

Department of Local Affairs
Division of Property Taxation

Report to the General Assembly

ESTIMATED RESIDENTIAL ASSESSMENT RATE FOR 2005-2006

Pursuant to 39-1-104.2(6), C.R.S.

April 19, 2005

FINAL ANALYSIS

Based upon reappraisal data received from counties in March and April of 2005, and estimates calculated by the Division for oil and gas and state assessed property, the residential assessment rate for 2005-2006 is calculated to be 8.17 percent. The following report summarizes the final calculation.

Assessors were requested to provide estimates of their reappraised values for each class of property (except oil and gas and state assessed) and estimates for new construction. The new construction values were subtracted from the class totals so that any increased value attributable to new construction is not included in the determination of the residential assessment rate. Current new construction values will be used to determine the next target percentage, i.e., the target percentage for 2007-2008. As of the date of this report, eight counties have not reported final estimates so the preliminary estimates they provided in December were used. Each of them is a small county.

In general, the sums of the county estimates provided in March/April (or calculated by the Division) were only modestly different from those provided in December. Because of this, the final rate estimate of 8.17 percent is not dramatically different from the December estimate of 8.15 percent. The following table compares the estimated statewide percentage changes by property class:

<u>Property Class</u>	<u>March/April Estimate</u>	<u>December Estimate</u>
Residential:	+ 6.20%	+ 5.61%
Vacant:	+19.23%	+12.04%
Commercial:	+ 4.07%	+ 5.67%
Industrial:	+10.38%	+ 2.98%
Agricultural:	+ 0.61%	- 0.37%
Natural Resources:	+ 4.70%	- 3.86%
Producing Mines:	+ 6.75%	+ 6.20%
Oil and Gas:	+28.13%	+26.94%
State Assessed:	+ 1.05%	- 0.19%

The most significant difference between the December and March/April estimates was the increase to vacant land. Most counties indicated that they had underestimated their vacant land in December and adjusted it upward in March/April. The change to the vacant land estimate is the most significant contributor to the modest increase in the final estimate of the residential assessment rate, and it more than offset the 0.59 percent increase to the residential estimate. Although the industrial class estimate also experienced a significant increase, 63 percent of that increase, and 43 percent of the decrease in the commercial estimate, appear to have resulted from a reclassification of approximately \$127 million in assessed value by Boulder County from the commercial

class to the industrial class. Because both classes are non-residential, the reclassification had no effect on the residential assessment rate calculation.

Boulder is one of eleven counties with a projected 2005 total assessed value that exceeds \$2,000,000. The other counties are Adams, Arapahoe, Denver, Douglas, Eagle, El Paso, Jefferson, La Plata, Larimer, and Weld. Cumulatively, they comprise 74.6 percent of the projected total assessed value for the state and exert the greatest influence over the residential assessment rate calculation.

The attached addenda show the calculations of the target percentage and residential assessment rate, as well as much of the data used in the calculations. The addenda are described as follows:

Addendum A: TARGET PERCENTAGE CALCULATION - The target percentage from the prior residential rate study, 47.08 percent, is adjusted to account for the relative additions of residential and non-residential new construction, and changes in natural resource production. The new residential target percentage is 47.22 percent. The new construction and production change values are calculated on addenda H through P, not included.

Addendum B: RESIDENTIAL ASSESSMENT RATE CALCULATION – Given an estimated 2005 non-residential assessed value, Addendum B calculates the residential assessed value needed to achieve the new target percentage, and the rate needed to convert the estimated actual value of residential property to the assessed value needed. That rate is the residential assessment rate of 8.17 percent.

Addendum C: TOTALS FROM 2004 ABSTRACTS – The 2004 assessed values reported on Abstracts of Assessments are the base values used for the study.

Addendum D: 2005 VALUE AS PERCENTAGE OF 2004 VALUE – If counties provided percentage estimates, rather than value estimates, or if their December percentage estimates were used, those figures are shown here. Statewide percentage changes were developed by the Division for the oil and gas and state assessed classes.

Addendum E: PROJECTED VALUES – For most counties, the values shown for classes other than oil and gas and state assessed, were provided by the counties in March/April as dollar amount estimates (not including new construction). Where percentage changes are shown on Addendum D, the values on addendum E are calculated from those percentages.

