



**A Report to the State Board of Equalization
and the General Assembly**

**RESIDENTIAL ASSESSMENT RATE STUDY
Final Findings
2017 – 2018**

Pursuant to § 39-1-104.2(6) C.R.S.

April 17, 2017

SUMMARY

The final residential assessment rate estimate for property tax years 2017-2018 is **7.20 percent**. This figure replaces the estimate of 6.56 percent found in the preliminary report dated January 13, 2017. The final residential target percentage for property tax years 2017-2018 is **45.76 percent**. This figure replaces the preliminary calculation of 43.79 percent. An explanation of the changed target rate percentage calculation is included later in this document.

The Division of Property Taxation (Division) would not have been able to conduct either the preliminary or this final report without the cooperation of the county assessors throughout the state at arguably their busiest time during the two-year assessment cycle. Their cooperation and attention to the gathering of this information is critical to the accuracy of this study. The preliminary residential assessment rate estimate was revised upon receiving updated value estimates from county assessors for the following property classes: vacant land, residential, commercial, industrial, agricultural, natural resources and producing mines.

Although the final estimates are generally more accurate than the figures shown in the preliminary report, they are still estimates, and in most cases they are different from the values that will be reported later this year on county Abstracts of Assessment. This is particularly true for the oil and gas, producing mines, and natural resource classes. County assessors value the property in these classes after they receive the annual declaration statements from producers. Those statements are due on April 17, 2017.

The following table lists the preliminary percentage change estimates reported on January 13, 2017 and the final percentage change estimates found in this report.

Property Class	Preliminary 2017 Estimates	Final 2017 Estimates
Residential	18.00%	20.80%
Non-Residential		
Vacant	7.50%	17.00%
Commercial	11.60%	17.50%
Industrial	7.20%	10.90%
Agricultural	8.70%	10.10%
Natural Resources	-5.10%	-1.30%
Producing Mines	-12.00%	-14.10%
Oil and Gas	8.30%	8.30%
State Assessed	3.00%	3.00%

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: 2017 Residential Target Percentage Calculation

The target percentage from the 2015 residential rate study, 45.67 percent, is adjusted to account for the addition of residential and non-residential new construction and changes in natural resource production. The new residential target percentage is 45.76 percent. The new construction and natural resource production change figures are calculated in Addenda G through O, which are available upon request.

Unlike the calculation of the residential rate itself, the adjustment to the target percentage is based on known prior year values as reported on county Abstracts of Assessment.

Addendum B: 2017 Residential Assessment Rate Calculation

The residential assessment rate shown on Addendum B is the estimate of the residential assessment rate that would achieve a statewide total assessed value consisting of 45.76 percent residential property value and 54.24 percent non-residential property value.

Addendum C: Totals from 2016 Abstracts

Addendum C shows the assessed values reported last year by county assessors on their 2016 Abstracts of Assessment.

Addendum D: 2017 Estimated Values

Addendum D displays 2017 value estimates provided by county assessors and those estimated by the Division.

By early April, most assessors had nearly completed their reappraisals of real property and were able to provide the Division with new estimated real property values in dollar amounts. Counties that had not yet completed their reappraisals provided new value estimates as percentage figures, which were converted into dollar amounts. For the

commercial and industrial classes, the real property estimates were combined with personal property estimates to produce the values shown on this addendum. Because counties do not yet have the information they need to value personal property, the Division used an estimated increase of 2.5 percent unless the county provided a different figure.

Counties also do not yet have the information they need to revalue the real and personal property classified as natural resources, producing mines and oil and gas. They generally provided percentage change estimates for natural resources and producing mines, and the Division estimated a statewide increase of 8.3 percent for oil and gas.

The oil and gas estimate was developed using production data obtained from the Colorado Oil and Gas Conservation Commission, U.S. Energy and Information Administration and Colorado Legislative Council after consulting with oil and gas experts and county assessors. The Division also updated its estimate of state assessed property, calculating a statewide increase of 3.0 percent for the state assessed property class.

Addendum E: Projected Rates of Change

This addendum shows the percentage change between the 2016 abstract values shown on Addendum C and the 2017 projected values shown on Addendum D.

Updated: Target Percentage Calculation

As instruction for determining the target percentage, section 3(b) of article X of the Colorado Constitution requires that "For each subsequent year, the general assembly shall again determine the percentage of the aggregate statewide valuation for assessment which is attributable to each class of taxable property, **after adding the increased valuation for assessment** attributable to new construction and to increased volume of mineral and oil and gas production" (emphasis added).

