



Colorado Commission on Property Tax

Preliminary Report | March 15, 2024

As outlined in House Bill 23B-1003, the Colorado Commission on Property Tax (Commission) was created to study and make recommendations for a property tax structure that protects property owners and residential tenants from rising property taxes while meeting the needs of governments that rely on property tax to pay for local services. The Commission consists of 19 members, listed in Appendix A, representing a wide spectrum of perspectives, parties, and interests.

The Commission developed and agreed on the following guiding principles for any recommendations:

- 1) Balance
- 2) Stable
- 3) Predictable
- 4) Reasonable
- 5) Fair
- 6) Implementable
- 7) Understandable

The Commission met twice a month, sometimes more, from December 2023 through March 15, 2024 to listen to presentations from experts across the country on a variety of models that could inform their recommendations for Colorado's property tax structure in addition to discussing their own ideas for potential recommendations. Aided by the facilitation team from Keystone Policy Center (Keystone), the Commission formed three subgroups covering the topics of Taxpayer Relief, Local Control and Assessments. Each subgroup discussed and developed recommendations that the full Commission considered and voted on. All Commission meetings were public, and all documents and presentations discussed by the Commission were made publicly available.

Keystone also held public listening sessions in Grand Junction, Edwards, Pueblo, Colorado Springs, Alamosa, Fort Morgan and Denver to hear directly from Coloradans on their unique local challenges and ideas for the Commission to consider. Commission members were present at each public listening session. Keystone summarized the session results at Commission meetings.

Below is the full list of recommendations that the Commission approved on March 15, 2024. A more detailed final report will be provided to the Governor's Office and General Assembly no later than December 31, 2024, which will include a summary of additional meetings to be held beyond March 15, 2024. The Commission also plans to meet on April 12, 2024, to review ballot



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initiatives concerning property tax.

The Commission believes that additional fiscal analysis on the impact of recommendations on local districts, property owners and state finances is required, which the timeframe for the Commission's March 15, 2024 reporting deadline did not allow. The Commission understands that legislation that embodies any recommendation would include a fiscal analysis and additional public input. With that caveat, the Commission believes that the recommendations have a sound public policy basis and would improve Colorado's property tax system.

Assessments Recommendations

- 1. When residential actual values increase/decrease over a certain percentage (based on the average increases/decreases over a period of time) in an assessment cycle, smooth residential assessments by adjusting the assessment rate to get to a target.**
 - a. Determine a Smoothing Variable (i.e. a trigger) that is fixed based upon the average increases/decreases in residential actual value changes over the last three assessment cycles.
 - b. In an assessment cycle, if the change in statewide residential actual values exceeds the Smoothing Variable, then
 - c. Reduce/increase taxable value through the assessment rate that targets the increase/decrease to half of the Smoothing Variable.
 - d. If residential actual values do not exceed the Smoothing Variable, then the assessment rate does not change for that assessment cycle.
 - e. Repeat this process for each assessment cycle.
 - f. Wherever possible, ensure a backfill mechanism is contemplated.
- 2. Gradually step down assessment rates for vacant land and nonresidential property, except the valuation for assessment from producing mines and lands or leaseholds producing oil or gas, starting in 2025 to get to a target at a time reasonably determined after fiscal analysis. Temporarily backfill local districts when the step down results in a certain percentage loss to the local district.**
 - a. Set a target for nonresidential property (except the valuation for assessment from producing mines and lands or leaseholds producing oil or gas) assessment rate (for example 25.5%) to reach by a certain date.
 - b. Gradually step down the assessment rates on nonresidential property, except the valuation for assessment from producing mines and lands or leaseholds



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- producing oil or gas, over assessment cycles to reach the date certain.
- c. The step down increments should be such that local taxing entities have flexibility to retain revenue lost by the declining date by holding mill levy elections, if they so choose.
 - d. If a step down increment results in loss of a fixed percent of revenues (for example 5%) at the district level, then the state will temporarily backfill revenue loss for one assessment cycle.
 - e. Use the Legislative Council database to model impact on local districts before determining target assessment rate and percentage of local district revenue reduction that would trigger state backfill.
 - f. Vacant land should have a separate assessment rate.
 - g. Step down suggested timeline:
 - i. 2025 - 26.8%
 - ii. 2027 - 25.7%
 - iii. 2029 - 25.5%

