600	2.1%	94,301,280	92,027,400	2.5%	82,069,820	81,947,860	0.1%
Cheyenne	3,468,771	3,400,816	2.0%	3,517,409	3,332,495	5.5%	221,099	225,209	-1.8%
Clear Creek	106,803,850	106,688,860	0.1%	27,908,320	28,028,040	-0.4%	25,848,320	26,585,410	-2.8%
Conejos	26,882,628	26,304,148	2.2%	4,498,032	4,731,297	-4.9%	9,296,355	9,414,931	-1.3%
Costilla	12,785,002	8,576,080	49.1%	3,586,107	3,488,280	2.8%	100,252,157	103,380,870	-3.0%
Crowley	5,890,071	5,896,339	-0.1%	20,218,509	20,201,753	0.1%	305,957	313,248	-2.3%
Custer	53,536,500	52,342,270	2.3%	7,615,600	8,080,830	-5.8%	24,508,740	24,716,500	-0.8%
Delta	174,448,480	172,684,260	1.0%	67,435,070	68,063,080	-0.9%	32,522,100	33,209,000	-2.1%
Denver	4,574,934,180	4,546,921,570	0.6%	6,104,234,510	6,153,135,030	-0.8%	219,158,050	238,222,210	-8.0%
Dolores	12,569,645	11,992,746	4.8%	3,520,326	3,669,289	-4.1%	8,108,003	7,910,262	2.5%
Douglas	2,833,355,670	2,802,092,260	1.1%	1,466,126,830	1,468,078,660	-0.1%	328,783,960	338,494,900	-2.9%
Eagle	2,470,983,640	2,430,226,340	1.7%	756,283,660	766,533,050	-1.3%	323,514,540	340,734,250	-5.1%
El Paso	3,727,014,550	3,695,866,590	0.8%	2,190,288,680	2,203,595,620	-0.6%	378,608,170	408,458,840	-7.3%
Elbert	186,861,770	185,072,074	1.0%	25,626,860	23,113,160	10.9%	25,586,180	26,587,709	-3.8%
Fremont	200,886,660	198,549,420	1.2%	80,425,310	80,556,890	-0.2%	49,630,020	50,614,970	-1.9%
Garfield	655,603,940	633,504,570	3.5%	387,893,450	391,563,830	-0.9%	214,785,450	232,354,710	-7.6%
Gilpin	59,662,120	58,889,650	1.3%	255,678,370	258,487,560	-1.1%	50,192,760	50,882,670	-1.4%
Grand	440,566,570	432,577,610	1.8%	109,122,970	109,640,330	-0.5%	193,089,390	189,818,750	1.7%
Gunnison	369,274,540	362,891,150	1.8%	118,971,620	121,012,160	-1.7%	236,789,260	240,695,010	-1.6%
Hinsdale	30,479,600	29,972,520	1.7%	7,918,090	7,904,060	0.2%	21,028,160	21,954,370	-4.2%
Huerfano	37,154,055	36,111,307	2.9%	21,542,784	20,065,298	7.4%	19,030,637	19,749,379	-3.6%
Jackson	9,204,136	8,835,373	4.2%	3,905,701	3,668,351	6.5%	1,908,781	2,009,980	-5.0%
Jefferson	4,272,079,190	4,260,319,360	0.3%	2,305,637,810	2,355,434,360	-2.1%	223,016,960	236,064,300	-5.5%
Kiowa	2,021,420	1,972,390	2.5%	1,096,100	1,026,430	6.8%	71,490	70,850	0.9%
Kit Carson	20,892,443	20,911,097	-0.1%	35,806,336	35,844,649	-0.1%	901,256	905,354	-0.5%
La Plata	635,029,760	627,852,580	1.1%	400,978,090	403,422,710	-0.6%	219,828,680	218,847,090	0.4%
Lake	52,007,765	51,136,438	1.7%	10,748,519	11,424,625	-5.9%	22,430,145	22,902,071	-2.1%
Larimer	2,221,433,310	2,204,408,320	0.8%	1,317,134,220	1,336,388,540	-1.4%	285,159,470	308,321,990	-7.5%
Las Animas	56,915,090	56,460,960	0.8%	37,775,460	37,052,210	2.0%	20,504,930	21,234,270	-3.4%
Lincoln	11,944,300	11,787,328	1.3%	14,046,567	14,723,160	-4.6%	1,536,950	1,563,800	-1.7%
Logan	59,135,430	58,816,000	0.5%	41,308,780	42,353,640	-2.5%	2,727,670	2,775,880	-1.7%
Mesa	1,057,374,460	1,046,195,930	1.1%	635,702,630	641,173,550	-0.9%	168,746,450	176,471,170	-4.4%
Mineral	16,489,530	15,974,390	3.2%	6,048,940	6,315,640	-4.2%	8,295,150	8,078,330	2.7%
Moffat	64,914,940	64,381,320	0.8%	44,943,750	42,694,210	5.3%	11,799,760	12,876,200	-8.4%
Montezuma	137,677,250	135,419,390	1.7%	66,942,140	68,312,000	-2.0%	29,492,700	32,266,070	-8.6%
Montrose	263,052,510	259,953,240	1.2%	177,699,750	178,598,510	-0.5%	71,089,940	74,270,940	-4.3%
Morgan	94,448,290	93,678,390	0.8%	60,660,860	61,527,830	-1.4%	5,882,220	6,088,510	-3.4%
Otero	43,605,990	43,498,999	0.2%	27,233,688	26,441,999	3.0%	1,532,363	1,545,261	-0.8%
Ouray	92,212,500	89,660,520	2.8%	33,497,890	33,563,570	-0.2%	72,169,750	74,180,560	-2.7%
Park	236,802,860	234,222,430	1.1%	30,329,722	29,397,456	3.2%	174,205,530	178,202,810	-2.2%
Phillips	14,461,060	14,303,310	1.1%	11,539,280	11,624,230	-0.7%	321,930	339,480	-5.2%
Pitkin	2,578,516,740	2,550,405,870	1.1%	668,528,380	680,069,030	-1.7%	399,516,200	406,076,730	-1.6%
Prowers	24,404,070	24,304,670	0.4%	25,159,030	25,669,700	-2.0%	906,500	923,530	-1.8%
Pueblo	631,402,294	626,005,600	0.9%	302,221,434	297,574,400	1.6%	75,071,130	75,741,160	-0.9%
Rio Blanco	43,389,230	42,319,610	2.5%	28,967,040	30,847,210	-6.1%	7,110,610	17,808,180	-60.1%
Rio Grande	65,653,148	64,464,000	1.8%	43,478,539	43,905,650	-1.0%	40,770,972	41,468,190	-1.7%
Routt	759,436,989	732,016,880	3.7%	294,350,125	297,637,390	-1.1%	238,318,815	251,066,630	-5.1%
Saguache	18,034,680	18,181,330	-0.8%	5,696,620	5,646,670	0.9%	19,195,950	19,483,280	-1.5%
San Juan	14,790,910	14,761,870	0.2%	10,560,920	10,794,000	-2.2%	19,153,610	20,738,610	-7.6%
San Miguel	537,203,510	522,459,540	2.8%	125,536,060	150,066,900	-16.3%	245,391,020	253,580,560	-3.2%
Sedgwick	5,380,610	5,346,800	0.6%	3,506,700	3,067,220	14.3%	82,380	71,130	15.8%
Summit	1,258,530,777	1,252,239,785	0.5%	368,556,692	375,296,389	-1.8%	267,985,056	281,511,276	-4.8%
Teller	195,433,260	193,291,060	1.1%	107,293,700	111,076,920	-3.4%	83,303,150	84,991,250	-2.0%
Washington	10,777,809	10,647,753	1.2%	3,922,075	3,920,514	0.0%	220,760	240,424	-8.2%
Weld	1,161,744,960	1,147,452,920	1.2%	716,330,330	711,373,330	0.7%	107,728,310	114,753,370	-6.1%
Yuma	28,231,110	27,896,690	1.2%	25,164,230	25,562,140	-1.6%	1,000,460	954,100	4.9%
<b>Total</b>	<b>42,724,826,559</b>	<b>42,297,938,878</b>	<b>1.0%</b>	<b>27,132,443,419</b>	<b>27,354,184,714</b>	<b>-0.8%</b>	<b>5,942,074,798</b>	<b>6,202,155,769</b>	<b>-4.2%</b>



## **Oil and Gas**

There were approximately 41,000, active natural gas and oil wells in Colorado as of the close of 2009. Over half of the wells are concentrated in Weld and Garfield Counties. Nearly 85 percent of the total number of wells are located in six counties: Weld, Garfield, Yuma, La Plata, Las Animas and Rio Blanco. The taxable value of real property associated with oil and gas wells is calculated as a percentage of the revenue obtained for the product at the wellhead during the prior year. This makes oil and gas among the most volatile of property classes because the market prices of natural gas and crude oil can change considerably from year to year.

In 2009, the commodity prices were approximately 52 percent lower for natural gas and 40 percent lower for oil than they had been in 2008. The 47.3 percent reduction to the total value of the oil and gas class was a direct result of the drop in prices. (See Tables 4 and 5 below). The decline was by far the largest reduction in the assessed value of oil and gas in recent memory, and it occurred after a series of years in which oil and gas had grown to become the third largest class of taxable property. Because the Constitutional Taxpayer Bill of Rights (TABOR) prohibits a mill levy increase without voter approval, the volatile nature of oil and gas values can contribute to a "ratchet down" effect on property tax revenue.

Table 4 displays a recent history of statewide values for oil and gas, and table 5 provides a more detailed understanding of the assessed values for each of the oil and gas counties.