The difference between the preliminary and final target percentage is the method used to adjust for the increased volume of mineral and oil and gas production. In the preliminary study the Division focused on isolating the "increased volume" to make the required adjustment for determining the target percentage. This was accomplished by identifying the change in volume between 2014 and 2016 and multiplying that amount by the 2014 average assessed value per unit of production.

However, an unusual circumstance occurred in the previous reassessment cycle as the volume of oil and gas production increased, but because prices declined, the valuation for assessment decreased. This caused the Division to take a closer look at the constitutional requirements for developing the target percentage.

As a result of this scrutiny it became obvious that the adjustment for increased volume of mineral and oil and gas production should only be made when there is increased valuation for assessment attributable to that increased volume.

On April 13th of this year the State Board of Equalization (Board) met to review and discuss this issue. After a thorough presentation by JoAnn Groff, the Property Tax Administrator, and questions from the Board, no objections were raised to this change in methodology.

2017 RESIDENTIAL TARGET PERCENTAGE CALCULATION

ADDENDUM A

STEP #1: Calculate the 2015 residential assessed value that would have achieved the 2015 target percentage.

ESTIMATED 2015 RESIDENTIAL ASSESSED	X	0.4566712232
	-----	=
ACTUAL 2015 NON-RESIDENTIAL ASSESSED	\$58,899,312,842	0.5433287768
		1.0000000000
ESTIMATED 2015 RESIDENTIAL ASSESSED X =	\$49,505,239,536	

The target percentages shown in step #1 are the non-rounded versions of the target percentages enacted into law in 2015.

The figure **\$58,899,312,842** is the total non-residential taxable value reported on county abstracts in 2015.

The figure **\$49,505,239,536** is the hypothetical residential assessed value that would have exactly achieved the 2015 target percentage.

STEP #2: Add 2015 + 2016 net new construction and increased production to the 2015 res. and non-res. totals.

2015 Net Residential New Construction	\$719,553,040	Addendum G
2016 Net Residential New Construction	\$812,701,458	Addendum G
<u>TOTAL RESIDENTIAL NEW CONSTRUCTION</u>	<u>\$1,532,254,498</u>	
ESTIMATED 2015 RESIDENTIAL	\$49,505,239,536	
ADJUSTED TOTAL RESIDENTIAL	\$51,037,494,034	
2015 Net Other New Construction	\$732,237,027	Addendum G
2016 Net Other New Construction	\$860,836,763	Addendum G
2016 - 2014 Net Mines	\$0	Addendum H
2016 - 2014 Net Coal	\$0	Addendum I
2016 - 2014 Net Earth & Stone	\$3,311,562	Addendum J
<u>2016 - 2014 Net Oil & Gas</u>	<u>\$0</u>	Sum of Addenda K - O
TOTAL NON-RESIDENTIAL NEW CONST. & PROD.	\$1,596,385,352	
ACTUAL 2015 NON-RESIDENTIAL	\$58,899,312,842	
		109,936,806,876
ADJUSTED TOTAL NON-RESIDENTIAL	\$60,495,698,194	

STEP #3: Calculate the 2017 target percentages from 2015 values adjusted for new construction and production.

ADJ 2015 RES ASSESSED	51,037,494,034	45.75991507%		
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ADJ 2015 OTHER ASSESSED	60,495,698,194	54.24008493%	OR	45.76%
				54.24%

2017 RESIDENTIAL ASSESSMENT RATE CALCULATION

ADDENDUM B

Estimated 2017 Non-Residential Assessed \$61,240,504,937 Addendum F	÷	Non-Res Target % 54.24008493% Addendum A	=	Total Assessed Target Value \$112,906,358,852
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Total Assessed Target Value \$112,906,358,852	X	Residential Target % 45.75991507% Addendum A	=	Residential Assessed Target Value \$51,665,853,915
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Residential Assessed Target Value \$51,665,853,915	÷	Estimated 2017 Residential Actual Value \$717,173,963,672 Addendum F	=	Residential Assessment Rate 7.204089458340% 7.20% rounded
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PROJECTED RATES OF CHANGE

ADDENDUM E

Red font = Percentage estimates provided by county or developed from consultation with county in April 2017

Green font = Statewide estimates by DPT.