Taxpayer Relief Recommendations

- 3. **Create a system allowing residential and commercial property owners to opt for 12 monthly payments for property tax, while establishing a mechanism with the State Treasurer, or other identified entity, to manage cash flow for taxing districts impacted by taxpayer choices. Additionally, define the delinquency threshold for taxpayers opting for the 12-month payment plan for purposes of tax liens.**
 - a. Limited to properties that don't pay tax through mortgage/escrow.
 - b. Evaluate whether a taxing entity could levy a special assessment and/or interest for the taxpayer to catch up on payments.
- 4. **Study creating a homestead value reduction, to include:**
 - a. Making all residential properties eligible to exempt a certain amount or percentage of actual value.
 - b. Define residential property as not used as short-term rentals.
 - c. Reducing or eliminating the length-of-time required to own the property to qualify for the value reduction.
 - d. Factoring in the amount of state funds that would be necessary to backfill revenue lost by local taxing entities through an expanded value reduction.
 - e. Consider models which implement a tiered value reduction percentage relative to property value.



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5. Study creating means-tested/income qualified relief for low or fixed income property owners and small businesses by considering:

- a. Tax relief to taxpayers whose residential properties have increased in value over time and who are now low or fixed income.
- b. Eligibility variables such as the percent of income required to pay property tax.
- c. Ability of state and local agencies to efficiently administer the relief based on limitations of merging income information with property ownership records.

6. Implement an adjustable cap on property tax increase that is at the taxing jurisdiction level based on certain variables. Examples of variables are:

- a. CPI plus population growth or new construction, or
- b. Producer Price Index or some index that more accurately reflects the goods purchased by local districts, or
- c. Rate of population or infrastructure (for example, residential or commercial development) growth
- d. Flexible to exempt expenditures necessitated by wildfire, floods or other emergencies.

7. Expand the property tax deferral program to all owners of residential property without a minimum limitation of percent increase of taxes in a given year with a limit on the maximum amount of tax that can be deferred.

- a. Consider whether property owners must apply for the deferral annually or if the deferral status continues until taxes are paid.
- b. State Treasurer to administer cash flow with County Treasurers as with the current program.

Local Control Recommendations

8. Participatory Taxation - Once a government increases their revenues by a specific benchmark, then the public needs to be involved in the conversation.

- a. The benchmark should be informed by local needs.
- b. Consider enhancing notice requirements for public involvement beyond current law, by increasing the number of days in advance of the meeting notice is required and ensuring that meeting participation is accessible (place, manner, time.)



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9. Study implementation of a mechanism to separate school and local taxing jurisdiction assessments.

- a. The goal of separation is to allow the state to adjust and control property tax for school finance without impacting the assessment rate or revenues used by local taxing entities.
- b. The mechanism should be feasible for assessors and county treasurers to administer.
- c. The mechanism should be transparent and understandable to taxpayers.

Other

10. Extend the provisions of SB22-238 and SB23B-001 regarding assessment rate reductions and actual value subtractions to apply in 2024 with a re-evaluation in 2025 to determine if extension is needed.

- a. Further study to determine a mechanism to fulfill the intent to fully backfill all taxing jurisdictions.
 - i. Funding sources include: General Fund, Rainy Day Fund, and Tabor Surplus



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Appendix A:

Commission Members



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Name	Affiliation
Senator Chris Hansen (Chair)	District 31, Denver County
Senator Mark Baisley	District 4, Chaffee, Custer, Douglas, Fremont, Jefferson, Lake, Park, Teller Counties
Representative Lisa Frizell	District 45, Douglas County
Representative Chris deGruy Kennedy	District 30, Jefferson County
Andy Kerr (Vice Chair)	Jefferson County Commissioner
Ann Terry	CEO, Special District Association
Bob Olme	Chief, West Metro Fire Rescue
Brenda Dones	Weld County Assessor
Brett Johnson	Chief Financial Officer, Aurora Public Schools
Chris Richardson	Elbert County Commissioner
Cody Davis	Mesa County Commissioner
Guyleen Castriotta	Mayor, Broomfield
JoAnn Groff	Property Tax Administrator
Jonathan Cappelli	Executive Director, Neighborhood Development Collaborative
Kevin Vick	Vice President, Colorado Education Association
Loren Furman	CEO, Colorado Chamber of Commerce
Lori Laske	Alamosa County Commissioner
Sean Dougherty	Realtor, former Larimer County Commissioner
Tamara Pogue	Summit County Commissioner