TABLE 4

2010 OIL AND GAS CLASS			
Year	(Billions) Value	Change from Prior Year	% of Total Taxable
2001	\$2.65	78.5%	4.5%
2002	\$2.80	5.6%	4.6%
2003	\$2.20	-21.4%	3.6%
2004	\$3.91	77.6%	6.0%
2005	\$5.06	29.4%	7.2%
2006	\$7.33	45.0%	9.8%
2007	\$7.22	-1.4%	8.5%
2008	\$7.68	6.3%	8.8%
2009	\$11.86	54.5%	12.1%
2010	\$6.25	-47.3%	6.7%

TABLE 5

2010 OIL & GAS - COUNTY RANK						
County Rank	County	Oil and Gas Value 2010	Total Taxable Value 2010	Oil & Gas as % of Total Value	Oil & Gas % Change 2009-2010	Total Value % Change 2009-2010
1	Garfield	1,932,805,840	3,297,809,630	58.6%	-50.2%	-37.1%
2	Weld	1,601,870,660	4,625,444,510	34.6%	-44.1%	-20.0%
3	La Plata	937,311,060	2,338,224,720	40.1%	-53.7%	-31.5%
4	Rio Blanco	568,248,780	1,130,673,390	50.3%	-30.8%	-3.2%
5	Montezuma	241,485,350	543,642,970	44.4%	-22.2%	-10.8%
6	Las Animas	240,199,400	451,419,190	53.2%	-62.4%	-46.6%
7	Mesa	193,143,470	2,316,357,860	8.3%	-31.9%	-3.4%
8	Yuma	100,733,490	272,473,200	37.0%	-59.9%	-35.2%
9	Cheyenne	84,595,473	126,621,336	66.8%	-39.8%	-30.1%
10	Moffat	80,000,830	473,376,830	16.9%	-43.9%	-7.4%
11	Dolores	36,096,749	78,127,371	46.2%	-39.6%	-21.6%
12	Adams	32,004,830	4,601,619,680	0.7%	-50.7%	0.1%
13	Washington	28,079,460	110,885,598	25.3%	-48.4%	-14.0%
14	San Miguel	26,180,490	965,915,150	2.7%	-69.4%	-7.3%
15	Boulder	22,456,220	5,808,261,190	0.4%	-51.7%	-0.5%
16	Archuleta	20,354,060	424,772,749	4.8%	-10.3%	0.2%
17	Huerfano	14,808,475	124,534,692	11.9%	-41.6%	-5.8%
18	Lincoln	13,060,793	82,944,053	15.7%	33.0%	6.1%
19	Logan	10,384,840	254,985,410	4.1%	-29.2%	-6.3%
20	Kiowa	8,645,270	32,417,940	26.7%	-46.4%	-17.3%
21	Broomfield	6,052,730	1,087,415,155	0.6%	-16.2%	0.3%
22	Jackson	5,659,015	35,397,603	16.0%	-37.2%	-9.9%
23	Baca	5,645,699	71,484,003	7.9%	-50.9%	-6.2%
24	Larimer	5,488,503	4,238,819,303	0.1%	-41.4%	-0.7%
25	Gunnison	4,672,580	840,863,260	0.6%	-28.5%	-0.8%
26	Morgan	4,645,540	413,605,060	1.1%	-52.4%	1.7%
27	Arapahoe	4,584,900	7,963,447,430	0.1%	-32.8%	0.0%
28	Fremont	4,243,620	452,553,980	0.9%	106.5%	-0.4%
29	Phillips	3,651,090	52,398,490	7.0%	-62.6%	-10.2%
30	Routt	3,104,378	1,468,564,329	0.2%	-45.0%	0.4%
31	Prowers	2,977,470	122,010,980	2.4%	-46.3%	-2.6%
32	Elbert	2,332,460	276,654,740	0.8%	-43.8%	1.1%
33	Delta	1,599,940	355,260,450	0.5%	166.1%	0.7%
34	Kit Carson	1,363,986	131,202,236	1.0%	-48.1%	8.8%
35	Bent	865,280	72,463,983	1.2%	-63.5%	-1.6%
36	Sedgwick	98,000	54,679,932	0.2%	-71.9%	-6.1%
37	Denver	26,940	11,985,812,970	0.0%	-99.3%	-0.3%
38	Jefferson	5,650	7,356,437,890	0.0%	0.0%	-0.7%

## **Agricultural Property**

The value established for agricultural land is based on the earning or productive capacity of the land regardless of the property's market value or its highest and best use. As a result, the actual values of agricultural property are often much lower than their market values, and they tend to be stable from year to year.

## **Other Production Classes**

As with oil and gas, most of the value of real property classified as natural resources and producing mines is calculated as a percentage of the money obtained from selling the product. The natural resources class includes properties that produce coal, sand, and gravel, and it also includes non-producing mining claims and severed mineral interests. Sixty three counties have natural resource property, but the class comprises only 0.4 percent of the state's total assessed value.

Although similar in total value, the great majority of the producing mines value is associated with only two mines located in three counties. The Henderson mine, located on the Continental Divide in the counties of Clear Creek and Grand, is the world's largest primary producer of molybdenum. The mine and the mill are connected by the world's longest conveyor of its kind; a fifteen-mile elevated belt that passes underneath the Continental Divide through an old train tunnel and then above ground to the mill. Since 1976, the Henderson Mine has produced more than 160 million tons of ore and 770 million pounds of molybdenum.

Teller County is the location of most of Colorado's gold production. The county's primary mine, the Cresson Mine, is located between the towns of Victor and Cripple Creek.

The value of mining operations in Colorado is sensitive to changes in commodity prices, owners' business choices and decisions rendered on property tax appeals. According to the United States Geological Survey's website, the average price of gold for 2010 was \$1,200 per ounce, up from the \$950 per ounce price listed the prior year.

## **State Assessed Property**

Unlike most other classes, property classified as state assessed is valued annually by the Division of Property Taxation using unitary valuation procedures. The state assessed property class is comprised of real and personal property owned by public utilities, airlines and railroads. By far the largest portion of this value is attributable to personal property. The State Assessed Section of the Division values each company and allocates a portion of the value to Colorado. That value is then apportioned to the appropriate counties based on the location of the company's operating property or business activity. The county assessor then distributes the value to the appropriate locations throughout the county.

State assessed values were up 5.1 percent in 2010. New pipeline infrastructure, non-renewable power generation, and increases to railroad values were the largest contributors to the increase. Gains to those sectors were partially offset by declines in the airline and private carline industries.

## **Personal Property in 2010**

In 2010, personal property accounted for 12.7 percent of Colorado's property tax base, but that percentage varied substantially from county to county. Approximately 39.4 percent of personal property is classified as state assessed while the remainder is valued at the local level. In 2010, 89.0 percent of the state assessed property value was for personal property. All taxable personal property is assessed at 29 percent of its actual value.

Under the Colorado Constitution and statutes, certain categories of business personal property are exempt from taxation, including equipment used for agricultural purposes, inventory, and supplies held for consumption.

Prior to January 1, 2009, business personal property under common ownership with a total actual value of no more than \$2,500 per county was also exempt. However, with the passage of HB 08-1225, the amount of actual value subject to the exemption is increasing according to the following schedule:

- Four thousand dollars (\$4,000) for property tax years 2009 and 2010.
- Five thousand five hundred dollars (\$5,500) for property tax years 2011 and 2012.
- Seven thousand dollars (\$7,000) for property tax years 2013 and 2014.

In addition, a provision found in the constitution allows any taxing entity to “enact cumulative uniform exemptions and credits to reduce or end business personal property taxes,” § 20(8)(b), art. X, COLO. CONST.

**Table 6** lists the state assessed, locally assessed and total taxable personal property by county and the percentage of taxable value consisting of personal property.