COUNTY	VAC	RES	COM	IND	AGR	NAT	MIN	O&G	STA	TOTAL
Adams	66.8%	33.3%	6.6%	3.6%	10.1%	-0.2%	0.0%	8.3%	3.0%	19.2%
Alamosa	2.1%	-0.4%	9.2%	2.2%	6.9%	0.4%	0.0%	0.0%	3.0%	4.2%
Arapahoe	13.5%	25.9%	20.1%	15.6%	3.8%	0.1%	0.0%	8.3%	3.0%	22.1%
Archuleta	0.4%	21.1%	2.1%	10.2%	16.8%	1.6%	0.0%	8.3%	3.0%	12.5%
Baca	-7.8%	1.1%	4.8%	-8.4%	7.1%	0.2%	0.0%	8.3%	3.0%	4.1%
Bent	0.0%	7.0%	0.2%	0.7%	8.6%	-1.1%	0.0%	8.3%	3.0%	4.0%
Boulder	16.7%	23.3%	34.6%	49.0%	1.9%	15.4%	105.0%	8.3%	3.0%	27.7%
Broomfield	11.3%	21.8%	6.1%	12.3%	9.1%	25.6%	0.0%	8.3%	3.0%	13.7%
Chaffee	32.5%	18.5%	2.5%	-0.2%	-0.9%	6.9%	0.0%	0.0%	3.0%	14.4%
Cheyenne	-3.6%	1.4%	0.1%	0.0%	1.1%	2.5%	0.0%	8.3%	3.0%	4.3%
Clear Creek	5.0%	14.6%	0.2%	2.3%	0.0%	2.7%	-19.3%	0.0%	3.0%	-9.2%
Conejos	16.0%	0.1%	-1.1%	-1.6%	3.8%	-35.7%	0.0%	0.0%	3.0%	3.1%
Costilla	2.9%	5.0%	1.4%	4.0%	4.3%	-1.7%	0.0%	0.0%	3.0%	3.3%
Crowley	-2.1%	-21.6%	0.2%	0.0%	-7.7%	0.6%	0.0%	0.0%	3.0%	-3.1%
Custer	-0.9%	2.1%	1.0%	-10.7%	8.6%	3.8%	0.0%	0.0%	3.0%	1.7%
Delta	24.0%	6.6%	-9.9%	-16.2%	29.3%	-25.6%	0.0%	8.3%	3.0%	2.9%
Denver	37.0%	29.4%	20.8%	15.6%	-37.7%	0.0%	0.0%	0.0%	3.0%	23.4%
Dolores	-0.3%	2.5%	-3.4%	-0.5%	6.7%	-0.2%	0.0%	8.3%	3.0%	6.6%
Douglas	38.4%	17.6%	16.9%	23.7%	-11.1%	-8.5%	0.0%	0.0%	3.0%	17.6%
Eagle	15.6%	11.8%	24.2%	3.4%	-5.0%	-1.1%	-100.0%	0.0%	3.0%	14.2%
El Paso	37.0%	13.8%	22.6%	3.0%	3.3%	-11.3%	0.0%	0.0%	3.0%	16.4%
Elbert	8.9%	30.5%	2.8%	2.9%	8.1%	1.6%	0.0%	8.3%	3.0%	21.8%
Fremont	2.0%	13.7%	-0.6%	2.6%	6.6%	0.3%	0.0%	8.3%	3.0%	7.0%
Garfield	11.4%	15.5%	3.8%	1.8%	12.6%	2.3%	3.4%	8.3%	3.0%	9.1%
Gilpin	-3.6%	14.8%	14.9%	13.8%	3.0%	0.0%	0.0%	0.0%	3.0%	12.0%
Grand	11.0%	12.6%	0.7%	0.0%	3.5%	7.8%	0.0%	0.0%	3.0%	8.7%
Gunnison	12.0%	15.0%	0.0%	0.0%	0.1%	1.1%	0.0%	8.3%	3.0%	10.2%
Hinsdale	-1.0%	-1.5%	0.3%	0.1%	0.0%	0.0%	74.6%	0.0%	3.0%	-0.9%
Huerfano	14.8%	-4.1%	-1.7%	32.8%	7.7%	0.0%	0.0%	8.3%	3.0%	2.2%
Jackson	0.0%	8.0%	0.4%	2.6%	3.0%	0.0%	0.0%	8.3%	3.0%	5.1%
Jefferson	17.7%	22.8%	22.9%	3.9%	9.0%	-10.0%	0.0%	0.0%	3.0%	21.3%
Kiowa	-25.1%	5.0%	-5.9%	0.0%	3.9%	2.6%	0.0%	8.3%	3.0%	3.0%