Addendum F: PROJECTED RATES OF CHANGE - This addendum calculates the percentage change between 2004 abstract values and 2005 projected values. The symbol #DIV/0! Appears where the value in 2004 was zero.

Addendum F.5: PROJECTED VALUE CHANGES – This addendum calculates the dollar amount changes between the two years.

Addendum G: SUMMARY OF 2005 ESTIMATED VALUES – Addendum G summarizes the projected residential and non-residential values. The totals are used on addendum B to determine the residential assessment rate.

The exact residential rate, to be determined when Abstracts of Assessment are received from every county this November, will determine the accuracy of the current data.

2005 RESIDENTIAL TARGET PERCENTAGE CALCULATION

17-May-05

ADDENDUM A

STEP #1: Calculate the 2003 residential assessed value needed to achieve the 2003 target percentage.

ESTIMATED 2003 RESIDENTIAL ASSESSED	X	0.470757058
ACTUAL 2003 NON-RESIDENTIAL ASSESSED	<u>32,425,627,413</u>	<u>0.529242942</u>
ESTIMATED 2003 RESIDENTIAL ASSESSED	X =	28,842,317,448

NOTE: The percentages shown above are the target percentages used to calculate the 7.96% residential rate in 2003.

The figure \$32,425,627,413 is the total non-residential taxable value reported on county abstracts in 2003.

The figure \$28,842,317,448 is the hypothetical residential assessed value needed to exactly achieve the 2003 target percentage.

The target percentages used in this calculation are the non-rounded versions of the target percentages enacted into law in 2003.

STEP #2: Add 2003 + 2004 net new construction and increased production to the 2003 res. and non-res. totals.

2003 Net Residential New Construction	853,924,683	Addendum H
<u>2004 Net Residential New Construction</u>	<u>816,245,505</u>	Addendum H
TOTAL RESIDENTIAL NEW CONSTRUCTION	1,670,170,188	
ESTIMATED 2003 RESIDENTIAL	28,842,317,448	
ADJUSTED TOTAL RESIDENTIAL	30,512,487,636	
2003 Net Other New Construction	572,351,050	Addendum H
2004 Net Other New Constuction	649,488,172	Addendum H
2004 - 2002 Net Mines	-4,847,576	Addendum I
2004 - 2002 Net Coal	5,202,072	Addendum J
2004 - 2002 Net Earth & Stone	-3,463,838	Addendum K
<u>2004 - 2002 Net Oil & Gas</u>	<u>464,981,808</u>	Sum of Addenda L - P
TOTAL NON-RESIDENTIAL NEW CONST. & PROD.	1,683,711,689	
ACTUAL 2003 NON-RESIDENTIAL	32,425,627,413	
ADJUSTED TOTAL NON-RESIDENTIAL	34,109,339,102	

STEP #3: Calculate the 2005 target percentages from 2003 values adjusted for new construction and production.

ADJ 2003 RES ASSESSED	30,512,487,636	47.21699954%	OR	47.22%
ADJ 2003 OTHER ASSESSED	34,109,339,102	52.78300046%		

2005 RESIDENTIAL ASSESSMENT RATE CALCULATION

17-May-05 ADDENDUM B

$$\begin{array}{l} \text{Estimated 2005} \\ \text{Non-Residential Assessed} \\ \$37,166,933,173 \\ \text{Addendum G} \end{array} \div \begin{array}{l} \text{Non-Res Target \%} \\ 52.78300046\% \\ \text{Addendum A} \end{array} = \begin{array}{l} \text{Total Assessed Target Value} \\ \$70,414,589,644 \end{array}$$

$$\begin{array}{l} \text{Total Assessed Target Value} \\ \$70,414,589,644 \end{array} \times \begin{array}{l} \text{Residential Target \%} \\ 47.21699954\% \\ \text{Addendum A} \end{array} = \begin{array}{l} \text{Residential Assessed Target Value} \\ \$33,247,656,471 \end{array}$$

$$\begin{array}{l} \text{Residential Assessed Target Value} \\ \$33,247,656,471 \end{array} \div \begin{array}{l} \text{Estimated 2005} \\ \text{Residential Actual Value} \\ \$406,532,953,839 \\ \text{Addendum G} \end{array} = \begin{array}{l} \text{Residential Assessment Rate} \\ 8.178342286186\% \\ \mathbf{8.18\%} \quad \text{rounded} \end{array}$$