TABLE 6

DISTRIBUTION OF PERSONAL PROPERTY IN 2010								
County	State Assd.		Locally Assd		Total		Total Real	Total Assd. Value
	Personal	% of Total	Personal	% of Total	Personal	% of Total		
Adams	348,657,630	7.58%	557,028,650	12.11%	905,686,280	19.68%	3,695,933,400	4,601,619,680
Alamosa	12,618,484	8.83%	8,014,843	5.61%	20,633,327	14.43%	122,345,252	142,978,579
Arapahoe	310,722,530	3.90%	447,292,860	5.62%	758,015,390	9.52%	7,205,432,040	7,963,447,430
Archuleta	9,356,920	2.20%	7,708,670	1.81%	17,065,590	4.02%	407,707,159	424,772,749
Baca	33,044,036	46.23%	2,999,021	4.20%	36,043,057	50.42%	35,440,946	71,484,003
Bent	21,540,774	29.73%	1,171,986	1.62%	22,712,760	31.34%	49,751,223	72,463,983
Boulder	150,778,178	2.60%	384,696,680	6.62%	535,474,858	9.22%	5,272,786,332	5,808,261,190
Broomfield	40,050,000	3.68%	110,386,130	10.15%	150,436,130	13.83%	936,979,025	1,087,415,155
Chaffee	15,714,120	3.97%	9,192,260	2.32%	24,906,380	6.29%	370,936,740	395,843,120
Cheyenne	15,368,505	12.14%	11,113,927	8.78%	26,482,432	20.91%	100,138,904	126,621,336
Clear Creek	11,713,900	2.16%	73,663,590	13.60%	85,377,490	15.76%	456,439,890	541,817,380
Conejos	3,917,343	7.18%	860,220	1.58%	4,777,563	8.75%	49,798,837	54,576,400
Costilla	6,243,269	4.78%	682,686	0.52%	6,925,955	5.30%	123,763,513	130,689,468
Crowley	4,098,558	11.70%	673,525	1.92%	4,772,083	13.63%	30,251,377	35,023,460
Custer	3,789,190	3.94%	489,340	0.51%	4,278,530	4.44%	91,980,670	96,259,200
Delta	26,339,210	7.41%	27,725,730	7.80%	54,064,940	15.22%	301,195,510	355,260,450
Denver	668,619,360	5.58%	734,227,230	6.13%	1,402,846,590	11.70%	10,582,966,380	11,985,812,970
Dolores	12,939,285	16.56%	11,904,369	15.24%	24,843,654	31.80%	53,283,717	78,127,371
Douglas	140,055,080	2.85%	255,031,820	5.18%	395,086,900	8.03%	4,525,048,800	4,920,135,700
Eagle	55,675,210	1.53%	92,785,110	2.55%	148,460,320	4.09%	3,483,177,130	3,631,637,450
El Paso	267,712,480	3.92%	385,249,300	5.64%	652,961,780	9.55%	6,183,444,780	6,836,406,560
Elbert	18,046,025	6.52%	4,415,860	1.60%	22,461,885	8.12%	254,192,855	276,654,740
Fremont	28,064,740	6.20%	72,804,430	16.09%	100,869,170	22.29%	351,684,810	452,553,980
Garfield	72,296,190	2.19%	638,003,520	19.35%	710,299,710	21.54%	2,587,509,920	3,297,809,630
Gilpin	6,630,648	1.73%	31,474,200	8.19%	38,104,848	9.92%	346,182,092	384,286,940
Grand	29,462,280	2.99%	58,771,840	5.96%	88,234,120	8.95%	897,138,260	985,372,380
Gunnison	11,258,280	1.34%	63,679,300	7.57%	74,937,580	8.91%	765,925,680	840,863,260
Hinsdale	688,790	1.12%	298,500	0.48%	987,290	1.60%	60,568,040	61,555,330
Huerfano	20,838,040	16.73%	7,102,474	5.70%	27,940,514	22.44%	96,594,178	124,534,692
Jackson	2,074,970	5.86%	2,345,769	6.63%	4,420,739	12.49%	30,976,864	35,397,603
Jefferson	258,628,270	3.52%	454,747,130	6.18%	713,375,400	9.70%	6,643,062,490	7,356,437,890
Kiowa	3,919,850	12.09%	1,125,650	3.47%	5,045,500	15.56%	27,372,440	32,417,940
Kit Carson	31,649,948	24.12%	4,759,684	3.63%	36,409,632	27.75%	94,792,604	131,202,236
La Plata	66,218,760	2.83%	315,464,300	13.49%	381,683,060	16.32%	1,956,541,660	2,338,224,720
Lake	10,325,111	9.54%	3,400,557	3.14%	13,725,668	12.68%	94,490,605	108,216,273
Larimer	93,623,030	2.21%	307,238,302	7.25%	400,861,332	9.46%	3,837,957,971	4,238,819,303
Las Animas	67,389,790	14.93%	102,294,040	22.66%	169,683,830	37.59%	281,735,360	451,419,190
Lincoln	22,094,065	26.64%	2,748,338	3.31%	24,842,403	29.95%	58,101,650	82,944,053
Logan	86,648,300	33.98%	19,258,900	7.55%	105,907,200	41.53%	149,078,210	254,985,410
Mesa	104,358,990	4.51%	243,495,890	10.51%	347,854,880	15.02%	1,968,502,980	2,316,357,860
Mineral	1,127,510	3.36%	1,715,180	5.12%	2,842,690	8.48%	30,677,370	33,520,060
Moffat	173,197,490	36.59%	69,052,570	14.59%	242,250,060	51.17%	231,126,770	473,376,830
Montezuma	39,165,250	7.20%	54,425,010	10.01%	93,590,260	17.22%	450,052,710	543,642,970
Montrose	51,097,649	8.21%	29,846,660	4.80%	80,944,309	13.01%	541,447,261	622,391,570
Morgan	142,895,320	34.55%	44,445,580	10.75%	187,340,900	45.29%	226,264,160	413,605,060
Otero	26,139,381	21.05%	7,953,729	6.40%	34,093,110	27.45%	90,112,547	124,205,657
Ouray	5,483,918	2.60%	2,310,350	1.10%	7,794,268	3.70%	203,005,312	210,799,580
Park	15,456,930	3.29%	2,622,629	0.56%	18,079,559	3.85%	451,666,981	469,746,540
Phillips	3,158,360	6.03%	4,152,780	7.93%	7,311,140	13.95%	45,087,350	52,398,490
Pitkin	23,248,760	0.63%	53,973,040	1.46%	77,221,800	2.09%	3,609,603,600	3,686,825,400
Prowers	34,286,736	28.10%	7,060,500	5.79%	41,347,236	33.89%	80,663,744	122,010,980
Pueblo	145,075,470	10.35%	174,302,869	12.44%	319,378,339	22.80%	1,081,700,561	1,401,078,900
Rio Blanco	105,464,110	9.33%	620,613,120	54.89%	726,077,230	64.22%	404,596,160	1,130,673,390
Rio Grande	9,157,239	5.06%	5,950,133	3.29%	15,107,372	8.35%	165,857,751	180,965,123
Routt	77,143,613	5.25%	64,236,990	4.37%	141,380,603	9.63%	1,327,183,726	1,468,564,329
Saguache	5,078,640	8.19%	842,610	1.36%	5,921,250	9.55%	56,052,390	61,973,640
San Juan	2,045,714	3.55%	724,170	1.26%	2,769,884	4.81%	54,832,156	57,602,040
San Miguel	12,875,860	1.33%	24,743,260	2.56%	37,619,120	3.89%	928,296,030	965,915,150
Sedgwick	31,093,316	56.86%	1,035,093	1.89%	32,128,409	58.76%	22,551,523	54,679,932
Summit	27,687,882	1.43%	66,607,483	3.44%	94,295,365	4.86%	1,844,459,894	1,938,755,259
Teller	12,815,260	2.58%	42,292,760	8.52%	55,108,020	11.10%	441,311,530	496,419,550
Washington	36,157,503	32.61%	3,983,461	3.59%	40,140,964	36.20%	70,744,634	110,885,598
Weld	526,500,100	11.38%	368,445,020	7.97%	894,945,120	19.35%	3,730,499,390	4,625,444,510
Yuma	46,693,760	17.14%	35,045,630	12.86%	81,739,390	30.00%	190,733,810	272,473,200
<b>TOTALS</b>	<b>4,646,215,910</b>	<b>5.01%</b>	<b>7,142,707,258</b>	<b>7.71%</b>	<b>11,788,923,168</b>	<b>12.72%</b>	<b>80,859,737,654</b>	<b>92,648,660,822</b>

## RESIDENTIAL ASSESSMENT RATE

In 1982, the electorate passed sweeping changes to the portion of the Colorado Constitution that governs the property tax system. One of these changes was the enactment of a provision known as the “Gallagher Amendment,” found in § 3(1)(b), art. X, COLO. CONST.

The purpose of the Gallagher Amendment is to stabilize residential real property’s share of the statewide property tax base. From 1958 to 1982, the percentage of total assessed value consisting of residential property increased from 29 to 44 percent. This occurred primarily because market value increases to residential property greatly outpaced market value increases to non-residential property.

To counter this trend, the Gallagher Amendment requires a review and potential adjustment of the residential assessment rate each time there is a year of general reassessment. This adjustment is meant to ensure that the rate of change to the state’s total assessed value of residential property remains essentially the same as it is for non-residential property. The current residential assessment rate is 7.96 percent of assessed value. In contrast, the assessment rate for most classes of non-residential property is fixed at 29 percent. A history of changes to the residential assessment rate is shown in **Table 7**.

TABLE 7

RESIDENTIAL ASSESSMENT RATE	
Years	Rate
Prior to 1983	30%
1983-1986	21%
1987	18%
1988	16%
1989-1990	15%
1991-1992	14.34%
1993-1994	12.86%
1995-1996	10.36%
1997-1998	9.74%
1999-2000	9.74%*
2001-2002	9.15%
2003-2004	7.96%
2005-2006	7.96%*
2007-2008	7.96%*
2009-2010	7.96%*

During years of general reassessment (odd numbered years), § 39-1-104.2(5)(c), C.R.S., requires the Property Tax Administrator to complete a documented study that is used by the General Assembly to enact a new residential assessment rate into law. The 2009 preliminary and final residential assessment rate study reports are accessible on the Division’s web site at [www.dola.colorado.gov/dpt/publications/index.htm](http://www.dola.colorado.gov/dpt/publications/index.htm).

\* The studies conducted in 1999, 2005, 2007, and 2009, resulted in a determination that the residential assessment rate should be adjusted above the rate that had been enacted for the previous two-year cycle. However, § 20(4)(a), art. X, COLO. CONST. (TABOR), prohibits the General Assembly from increasing an assessment rate without statewide voter approval. For these years, the General Assembly chose to reenact the rate that was effective during the prior two years.

### Assessment Rate and Tax Burden

**Table 8** calculates the savings to residential taxpayers from the inception of the Gallagher Amendment through 2009. It does so by comparing the taxes paid by residential property owners to an estimate of the taxes they would have paid had the Gallagher Amendment not been enacted. The estimated savings to residential property owners is \$17,519,533,277. The table begins with 1987, because the residential assessment rate remained at 21 percent until 1987. The contents of each column in the table are described below.

- 1 Tax year
- 2 Hypothetical residential assessment rate of 21 percent
- 3 Enacted residential assessment rate for each tax year
- 4 Savings to residential taxpayers

TABLE 8

<b>PROPERTY TAX BURDEN SHIFT DUE TO GALLAGHER AMENDMENT</b>			
<b>Tax Year</b>	<b>Res. Rate w/o Gallagher</b>	<b>Actual Res. Rate</b>	<b>Savings to Res Taxpayers</b>
1987	21%	18.00%	\$79,064,785
1988	21%	16.00%	\$147,836,269
1989	21%	15.00%	\$187,262,167
1990	21%	15.00%	\$188,963,583
1991	21%	14.34%	\$222,648,266
1992	21%	14.34%	\$228,704,050
1993	21%	12.86%	\$294,643,464
1994	21%	12.86%	\$305,366,542
1995	21%	10.36%	\$460,958,707
1996	21%	10.36%	\$480,301,188
1997	21%	9.74%	\$568,826,762
1998	21%	9.74%	\$598,265,545
1999	21%	9.74%	\$653,172,356
2000	21%	9.74%	\$688,841,354
2001	21%	9.15%	\$823,345,112
2002	21%	9.15%	\$873,143,882
2003	21%	7.96%	\$1,053,722,569
2004	21%	7.96%	\$1,113,935,541
2005	21%	7.96%	\$1,190,706,817
2006	21%	7.96%	\$1,269,270,060
2007	21%	7.96%	\$1,436,467,739
2008	21%	7.96%	\$1,474,388,587
2009	21%	7.96%	\$1,603,527,584
2010	21%	7.96%	\$1,576,170,350
			<b>\$17,519,533,277</b>

**Table 9** illustrates the effect of Gallagher on the statewide assessed value of residential property since 1983. As the table shows, the percentage of actual value attributable to residential property has increased dramatically since Gallagher's inception, from 53.2 percent in 1983 to 77.0 percent today. At the same time, the adjustment of the residential assessment rate caused the percentage of total assessed value consisting of residential property to remain essentially stable.

