

# *Property Values in Larimer County Are Up. Unfortunately, The Assessor's Office Noticed.*

- Steve Miller, Larimer County Assessor

2017 is a property tax reappraisal year in Colorado. Property values are up, particularly values of residential properties. This year there will likely be an adjustment in the residential assessment rate to lessen the tax effects of the increased valuations.

Property owners who have been around for a while might recall that downward adjustments in the residential assessment rate were common in the biennial reappraisals in the 1990s. This 2017 adjustment will be the first since 2003 when the residential assessment rate dropped from 9.15% to 7.96%.

Around May 1st, all owners of taxable real property in Colorado will receive a Notice of Valuation (NOV) for each of their properties. Those valuations will be used to generate the 2017 and 2018 property tax rolls (property taxes to be paid in 2018 and 2019). All properties are valued according to the real estate market conditions on 30 June 2016. That date is termed the "level of value" for the 2017 reappraisal. We cannot consider property sales or other market activity that occurred after that date in our valuation process. In Larimer County, we use sales and market data that occurred between 1 July 2011 and 30 June 2016. That is the maximum amount of data allowed by statute.

This is the property tax equation:

$$\text{Actual Value X Assessment Rate X Mill Levy / 1,000} = \$ \text{Property Tax}$$

The Actual Value is determined by the assessor. The Assessment Rate is set by the legislature in accordance with the Colorado Constitution and statutes. The total Mill Levy on a property is the sum of all individual levies set by taxing authorities that cover the area in which a property lies. A mill levy is assessed on every \$1,000 in value.

In the 2013 reappraisal, the last reappraisal in which residential property values in Larimer County were fairly flat (except for areas affected by flood and fire), the residential assessment rate was 7.96%. Assume an actual value on a home of \$250,000 and a total mill levy of 100:

$$\text{2013 tax calculation: } \$250,000 \times 7.96\% \times 100 \text{ mills} / 1,000 = \$1,990 \text{ Tax}$$

In the 2015 reappraisal, residential values were up significantly (about 18%), but the assessment rate and the total mill levy remained constant.

$$\text{2015 tax calculation: } \$295,000 \times 7.96\% \times 100 \text{ mills} / 1,000 = \$2,348 \text{ Tax}$$

Between the 2013 and 2015 reappraisals the valuation on the house went up 18%, as did the taxes because there was no change in either the assessment rate or the mill levy.

While not yet final, the preliminary 2017 assessment rate on residential properties is projected to drop from 7.96% to about 7.2%. That estimated drop in the residential assessment rate would have a significant effect on 2017 and 2018 property taxes on residential properties in Larimer County. For example, assume the tax valuation of the home above goes up another 25% in 2017 but the residential assessment rate drops to 7.2%.

**2017 tax calculation: \$368,750 X 7.2% X 100 mills / 1,000 = \$2,655 Tax**

Between the 2015 and 2017 reappraisals, the valuation on the house went up 25% but because of the drop in the assessment rate, property taxes on the house would only go up 13%. That is still a steep increase in the property tax bill, but only about half of what it would have been without the drop in the assessment rate.

None of this works for commercial or other nonresidential properties because the assessment rate on those properties is set permanently in the Gallagher Amendment at 29%, where it's been since 1983.

This example doesn't address changes in mill levies. In 2016, voters in Poudre School District approved two mill levy overrides for the school district. Voters in Thompson Valley did not approve any.

Please keep in mind that the change in the residential assessment rate discussed above is only the latest estimate from the state. The actual change won't be known until late in the current legislative session which runs through May 10<sup>th</sup>.

Instructions for property owners who wish to protest a 2017 property valuation will appear on the NOV. Much more information is available on our website: [www.larimer.org/assessor](http://www.larimer.org/assessor).