Kit Carson	34.8%	3.1%	-31.6%	1.4%	20.3%	0.0%	0.0%	8.3%	3.0%	-0.8%
La Plata	5.0%	5.0%	4.9%	4.0%	35.0%	-2.2%	0.0%	8.3%	3.0%	6.1%
Lake	-8.0%	12.0%	7.4%	0.1%	0.0%	0.1%	-12.4%	0.0%	3.0%	-3.9%
Larimer	19.2%	22.2%	10.0%	-5.0%	10.4%	-5.9%	0.0%	8.3%	3.0%	15.6%
Las Animas	-0.3%	-0.1%	0.9%	0.0%	12.7%	-0.1%	0.0%	8.3%	3.0%	4.2%
Lincoln	0.0%	6.7%	0.0%	1.0%	11.0%	-0.1%	0.0%	8.3%	3.0%	5.3%
Logan	9.6%	11.9%	5.0%	3.8%	6.6%	-1.2%	0.0%	8.3%	3.0%	6.0%
Mesa	-12.0%	10.0%	1.0%	9.8%	7.7%	4.0%	-100.0%	8.3%	3.0%	5.8%
Mineral	-0.1%	0.0%	1.3%	1.3%	3.0%	0.0%	0.0%	0.0%	3.0%	0.5%
Moffat	-0.6%	0.0%	-0.1%	-6.8%	0.5%	0.0%	0.0%	8.3%	3.0%	2.4%
Montezuma	0.0%	-14.6%	9.4%	12.7%	101.3%	-0.1%	0.0%	8.3%	3.0%	6.0%
Montrose	8.5%	13.0%	-0.5%	1.5%	13.0%	1.6%	0.0%	0.0%	3.0%	7.1%
Morgan	12.0%	14.6%	3.5%	4.0%	-3.7%	0.1%	0.0%	8.3%	3.0%	4.9%
Otero	-2.0%	0.7%	7.4%	20.1%	14.1%	-9.3%	0.0%	0.0%	3.0%	5.4%
Ouray	-10.5%	9.3%	13.9%	209.3%	23.8%	39.6%	0.0%	0.0%	3.0%	7.4%
Park	4.8%	15.7%	9.7%	14.0%	2.3%	14.3%	-6.8%	0.0%	3.0%	11.0%
Phillips	10.7%	9.3%	11.1%	32.6%	16.3%	-4.7%	0.0%	8.3%	3.0%	12.3%
Pitkin	4.6%	15.8%	11.9%	-5.0%	16.2%	44.6%	0.0%	0.0%	3.0%	14.1%
Prowers	0.0%	7.0%	1.7%	2.6%	35.0%	-7.2%	0.0%	8.3%	3.0%	12.1%
Pueblo	0.8%	11.0%	1.1%	2.7%	2.8%	1.7%	0.0%	0.0%	3.0%	5.3%
Rio Blanco	2.0%	1.0%	-1.0%	3.9%	3.5%	1.6%	0.0%	8.3%	3.0%	5.4%
Rio Grande	-6.3%	9.7%	2.1%	22.7%	14.1%	3.7%	0.0%	0.0%	3.0%	5.9%
Routt	11.1%	10.8%	17.9%	26.8%	-28.2%	-16.1%	0.0%	8.3%	3.0%	9.8%
Saguache	-4.3%	-3.1%	-2.9%	-1.0%	4.0%	2.4%	0.0%	0.0%	3.0%	-0.8%
San Juan	11.6%	6.8%	24.2%	-20.3%	12.0%	4.9%	0.0%	0.0%	3.0%	10.5%
San Miguel	10.0%	10.5%	9.5%	12.9%	1.6%	-0.4%	0.0%	8.3%	3.0%	9.9%
Sedgwick	1.0%	10.9%	2.0%	0.8%	7.4%	-2.5%	0.0%	8.3%	3.0%	5.4%
Summit	18.2%	18.0%	12.3%	2.9%	9.0%	0.0%	0.0%	0.0%	3.0%	16.1%
Teller	-9.0%	9.8%	0.0%	0.5%	-12.0%	-2.4%	-1.5%	0.0%	3.0%	2.5%
Washington	0.6%	17.0%	1.1%	3.7%	10.0%	0.0%	0.0%	8.3%	3.0%	7.1%
Weld	41.9%	28.0%	13.5%	7.5%	12.8%	2.4%	0.0%	8.3%	3.0%	11.8%
Yuma	7.9%	0.9%	30.3%	7.3%	7.4%	9.9%	0.0%	8.3%	3.0%	8.5%
WEIGHTED AVERAGE	17.0%	20.8%	17.5%	10.9%	10.1%	-1.3%	-14.1%	8.3%	3.0%	16.7%