TABLE 9

ASSESSED VALUES				DISTRIBUTION OF VALUE			
Year	Total	Residential	Non-Residential	Year	Total	Residential	Non-Residential
1983	\$17,185,698,000	\$7,424,951,000	\$9,760,747,000	1983	100.00%	43.20%	56.80%
1984	\$17,905,089,000	\$7,921,865,470	\$9,983,223,530	1984	100.00%	44.24%	55.76%
1985	\$18,730,104,000	\$8,327,520,240	\$10,402,583,760	1985	100.00%	44.46%	55.54%
1986	\$19,216,096,000	\$8,646,958,180	\$10,569,137,820	1986	100.00%	45.00%	55.00%
1987	\$33,261,142,000	\$16,082,850,600	\$17,178,291,400	1987	100.00%	48.35%	51.65%
1988	\$31,660,568,730	\$14,565,865,580	\$17,094,703,150	1988	100.00%	46.01%	53.99%
1989	\$29,131,941,640	\$13,247,498,311	\$15,884,443,329	1989	100.00%	45.47%	54.53%
1990	\$29,082,011,770	\$13,393,681,560	\$15,688,330,210	1990	100.00%	46.05%	53.95%
1991	\$28,285,335,860	\$12,886,606,790	\$15,398,729,070	1991	100.00%	45.56%	54.44%
1992	\$28,490,629,640	\$13,256,627,100	\$15,234,002,540	1992	100.00%	46.53%	53.47%
1993	\$28,820,035,320	\$13,373,489,410	\$15,446,545,910	1993	100.00%	46.40%	53.60%
1994	\$29,831,046,660	\$13,970,427,000	\$15,860,619,660	1994	100.00%	46.83%	53.17%
1995	\$32,469,922,680	\$15,155,131,610	\$17,314,791,070	1995	100.00%	46.67%	53.33%
1996	\$33,606,775,890	\$15,788,272,000	\$17,818,503,890	1996	100.00%	46.98%	53.02%
1997	\$38,536,664,720	\$17,673,602,020	\$20,863,062,700	1997	100.00%	45.86%	54.14%
1998	\$40,165,596,490	\$18,452,519,220	\$21,713,077,270	1998	100.00%	45.94%	54.06%
1999	\$46,711,921,473	\$21,633,354,370	\$25,078,567,103	1999	100.00%	46.31%	53.69%
2000	\$48,757,383,218	\$22,729,547,584	\$26,027,835,634	2000	100.00%	46.62%	53.38%
2001	\$58,812,663,875	\$27,699,298,175	\$31,113,365,700	2001	100.00%	47.10%	52.90%
2002	\$60,564,946,027	\$28,888,969,314	\$31,675,976,713	2002	100.00%	47.70%	52.30%
2003	\$61,949,204,975	\$29,523,577,562	\$32,425,627,413	2003	100.00%	47.66%	52.34%
2004	\$64,630,921,990	\$30,470,840,993	\$34,160,080,997	2004	100.00%	47.15%	52.85%
2005	\$70,625,603,899	\$33,110,601,388	\$37,515,002,511	2005	100.00%	46.88%	53.12%
2006	\$74,549,449,375	\$34,350,208,817	\$40,199,240,558	2006	100.00%	46.08%	53.92%
2007	\$85,147,187,463	\$39,331,276,064	\$45,815,911,399	2007	100.00%	46.19%	53.81%
2008	\$87,550,006,576	\$40,409,568,301	\$47,140,438,275	2008	100.00%	46.16%	53.84%
2009	\$97,784,900,451	\$42,297,938,878	\$55,486,961,573	2009	100.00%	43.26%	56.74%
2010	\$92,648,660,822	\$42,724,826,559	\$49,923,834,263	2010	100.00%	46.11%	53.89%

COLORADO ACTUAL VALUES

ACTUAL VALUES				DISTRIBUTION OF VALUE			
Year	Total	Residential	Non-Residential	Year	Total	Residential	Non-Residential
1983	\$66,459,485,820	\$35,356,909,524	\$31,102,576,296	1983	100.00%	53.20%	46.80%
1984	\$69,718,797,755	\$37,723,168,905	\$31,995,628,850	1984	100.00%	54.11%	45.89%
1985	\$72,958,307,363	\$39,654,858,286	\$33,303,449,078	1985	100.00%	54.35%	45.65%
1986	\$75,118,950,953	\$41,175,991,333	\$33,942,959,620	1986	100.00%	54.81%	45.19%
1987	\$146,891,450,388	\$89,349,170,000	\$57,542,280,388	1987	100.00%	60.83%	39.17%
1988	\$148,225,023,177	\$91,036,659,875	\$57,188,363,302	1988	100.00%	61.42%	38.58%
1989	\$141,342,075,160	\$88,316,655,407	\$53,025,419,753	1989	100.00%	62.48%	37.52%
1990	\$141,421,555,163	\$89,291,210,400	\$52,130,344,763	1990	100.00%	63.14%	36.86%
1991	\$140,967,103,411	\$89,864,761,437	\$51,102,341,974	1991	100.00%	63.75%	36.25%
1992	\$142,906,267,259	\$92,445,098,326	\$50,461,168,932	1992	100.00%	64.69%	35.31%
1993	\$155,096,689,828	\$103,992,919,207	\$51,103,770,621	1993	100.00%	67.05%	32.95%
1994	\$160,946,706,538	\$108,634,735,614	\$52,311,970,923	1994	100.00%	67.50%	32.50%
1995	\$203,663,083,533	\$146,285,054,151	\$57,378,029,382	1995	100.00%	71.83%	28.17%
1996	\$211,793,556,887	\$152,396,447,876	\$59,397,109,011	1996	100.00%	71.96%	28.04%
1997	\$250,804,220,896	\$181,453,819,507	\$69,350,401,389	1997	100.00%	72.35%	27.65%
1998	\$261,128,074,968	\$189,450,916,016	\$71,677,158,951	1998	100.00%	72.55%	27.45%
1999	\$306,002,830,219	\$222,108,361,088	\$83,894,469,131	1999	100.00%	72.58%	27.42%
2000	\$320,312,771,175	\$233,362,911,540	\$86,949,859,635	2000	100.00%	72.85%	27.15%
2001	\$404,716,127,139	\$302,724,570,219	\$101,991,556,920	2001	100.00%	74.80%	25.20%
2002	\$419,294,563,373	\$315,726,440,590	\$103,568,122,783	2002	100.00%	75.30%	24.70%
2003	\$478,546,478,821	\$370,899,215,603	\$107,647,263,218	2003	100.00%	77.51%	22.49%
2004	\$492,572,877,562	\$382,799,509,962	\$109,773,367,599	2004	100.00%	77.71%	22.29%
2005	\$534,826,428,655	\$415,962,328,995	\$118,864,099,660	2005	100.00%	77.78%	22.22%
2006	\$554,757,341,157	\$431,535,286,646	\$123,222,054,512	2006	100.00%	77.79%	22.21%
2007	\$636,895,128,388	\$494,111,508,342	\$142,783,620,046	2007	100.00%	77.58%	22.42%
2008	\$654,555,841,028	\$507,657,893,229	\$146,897,947,799	2008	100.00%	77.56%	22.44%
2009	\$698,329,685,726	\$531,381,141,683	\$166,948,544,043	2009	100.00%	76.09%	23.91%
2010	\$697,131,096,490	\$536,744,052,249	\$160,387,044,241	2010	100.00%	76.99%	23.01%



## **PROTESTS, APPEALS, AND ABATEMENTS**

### **Protests and Appeals**

Colorado statutes mandate a process that allows taxpayers the opportunity to challenge the actual value established for their property. The process begins with the taxpayer's protest to the assessor. Upon receiving a protest, the assessor reviews the issues raised, and either adjusts or maintains the actual value for the property. Taxpayers who disagree with the assessor's decision can appeal to the county board of equalization. Taxpayers who disagree with the county board's decision have three choices for further appeal. They can appeal to the State Board of Assessment Appeals (BAA), district court, or binding arbitration. Decisions of the BAA and district court can be appealed to the Colorado Court of Appeals and ultimately to the Colorado Supreme Court. Decisions of an arbitrator are final.

Taxpayers can protest and appeal in both reappraisal (odd numbered years) and intervening years (even numbered years). However, the number of protests and appeals are typically higher during years of reappraisal.

The number of protests and appeals vary greatly from county to county. In 2009, Denver County received the greatest number of protests with 15,016 while Kiowa County received three. For many counties, the protest process places a significant strain on the resources of the assessor's office.

**Table 10** lists the protests and county board appeals for each county during the last three reappraisal years, organized according to the county officer pay categories established in § 30-2-102, C.R.S. For the purpose of this table, the Cities and Counties of Denver and Broomfield are placed in category one.

**Table 11** provides a statistical summary of protests and appeals.

### **Abatements**

An abatement of tax is a cancellation or reduction in the amount of tax owed by the taxpayer. Abatements may be granted after the tax roll has been printed for an "erroneous valuation for assessment, irregularity in levying, clerical error, or overvaluation," § 39-10-114(1)(a)(I)(A), C.R.S. Abatement petitions may be approved only if they are filed within two years after January 1 of the year following the year in which the taxes were levied. Because abatement petitions are filed on taxes already levied, the abated or refunded taxes constitute lost revenue to the affected local governments. However, § 39-10-114(1)(a)(I)(B), C.R.S., and case law, allow local governments to recover abated taxes through an increase in mill levies. **Table 12** displays the taxes abated during 2008, 2009, and 2010.

TABLE 10

<b>PROTESTS AND APPEALS</b>									
<b>County</b>	<b>Protests to Assessor</b>			<b>Protests to Assessor (PER EMPLOYEE)</b>			<b>Appeals to CBOE</b>		
<b>Category 1</b>	<b>2005</b>	<b>2007</b>	<b>2009</b>	<b>2005</b>	<b>2007</b>	<b>2009</b>	<b>2005</b>	<b>2007</b>	<b>2009</b>
Adams	8,404	6,242	6,519	195	145	152	1,488	964	2,308
Arapahoe	5,119	9,679	9,594	71	138	145	1,337	2,758	4,283
Boulder	6,741	9,682	10,722	145	206	241	648	230	1,383
Broomfield	939	1,084	1,154	104	120	144	111	178	354
Denver	5,784	12,292	15,016	70	154	218	1,807	2,456	4,197
Douglas	6,360	8,608	9,182	127	172	200	2,512	2,508	4,268
El Paso	7,000	5,999	9,956	113	105	195	1,440	851	1,366
Jefferson	8,285	12,974	10,539	145	228	199	1,557	1,741	2,429
Larimer	14,783	11,685	13,533	279	225	271	2,035	1,161	3,276
Pueblo	733	1,272	925	23	42	30	3	10	14
Weld	4,626	4,340	5,165	119	122	161	468	396	866
<b>Category 2</b>									
Eagle	2,550	5,869	8,103	116	293	386	495	1,548	2,555
Fremont	1,221	1,636	1,369	94	126	124	17	145	108
Garfield	1,166	981	2,753	69	59	125	339	345	423
La Plata	1,466	2,772	1,132	75	135	60	57	60	63
Mesa	2,658	3,235	4,319	95	112	144	164	213	599
Pitkin	963	2,118	4,628	96	223	441	181	387	1,873
Summit	3,283	3,365	6,873	173	173	362	300	374	825
<b>Category 3</b>									
Alamosa	151	248	237	19	31	30	7	9	7
Archuleta	1,303	2,207	3,181	118	276	277	32	500	435
Chaffee	1,177	1,011	1,638	131	112	182	164	101	218
Clear Creek	779	732	747	139	146	149	12	41	51
Delta	609	780	1,106	57	59	88	14	32	98
Gilpin	378	696	352	63	99	50	10	47	25
Grand	1,047	2,431	2,065	95	221	188	91	321	246
Gunnison	943	2,200	2,251	86	220	225	64	182	279
Las Animas	403	445	840	40	45	76	4	23	9
Logan	231	255	201	26	28	22	13	20	10
Moffat	289	454	497	48	76	83	6	13	40
Montrose	645	928	733	61	81	64	97	186	197
Morgan	504	466	158	46	42	14	29	9	6
Otero	103	107	102	13	13	16	6	1	3
Park	2,324	2,270	2,244	186	197	204	348	172	375
Rio Blanco	77	263	302	13	44	43	0	145	110
Routt	837	1,533	2,706	73	153	271	150	352	465
San Miguel	761	657	1,127	109	73	125	134	68	288
Teller	917	1,942	1,257	61	129	79	110	323	235
<b>Category 4</b>									
Custer	98	173	284	20	35	57	1	0	1
Elbert	612	236	659	47	18	60	175	15	35
Huerfano	127	186	317	21	27	45	2	4	22
Kit Carson	194	271	102	49	90	26	5	1	3
Lake	246	476	387	41	95	77	7	16	35
Montezuma	486	622	1,225	54	69	144	71	83	43
Ouray	413	463	250	103	116	63	21	55	34
Prowers	350	150	50	70	30	10	0	0	0
Rio Grande	332	1,086	652	83	136	82	4	25	202
Washington	90	15	20	18	3	3	1	0	0
Yuma	256	148	949	51	27	173	1	0	0
<b>Category 5</b>									
Baca	5	20	4	1	6	1	0	0	0
Bent	134	126	116	34	32	26	2	0	2
Cheyenne	60	128	52	20	51	21	3	0	0
Conejos	137	113	256	137	25	57	0	0	26
Costilla	54	765	2,159	11	153	432	5	194	730
Crowley	11	5	12	11	5	12	0	1	3
Hinsdale	81	319	489	41	80	245	6	1	40
Lincoln	24	15	25	5	3	5	0	0	2
Phillips	37	13	60	12	4	20	0	0	0
Saguache	43	133	131	9	27	33	0	1	0
San Juan	56	59	43	56	59	29	2	10	3
<b>Category 6</b>									
Dolores	112	199	89	37	66	30	0	1	0
Jackson	1	2	6	1	2	3	1	2	0
Kiowa	0	0	3	0	0	2	0	0	0
Mineral	6	35	20	4	18	11	0	1	3
Sedgwick	14	18	15	7	6	5	14	0	0

TABLE 11

<b>PROTESTS AND APPEALS</b>			
<b>Assessors</b>	<b>2005</b>	<b>2007</b>	<b>2009</b>
Total Parcels	2,268,488	2,342,391	2,511,308
Parcels/Schedules Protested	99,538	129,234	151,601
Protests as a Percent of Total Parcels	4.4%	5.5%	6.0%
Percent Change from Prior Reappraisal	-21.5%	29.8%	17.3%
<b>County Boards of Equalization (CBOE)</b>			
Parcels/Schedules Appealed to CBOE	19,065	19,280	35,471
Percent of CBOE Appeals to Protests	19.2%	14.9%	23.4%
<b>Additional Assessor Costs</b>			
Dollars of Overtime Paid	\$93,226	\$113,288	\$221,428
Hours of Compensation Time Granted	2,825	3,317	7,396
<b>Parcels Protested Per Assessor's Employee</b>			
Average Number Protested Per Employee	109	94	116
Maximum Number Protested Per Employee	279	293	441
Minimum Number Protested Per Employee	0	0	1
<b>Parcels Protested Per Employee – Frequency Distribution</b>			
0 – 50	28	24	24
51 – 100	19	13	12
101 – 200	16	19	16
201 – 300	1	8	8
301 – 400	0	0	2
401 – 500	0	0	2
Counties Reporting	64	64	64
Parcel count derived from county Abstracts of Assessment. Includes condominium units. Overtime/comp time figures not available from all counties.			

TABLE 12

ABATEMENTS, REFUNDS AND CANCELLATION OF TAXES									
County	2010 Abatement Amounts	2010 Abatement Counts	2010 Average Abated	2009 Abatement Amounts	2009 Abatement Counts	2009 Average Abated	2008 Abatement Amounts	2008 Abatement Counts	2008 Average Abated
Adams	\$3,410,872	1,656	\$2,060	\$2,174,806	1,603	\$1,357	\$1,500,009	1,133	\$1,324
Alamosa	\$242,513	44	\$5,512	\$30,530	50	\$611	\$7,926	38	\$209
Arapahoe	\$18,502,905	1,804	\$10,257	\$7,766,984	1,306	\$5,947	\$9,076,676	1,153	\$7,872
Archuleta	\$151,059	166	\$910	\$56,116	46	\$1,220	\$101,887	97	\$1,050
Baca	\$1,107	38	\$29	\$13,419	38	\$353	\$10,617	41	\$259
Bent	\$3,525	15	\$235	\$2,363	33	\$72	\$7,607	119	\$64
Boulder	\$1,765,105	798	\$2,212	\$1,496,375	1,163	\$1,287	\$1,557,669	697	\$2,235
Broomfield	\$1,050,717	352	\$2,985	\$2,298,613	843	\$2,985	\$1,809,958	237	\$7,637
Chaffee	\$52,998	69	\$768	\$32,632	63	\$518	\$35,440	74	\$479
Cheyenne	\$7,692	13	\$592	\$5,608	14	\$401	\$559	13	\$43
Clear Creek	\$144,645	131	\$1,104	\$123,406	173	\$713	\$65,408	257	\$255
Conejos	\$9,258	43	\$215	\$17,780	63	\$282	\$26,151	108	\$242
Costilla	\$219,789	547	\$402	\$22,800	83	\$275	\$91,212	57	\$1,600
Crowley	\$113,476	3	\$37,825	\$44	1	\$44	\$505	3	\$168
Custer	\$3,392	6	\$565	\$6,702	17	\$394	\$5,070	16	\$317
Delta	\$94,248	137	\$688	\$34,456	244	\$141	\$76,841	96	\$800
Denver	\$15,502,687	2,946	\$5,262	\$11,596,449	2,073	\$5,594	\$9,903,961	1,937	\$5,113
Dolores	\$8,298	12	\$692	\$4,184	10	\$418	\$11,263	23	\$490
Douglas	\$4,748,599	1,331	\$3,568	\$3,533,946	1,021	\$3,461	\$6,063,080	898	\$6,752
Eagle	\$3,527,624	852	\$4,140	\$2,488,018	525	\$4,739	\$3,648,808	949	\$3,845
Elbert	\$200,333	250	\$801	\$145,701	123	\$1,185	\$307,941	102	\$3,019
El Paso	\$5,797,762	2,166	\$2,677	\$4,270,915	2,419	\$1,766	\$4,614,242	3,493	\$1,321
Fremont	\$302,095	72	\$4,196	\$241,342	261	\$925	\$125,300	319	\$393
Garfield	\$2,257,481	327	\$6,904	\$221,959	169	\$1,313	\$447,335	317	\$1,411
Gilpin	\$76,482	34	\$2,249	\$252,948	50	\$5,059	\$22,963	49	\$469
Grand	\$122,574	81	\$1,513	\$119,829	139	\$862	\$97,872	165	\$593
Gunnison	\$83,963	93	\$903	\$100,450	109	\$922	\$78,804	71	\$1,110
Hinsdale	\$16,600	100	\$166	\$13,425	9	\$1,492	\$8,478	18	\$471
Huerfano	\$93,251	130	\$717	\$476,917	571	\$835	\$280,061	48	\$5,835
Jackson	\$0	0	\$0	\$5,836	2	\$2,918	\$1,197	7	\$171
Jefferson	\$7,497,561	2,347	\$3,195	\$7,244,322	1,982	\$3,655	\$6,595,429	1,867	\$3,533
Kiowa	\$768	10	\$77	\$25,880	3	\$8,627	\$1,991	6	\$332
Kit Carson	\$98,347	44	\$2,235	\$312,380	94	\$3,323	\$57,979	263	\$220
Lake	\$66,797	287	\$233	\$71,063	22	\$3,230	\$19,071	93	\$205
La Plata	\$502,663	301	\$1,670	\$1,739,272	359	\$4,845	\$885,635	551	\$1,607
Larimer	\$3,598,680	2,079	\$1,731	\$1,413,709	1,387	\$1,019	\$1,209,725	1,542	\$785
Las Animas	\$65,339	52	\$1,257	\$6,665	25	\$267	\$10,716	36	\$298
Lincoln	\$1,503	10	\$150	\$18,251	29	\$629	\$30,429	19	\$1,602
Logan	\$454,111	55	\$8,257	\$88,907	33	\$2,694	\$10,034	29	\$346
Mesa	\$685,620	333	\$2,059	\$719,143	228	\$3,154	\$184,150	281	\$655
Mineral	\$85	1	\$85	\$15	1	\$15	\$696	4	\$174
Moffat	\$66,333	194	\$342	\$36,464	125	\$292	\$218,173	510	\$428
Montezuma	\$722,066	543	\$1,330	\$269,507	161	\$1,674	\$219,728	334	\$658
Montrose	\$98,155	95	\$1,033	\$152,405	125	\$1,219	\$65,673	78	\$842
Morgan	\$16,509	19	\$869	\$51,146	20	\$2,557	\$10,662	23	\$464
Otero	\$36,414	11	\$3,310	\$8,976	23	\$390	\$10,839	21	\$516
Ouray	\$15,601	99	\$158	\$15,882	19	\$836	\$185,148	66	\$2,805
Park	\$108,280	314	\$345	\$60,361	560	\$108	\$84,878	355	\$239
Phillips	\$4,076	21	\$194	\$4,574	12	\$381	\$357	4	\$89
Pitkin	\$1,202,813	396	\$3,037	\$485,027	123	\$3,943	\$240,001	98	\$2,449
Prowers	\$13,582	246	\$55	\$11,873	43	\$276	\$686	17	\$40
Pueblo	\$3,998,304	210	\$19,040	\$968,974	201	\$4,821	\$233,174	276	\$845
Rio Blanco	\$93,737	118	\$794	\$99,614	56	\$1,779	\$127,267	60	\$2,121
Rio Grande	\$10,703	45	\$238	\$16,258	57	\$285	\$134,194	57	\$2,354
Routt	\$346,856	197	\$1,761	\$313,430	187	\$1,676	\$321,807	373	\$863
Saguache	\$136,748	43	\$3,180	\$2,178	13	\$168	\$10,302	40	\$258
San Juan	\$64,529	17	\$3,796	\$361	2	\$181	\$1,936	3	\$645
San Miguel	\$348,881	97	\$3,597	\$72,418	39	\$1,857	\$112,586	198	\$569
Sedgwick	\$1,984	15	\$132	\$7,713	21	\$367	\$1,969	5	\$394
Summit	\$267,976	357	\$751	\$406,847	380	\$1,071	\$465,628	233	\$1,998
Teller	\$33,267	51	\$652	\$104,531	64	\$1,633	\$84,483	63	\$1,341
Washington	\$1,645	10	\$165	\$1,230	19	\$65	\$697	13	\$54
Weld	\$3,668,144	1,361	\$2,695	\$815,284	627	\$1,300	\$1,215,689	1,068	\$1,138
Yuma	\$53,911	44	\$1,225	\$27,478	72	\$382	\$13,954	56	\$249
<b>Totals:</b>	<b>\$82,793,038</b>	<b>24,238</b>	<b>\$3,416</b>	<b>\$53,126,692</b>	<b>20,333</b>	<b>\$2,613</b>	<b>\$52,750,526</b>	<b>21,177</b>	<b>\$2,491</b>

## **SENIOR CITIZEN AND DISABLED VETERAN EXEMPTION**

In 2000, voters enacted Section 3.5, Article X of the Colorado Constitution, creating a property tax exemption for qualifying senior citizens and their surviving spouses. Voters expanded the program in 2006 to include qualifying disabled veterans. For both groups, the exemptions as enacted reduce the taxable actual value of a residential property by 50 percent, up to a maximum reduction of \$100,000. The reduction in property tax revenue is backfilled by the State of Colorado.

The constitution grants the Colorado General Assembly the authority to increase or decrease the amount of the senior and disabled veteran exemptions. For tax year 2009, the General Assembly enacted legislation to reduce the amount of the senior exemption to 50 percent of \$0, effectively suspending the senior exemption benefit. In 2010, the suspension was extended to property tax years 2010 and 2011, through the passage of Senate Bill 10-190. The suspension, which did not affect the disabled veteran exemption, saved the state approximately \$91.7 million in 2010.

To qualify for the senior exemption, a senior must be at least 65 years old on January 1 and must have owned and occupied the property for at least 10 consecutive years as his or her primary residence. To qualify for the disabled veteran exemption, a veteran must be 100 percent permanently disabled through a service connected disability and must have owned and occupied the property since January 1.

Applications for the senior citizen exemption are filed with the county assessor no later than July 15, and applications for the disabled veteran exemption are filed with the Colorado Division of Veterans Affairs, Department of Military and Veterans Affairs (DMVA), no later than July 1. If approved by the DMVA, the veteran's application is forwarded to the county assessor for further processing and approval. Once approved, the senior citizen or disabled veteran exemption remains in effect from year to year until a change in ownership or occupancy triggers its removal. Each year, the assessor is required to mail a notice to all residential property owners explaining the exemption programs.

No later than October 10, the assessor is required to send the Division of Property Taxation an electronic list of the exemptions granted, including the names and social security numbers of each person occupying the property. The Division uses the data to identify individuals who were granted an exemption on more than one property, and denies the exemptions on each property. In 2010, the Division denied exemptions on 21 properties owned by 12 applicants. In 2010, 167,714 properties were approved for the senior citizen exemption, and 3,012 received the disabled veteran exemption.

The senior and disabled veteran exemption programs do not result in a loss of revenue to local governments. Instead, the state reimburses the local governments for the tax revenue exempted. No later than April 1, county treasurers send the State Treasurer an itemized list of the exemptions granted and taxes exempted. No later than April 15, the State Treasurer reimburses the local governments for the lost revenue. In April 2011, the State Treasurer reimbursed local governments \$1,578,459 for disabled veteran exemptions granted for tax year 2010.

## **POSSESSORY INTERESTS**

In 2001 the Colorado Supreme Court ruled that certain possessory interests are subject to ad valorem taxation in Colorado. A possessory interest is defined as a private property interest in government-owned property or the right to the occupancy and use of any benefit in government-owned property that has been granted under lease, permit, license, concession, contract or other agreement. The use of the property must be in connection with a business conducted for profit.

Taxable possessory interests may include but are not limited to:

1. Private concessionaires utilizing government owned land, improvements, or personal property unless operating pursuant to a management contract.
2. Government land and improvements used in the operation of a farm or ranch.
3. Government land, improvements, and/or personal property used in the operation of ski or recreational areas.

4. Land underlying privately owned cabins or other residential property located on government land that is rented commercially.
5. Recreational use of lakes, reservoirs, and rivers in a revenue-generating capacity.
6. Land, improvements, and personal property at a tax-exempt airport.
7. Other government property leased to private parties. However, the property may be otherwise exempt pursuant to Colorado Revised Statutes.

## 2010 PROPERTY TAX LEGISLATION

### Senate Bills

#### **SB 10-019**

#### **Property taxation - small or low impact hydroelectric facilities - valuation for purpose of property taxation.**

This bill adds "small or low impact hydroelectric energy facility" to the definition of "public utility" found in § 39-4-101(3)(b), C.R.S. It states that, for the purpose of property taxation, these facilities shall be valued solely by the income approach in the same manner in which wind energy and solar energy facilities are valued.

A small or low impact hydroelectric facility is a new facility, or an improvement to an existing facility that increases its capacity by at least 25%, that has been placed in service on or after January 1, 2010, and meets the following criteria:

The facility has a nameplate rating of 10 megawatts or less.

Or, the facility has a nameplate rating of more than 10 megawatts, and it conforms to the following conditions:

- It includes measures to prevent fish mortality in on-stream reservoirs and natural waterways;
- It does not cause any violation of state water quality standards when operated;
- If it is an addition to water infrastructure that existed prior to January 1, 2010, it does not change the quantity or timing of diversions or releases for purposes of peak power generation; and if it is an addition to water infrastructure constructed on or after January 1, 2010,

its primary purpose is not the sole production of electricity.

Signed by Governor Ritter: June 8, 2010  
Effective Date: Upon signature

#### **SB 10-046**

#### **Concerning the boundaries of Forest Improvement Districts.**

This bill amends § 32-18-103(1), C.R.S., in several places to allow for the creation of a forest improvement district with boundaries that comprise less than the full territory of the counties and/or municipalities in which it is located. Changes were also made to allow the boundaries of a forest improvement district to include non-contiguous tracts of property. Prior to this bill, the boundaries of a forest improvement district could only include the entire territory of the counties and/or municipalities located within the district.

Signed by Governor Ritter: March 10, 2010  
Effective Date: Upon signature

#### **SB 10-100**

#### **Concerning greater financing flexibility for local districts organized for purposes related to energy.**

In 2008, House Bill 1350 expanded Colorado cities' and counties' existing authority to create local improvement districts (LIDs) by permitting them to create a local improvement district specifically for clean energy improvements. SB 10-100 expands upon the 2008 changes to allow multiple counties, even non-contiguous counties, to form a single improvement district and to except new energy LIDs from a variety of requirements that are otherwise applicable to local improvement districts.

The bill also expands the definition of renewable energy improvements for LIDs to include improvements located at a "qualified community location," and it defines "qualified community location" to include "community solar gardens" created pursuant to HB 10-1342.

The bill amends §§ 30-20-602, 603, 609, 616, 619, 627 (county local improvement districts) and §§ 31-25-501 and 503 (municipal special improvement districts) of the Colorado Revised Statutes.

Signed by Governor Ritter: May 5, 2010  
Effective Date: Upon signature

**SB 10-138****Concerning the award of expenses in a proceeding to appeal the valuation of property for property tax purposes.**

This bill was the direct result of a Board of Assessment Appeals (BAA) case which was appealed to the Court of Appeals and then heard by the Supreme Court. It removed language from § 39-8-109(1), C.R.S., which had indicated that the successful party in a BAA or District Court proceeding could recover its costs from the losing party and replaced it with language stating that the appellant and the county shall each be responsible for their respective costs.

Signed by Governor Ritter: April 21, 2010  
Effective Date: August 11, 2010

**SB 10-177****Concerning the promotion of clean energy technologies.**

This bill adds "biomass energy facility" to the definition of "public utility" found in § 39-4-101(3)(b), C.R.S. It states that for the purpose of property taxation, a biomass energy facility shall be valued solely by the income approach in the same manner in which wind energy and solar energy facilities are valued.

The bill also amends § 39-1-102(1.1), C.R.S., to state that, effective July 1, 2013, "agriculture" shall include "silviculture." "Silviculture" is defined as the branch of forestry that is concerned with the cultivation of trees. The bill provides that "implements of husbandry," as defined in § 42-1-102(44), C.R.S., shall include personal property valued by the county assessor as silvicultural. "Implements of husbandry" means every vehicle that is designated, adapted, or used for agricultural purposes and includes equipment used solely for the application of fertilizer.

Signed by Governor Ritter: June 9, 2010  
Effective Date: August 11, 2010 for tax years 2011 forward

**SB 10-190****Concerning the suspension of the property tax exemption for qualifying seniors for specified property tax years, and making an appropriation therefore.**

This bill amends § 39-3-203(1), C.R.S., to suspend the property tax exemption for qualifying seniors for the 2010 and 2011 tax years (payable in 2011 and 2012). The bill also reduces the general fund appropriation to the Department of the Treasury for the senior exemption by \$91,729,198.

Although the funding has been suspended, assessors will continue to notify residential property owners of the existence of the exemption, process applications, and submit exemption data to the Division. The disabled veteran exemption is not affected by this bill.

Signed by Governor Ritter: May 27, 2010  
Effective Date: July 1, 2010

**SB10-212****Concerning the repeal of mechanisms to refund excess state revenue.**

This bill repeals several mechanisms that had been enacted as a means to refund money collected in excess of the state spending limit imposed by section 20, article X of the Colorado Constitution (TABOR).

One of the repealed mechanisms was the business personal property tax rebate found in § 39-22-124, C.R.S. The repealed statute had provided a refund of a portion of the property taxes paid on personal property by establishing a credit against state income taxes. The refund was only issued during years in which the State Controller certified that state revenues exceeded the fiscal limitations imposed by TABOR by \$170,000,000 or more.

Since 2006 however, Referendum C (passed in November of 2005) allowed the state to retain excess revenue and use it for other designated purposes.

Signed by Governor Ritter: June 10, 2010  
Effective Date: July 1, 2010

**SJR 10-002****Concerning a request for a comprehensive tax study.**

This resolution is a request for a comprehensive tax study to be conducted by the University of Denver and funded by the

private sector. The study will consider, but not be limited to, the following questions:

- A nonpartisan review of tax policy of the state and local governments in Colorado;
- Whether changes in tax policy or tax laws would aid in the equitable distribution of state and local tax burdens among Colorado taxpayers;
- The relationship of state and local taxes to the long-term economic growth and prosperity of the state, its communities, and its citizens;
- The burdens on individuals and businesses resulting from taxes imposed by the state and by local governments and how these burdens have changed over time;
- The changing burdens on the state and local governments in financing the provision of public services to the residents of Colorado;
- Recommendations concerning the optimum combination of broad-based state and local taxes to adequately finance future needs for government services and equitably distribute the burdens on taxpayers;
- Future trends that might create financial impacts on the state and local governments within the next ten years and evaluation of the ability of the tax base of the state and local governments to respond to those trends;
- The rate, bases, credits, and exemptions of each state and local tax;
- The potential revenue and expenditure limitations for state and local governments.

The General Assembly asked that the report be provided to the First Regular Session of the Sixty-eighth General Assembly in January 2011.

## **House Bills**

### **HB 10-1007**

#### **Concerning an adjustment of fees charged by a county clerk and recorder for filing a document with the county.**

This bill amends § 30-1-103, C.R.S., to change the standard recording fees collected by the county clerk and recorder.

It increases the recording fee for the first page of a multi-page document from five to ten dollars while the fee for each additional page remains five dollars. The increase does not apply to any filing received by the clerk and recorder when acting as the authorized agent of the Department of Revenue pursuant to § 38-29-128, C.R.S., and § 42-6-121, C.R.S.

For documents that require multiple entries in the grantor or grantee index, the bill eliminates a five dollar fee that had been required for each additional entry.

**NOTE:** Each document recorded will still include the \$1.00 surcharge; for example, a two page deed will cost \$16.00.

Signed by Governor Ritter: April 5, 2010  
Effective Date: July 1, 2010

### **HB 10-1046**

#### **Concerning the recorded date of receipt of property tax payments by a county treasurer's office when the payment has no United States Postal Service postmark.**

This bill was introduced to assist the county treasurers with receipt of property tax payments that do not have a United States Postal Service postmark.

It amends § 39-10-104.5 (8), C.R.S., to remove the language "Postage meter postmarks must be accompanied by a United States Postal Service postmark if not received on or before the due date." The bill added provisions to instruct the county treasurer as follows:

- If the payment was actually received no later than five days after the due date, the payment is recorded as if it was received on the due date.
- If the payment was actually received six or more days after the due date, the payment is recorded as received on the actual date.

Signed by Governor Ritter: March 5, 2010  
Effective Date: Upon Signature



## HB 10-1062

### Concerning the ability to allow a county to purchase crime insurance coverage in lieu of surety bonds.

This bill amends § 30-10-110 (1), C.R.S., and adds a new sub-section (2), to allow counties the option of purchasing crime insurance coverage in lieu of a surety bond to protect against potential malfeasance of county officers named in § 39-10-101, C.R.S., or any of their employees.

It amends various sections of title 30, article 10 of the Colorado Revised Statutes to make them consistent with the requirements of § 39-10-110(2), C.R.S., for county commissioners, clerks and recorders, sheriffs, coroners, treasurers, assessors, and surveyors.

It amends § 30-10-111, C.R.S., clarifying the oath of office for appointed deputies of county officers.

The bill also amends §§ 30-10-101(1)(a) and 102(1), C.R.S., to remove obsolete references to clerks of district and county courts as county officers. Such court clerks are employees of the judicial branch.

Signed by Governor Ritter: April 21, 2010  
Effective Date August 11, 2010

## HB 10-1107

### Concerning limitations on the inclusion of agricultural lands within urban renewal areas.

This bill modifies §§ 31-25-102, 103, and 107, C.R.S., to prohibit the inclusion of agricultural land within an urban renewal area unless the exceptions listed below are satisfied. The bill does not pertain to agricultural land made part of an urban renewal area prior to June 1, 2010. Agricultural land is defined by the bill to include land that has been classified by the assessor as agricultural land at any time during the five years prior to its inclusion into an urban renewal area, § 31-25-103(8.5), C.R.S.

**Exceptions** - Under the bill, a municipality may only include agricultural land into a new or existing urban renewal area if the land meets one or more of the following conditions, § 31-25-107(1)(c)(II), C.R.S.:

- The land is a brownfield site. As defined in § 31-25-103(3.1), C.R.S., “‘brownfield site’ means real property, the

development expansion, redevelopment, or reuse of which will be complicated by the presence of a substantial amount of one or more hazardous substances, pollutants, or contaminants, as designated by the United States Environmental Protection Agency (EPA);”

- At least one-half of the urban renewal area consists of parcels containing “urban level development” that constitute a slum or blighted area, and at least two-thirds of the perimeter of the urban renewal area borders “urban level development.” As defined in § 31-25-103(7.5), C.R.S., “‘urban level development’ means an area in which there is a predominance of either permanent structures or above-ground or at-grade infrastructure;”
- The land is an enclave within the municipality, and the entire perimeter of the enclave borders “urban level development;” or,
- Each public body that levies a property tax on the agricultural land agrees to its inclusion into the urban renewal area.

In addition, agricultural land cannot be incorporated into an urban renewal area prior to June 1, 2020, unless each of the following conditions found in § 31-25-107(1)(c)(III), C.R.S., is also satisfied:

- The agricultural land is contiguous to the urban renewal area, and the urban renewal area existed on June 1, 2010;
- Since June 1, 2010, the current owner has owned both the agricultural land and other land located within the urban renewal area that is contiguous to the agricultural land; and
- Both the agricultural land, and the owner’s other land, are to be developed solely to create long-term jobs related to manufacturing.

**Assessor Enforcement** - Within 30 days after receiving notice that an urban renewal plan authorizing the use of sales or property tax TIF has been adopted or substantially modified, the assessor may notify the municipality if he or she believes that agricultural land has been improperly included within the urban renewal area. If the assessor does so, the municipality may file an action in district court to establish its right to include the area in conformance with the exceptions listed above. If the assessor fails

to do so, the inclusion of the agricultural land becomes incontestable, § 39-25-107(13), C.R.S..

The bill clarifies that a municipality is required to notify the assessor whenever an urban renewal plan authorizing the use of tax increment financing has been substantially modified, § 31-25-107(10)(a), C.R.S. It also states that urban renewal plans approved or substantially modified must include the legal description of any agricultural land added to the urban renewal area, § 31-25-107(1)(d), C.R.S.

**Calculation of Base Value** – When agricultural land is appropriately included in an urban renewal area, the bill directs the assessor to determine the market value of the agricultural land and include that value in the base value of the TIF area. The purpose of this provision is to ensure that the URA does not receive a windfall of tax increment revenue when the land is later reclassified to a different class of taxable property. This does not affect the classification or valuation for assessment of the agricultural land.

**Other provisions** - The bill directs the assessor to administer tax increment financing for urban renewal areas in accordance with the manuals, appraisal procedures, and instructions of the Property Tax Administrator, § 31-25-107(9)(h), C.R.S.

Language allowing the municipality or authority to enter into an intergovernmental agreement with the county to allocate responsibility for the cost of additional county infrastructure was modified to allow intergovernmental agreements with any political subdivision in the urban renewal area, §31-25-107(11), C.R.S. Language was also added allowing such an agreement to include a waiver of notice requirements and enforcement rights.

The bill exempts a city and county from the requirement that an urban renewal impact report be submitted to the county commissioners. § 31-25-107(3.5)(c), C.R.S.

Signed by Governor Ritter: April 14, 2010  
Effective Date: June 1, 2010

## **HB 10-1117**

### **Concerning Abatement and Refund of Taxes and Electronic Transmission of Notices of Valuation and Tax Statements.**

This bill amends § 39-1-113, C.R.S., to allow the board of county commissioners (BOCC)

to authorize the assessor to settle by written mutual agreement any petition for abatement or refund in an amount of \$10,000 (previously \$1,000) or less per tract, parcel, or lot of land or per schedule of personal property. The bill further provides that abatement petitions approved by the BOCC that are greater than \$10,000 (formerly \$1,000) in taxes, per schedule, per year, must be submitted to the Property Tax Administrator for review.

The bill adds a new subsection (1.7) to § 39-5-121, C.R.S., allowing a taxpayer to request to receive Notices of Valuation (NOVs) electronically by submitting an electronic (e-mail) address to the assessor. The assessor may then send all future NOVs to the taxpayer's e-mail address. If the taxpayer subsequently requests to receive future NOVs by mail, the assessor must comply with the request. Failure of a taxpayer to receive the electronic NOV shall not preclude the collection of taxes due.

The bill amends § 39-10-103 C.R.S., allowing a taxpayer to request to receive tax statements electronically by submitting an electronic (e-mail) address to the treasurer. The treasurer may then send all future tax statements to the taxpayer's e-mail address. If the taxpayer subsequently requests to receive future tax statements by mail, the treasurer must comply with the request. Failure of a taxpayer to receive the electronic tax statement shall not preclude the collection of taxes due.

The bill adds the "electronic statement" language to § 39-10-104.5(3)(a), C.R.S., which outlines tax payment dates and accrual of delinquent interest.

It is the Division's position that changes to the abatement threshold (\$1,000 to \$10,000), as outlined in this bill, are effective beginning January 1, 2011. Therefore, abatement petitions filed with the county after January 1, 2011, and that are approved by the BOCC, need additional review and approval by the Property Tax Administrator only when the approved refund or abatement amount is greater than \$10,000 in taxes, per parcel, per year.

Signed by Governor Ritter: May 5, 2010  
Effective Date: August 11, 2010

## HB 10-1197

### **Concerning a decrease in the maximum amount of a state income tax credit that may be claimed for the donation of a conservation easement in gross, and making an appropriation therefor.**

The primary purpose of this bill is to decrease the maximum state income tax credit available for placing land in a conservation easement. However, the bill also makes the following changes to property tax law.

It amends the definition of agricultural land in § 39-1-102(1.6)(a)(III), C.R.S., by adding the word “nonagricultural” in front of the word residential as follows:

“Agricultural land’ under this subparagraph (III) does not include any portion of such land that is actually used for nonagricultural commercial or NONAGRICULTURAL residential purposes.”

It also amends § 39-1-103(5)(a), C.R.S., with the addition of the following language:

“Nothing in this subsection (5) shall be construed to require or permit the reclassification of agricultural land or improvements, including residential property, due solely to subjecting the land to a perpetual conservation easement.”

Under these changes, when a parcel of land that is subject to a perpetual conservation easement qualifies for agricultural classification pursuant to § 39-1-102(1.6)(a)(III), C.R.S., the agricultural classification and valuation shall extend to the portion of the parcel that constitutes a residential footprint, unless that portion is used for nonagricultural residential purposes.

Signed by Governor Ritter: June 7, 2010  
Effective Date: Upon Signature

## HB 10-1267

### **Concerning the property tax treatment of an independently owned residential solar electric generation facility.**

This bill amends §§ 39-1-102(6) and 39-3-102(1), C.R.S., to expand the household furnishings (not productive of income) exemption to include any independently owned residential solar electric generation facility that:

- Is located on residential real property

- Is owned by a person other than the owner of the residential real property
- Is installed on the customer's side of the meter
- Is used to produce electricity from solar energy primarily for use in the residential improvement(s)
- Has a production capacity of no more than 100 kilowatts.

An independently owned residential solar electric generation facility is not considered to be used for the production of income unless the facility produces income for the owner of the residential real property on which the facility is located. Rebates, offsets, credits, and reimbursements made available by a utility do not constitute the production of income under this statute.

Signed by Governor Ritter: June 11, 2010  
Effective Date: August 11, 2010, for tax years 2011 forward

## HB 10-1293

### **Concerning the creation of a task force to study property tax assessment issues related to the use of land for agricultural purposes.**

This bill adds § 39-1-122, C.R.S., to create an interim task force directed to study the property tax assessment and classification of land used for agricultural and other purposes. The task force is instructed as follows:

- To study, make recommendations, and report findings on all matters relating to property tax assessment and classification in connection with land used for both agricultural and residential purposes, including, without limitation, the current system for classification of agricultural and residential property in Colorado, the fiscal, land use, and other impacts of the state's current classification system, and ideas for improving the current classification system.
- To meet in public at least four times, with the first meeting occurring no later than August 2, 2010.
- To solicit and accept reports and public testimony from sources that may include the National Conference of State Legislatures, representatives from state and local governments, property owners,

nonprofit organizations, and appropriate trade groups.

- To submit a written report of its findings and recommendations to the Local Government and Agriculture Committees of the Senate and House of Representatives by October 15, 2010.
- This section is repealed, effective July 1, 2012.

**NOTE:** The nine members of the Task Force consisted of: Colorado Property Tax Administrator, JoAnn Groff; four agricultural industry representatives: Alan Foutz (Farm Bureau), Tim Canterbury (Colorado Cattlemen's Association), Kent Pepler (Farm Bureau) and Gene Pielan (greenhouse business owner); two Colorado county commissioners, Hap Channell (Gunnison) and Frank Weddig (Arapahoe); and two Colorado county assessors, Brad Hughes (Montrose) and Ken Hood (Otero).

Signed by Governor Ritter: June 7, 2010  
Effective Date: Task Force recommendation due October 15, 2010

#### **HB 10-1328**

**Concerning the "New Energy Jobs Creation Act of 2010", and, in connection therewith, creating the Colorado New Energy Improvement District.**

This bill adds article 20 to title 32 of the Colorado Revised Statutes to create the Colorado New Energy Improvement District. The district was created to administer and finance a New Energy Improvement Program for on-site energy efficiency and renewable energy improvements.

The district is not an agency of state government, or of any local government, but is an independent public body corporate governed by an appointed board of directors. To operate in a county, the district needs authorization from the board of county commissioners.

The district's boundaries include residential properties that are accepted to the district upon application by the owner. Applicants consent to the levying of a special assessment, and they may receive direct payments or reimbursements for energy improvements.

The energy improvements will be financed by bonds issued by the district that are paid by the special assessments. A special

assessment constitutes a lien against the property and shall have priority over all other liens, except property taxes, and shall be coequal with other special assessments.

The district shall deliver the assessment roll for collection to the treasurer of each county in which the district has assessed eligible real property.

The bill also amends § 31-25-1102, C.R.S., to include this district in the definition of "taxing authority."

Signed by Governor Ritter: June 11, 2010  
Effective Date: Upon Signature

#### **HB 10-1342**

**Concerning measures to encourage additional investment in solar energy generation facilities, and, in connection therewith, authorizing the creation of community solar gardens.**

This bill amends § 40-2-127, C.R.S., to direct the Public Utilities Commission (PUC) to adopt rules under which standard rebates may apply to solar generation facilities called "community solar gardens".

Its purpose is to provide Colorado residents and businesses, including renters, low-income customers, and agricultural producers, with the ability to own a portable and transferable interest in a solar generation facility. Community Solar Gardens are defined as solar electric generation facilities:

- With a nameplate rating of two megawatts or less;
- That are located in or near a community served by a qualifying retail utility;
- Where the beneficial use of the facility belongs to the subscribers;
- Where the owner may be the retail utility or a different for-profit or non-profit entity;
- That are deemed to be located on the site of the customer facilities;
- And where each subscription has at least one kW and each facility has at least 10 subscribers;

The Division is monitoring the rule-making proceedings of the PUC. Language changes for the Assessors' Reference Library, Volume 5, will be proposed once the process has been completed.

Signed by Governor Ritter: June 5  
Effective Date: Upon signature for tax years 2011 forward

### **HB 10-1362**

#### **Concerning the inactive status of a special district.**

This bill authorizes certain non-functioning special districts to enter into an inactive status, thereby removing themselves from reporting and accountability requirements found in title 32 of the Colorado Revised Statutes.

The bill amends § 32-1-103, C.R.S., with the addition of a new subsection 9.3 that defines an inactive special district as a special district that:

- Is in a predevelopment stage.
- Has no residents other than those that lived within the district boundaries prior to the formation of the district.
- Has no business or commercial ventures or facilities within its boundaries.
- Has not issued any general obligation or revenue debt and does not have any financial obligations outstanding or contracts in effect that require performance by the district.
- Has not imposed a mill levy for tax collection in that fiscal year.
- Anticipates no receipt of revenue or has no planned expenditures, except for statutory compliance.
- Has initially filed a notice of inactive status pursuant to § 32-1-104 (3), C.R.S.
- And each year thereafter has filed a notice of continuing inactive status pursuant to § 32-1-104 (4), C.R.S.

The bill adds new subsections to § 32-1-104 C.R.S., to specify the rules by which a special district may enter into or leave an inactive status and to specify the provisions from which an inactive special district is exempted.

The Division recommends that assessors continue to certify values to districts that have placed themselves on an inactive status.

Signed by Governor Ritter: June 7, 2010  
Effective Date: August 11, 2010

### **HB 10-1365**

#### **Electric utilities - conversion of coal-fired generation - natural gas or other low-emitting resources - cost recovery - appropriation.**

This bill adds part 2 to article 3.2, title 40 of the Colorado Revised Statutes, to require that all rate-regulated utilities with coal-fired generating units submit an emissions reduction plan to the PUC covering the lesser of 900 megawatts or 50% of the utility's coal-fired units in Colorado. The plans must give primary consideration to replacing or repowering coal-fired generators with natural gas and must consider other low-emitting resources.

The PUC is to approve, deny, or modify the plans by December 15, 2010. The utilities' actions in complying with the plans are presumed to be prudent, and their costs are recoverable in rates.

**NOTE:** Replacing coal fired generation with natural gas or other low-emitting plants may leave some existing coal fired facilities stranded without Power Purchase Agreements. This could result in significant drops in taxable value to those counties when production of energy ceases.

Signed by Governor Ritter: April 19, 2010  
Effective Date: Upon signature

### **HB-10-1369**

#### **Concerning the financing of public schools and making an appropriation therefore.**

This bill amends §§ 22-54-103, 104, 106, 107, and 108 (The Public School Finance Act of 1994); 22-41-102; and 36-1-116 of the Colorado Revised Statutes, to modify funding for K-12 public schools.

For FY 2010-11 and FY 2011-12, the bill decreases the state's share of Total Program funding for school districts and institute charter schools by an amount determined by the Colorado Department of Education (CDE) and Legislative Council Staff. The bill specifies that the maximum reduction cannot exceed an amount that would reduce Total Program funding below \$5,438,295,823 in FY 2010-11 and FY 2011-12. This would be \$260 million below the original appropriation for FY 2009-10 and represents a reduction of

\$365.4 million, or 6.35 percent, compared to the requirements of current law.

These reductions will be accomplished through the creation of district-level budget stabilization factors. The bill directs the CDE to determine the size of these budget stabilization factors and to apportion this reduction across school districts. Specifically, the CDE is directed to:

- Calculate a budget stabilization factor for the applicable budget year by dividing the total reduction by the sum of Total Program funding for all districts;
- Calculate the reduction for each district by multiplying the district's Total Program funding under current law by the district's budget stabilization factor; and
- Reduce each district's state share of Total Program funding by the calculated reduction or the district's state share, whichever is less.

In districts that have enacted a mill levy override, the override revenue will be calculated based on the district's Total Program funding before the calculated budget stabilization reduction has been applied.

Districts that do not receive enough state aid to implement a 6.35 percent funding reduction lose whatever state aid they do receive. In addition, such districts will be required to use their Total Program mill levy to buy down the state support they receive for categorical programs.

Finally, the bill specifies that, beginning in FY 2010-11, district pupil counts will not include pupils who were enrolled in charter schools converted to institute charter schools after July 1, 2010.

Signed by Governor Ritter: May 21, 2010  
Effective Date: Upon signature

#### **HB 10-1386**

**Concerning the amounts of filing fees charged by the property tax administrator for purposes of exemption of property from general taxation, and making an appropriation therefor.**

This bill amends various provisions of § 39-2-117, C.R.S., to adjust the fees paid by those seeking or maintaining an exemption from the Property Tax Administrator for property

owned and used for religious, charitable, or private school purposes.

Subparagraph (1)(a)(I) was amended to increase the application fee from \$150 to \$175. Subparagraphs (3)(a)(I) and (3)(a)(III) were amended to increase the fee for filing an annual report on or before April 15 from \$53 to \$75 and the fee for filing an annual report after April 15, but prior to the final deadline, from \$150 to \$250.

Subparagraphs (3)(a)(I) and (3)(a)(III) were amended to allow the Property Tax Administrator to waive all or part of the late filing fee for "good cause shown." Subsection (7) was amended to direct the PTA to adopt a rule to specify what constitutes "good cause shown."

The bill also makes adjustments to the 2010 long bill due to the anticipated increase in revenue from the changes in fees.

Signed by Governor Ritter: May 27, 2010  
Effective Date: July 1, 2010

#### **HB 10-1431**

**Property tax - valuation of renewable energy facilities.**

This bill amends § 39-4-102, C.R.S., to specify a change in the valuation methodology for renewable energy facilities.

When valuing a renewable energy facility that begins generating energy before January 1, 2012, the Property Tax Administrator shall include only the cost of all property required to generate and deliver renewable energy to the interconnection meter that does not exceed the cost of property required to generate nonrenewable energy.

When valuing a renewable energy facility that begins generating energy on or after January 1, 2012, the administrator shall include only the cost of all property required to generate and deliver renewable energy to the interconnection meter that does not exceed the cost of property required to generate and deliver nonrenewable energy to the interconnection meter.

Signed by Governor Ritter: June 7, 2010  
Effective Date: August 11, 2010, for tax years 2013 forward