

The 2021 Reappraisal: Valuation Increases for Most Properties

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Under Colorado law, county assessors' offices throughout the state conduct a complete revaluation of all properties in their county every two years. The Colorado Legislature sets the appraisal date, the market sales data collection period, and the annual calendar for the assessment process.

The previous revaluation was completed in 2019 and was based on a June 30, 2018 level of value. These valuations were established using market sales data from January 1, 2017 through June 30, 2018 and were used for tax years 2019 and 2020 (payable in 2020 and 2021 respectively). As a result of the assessment calendar, property tax assessment valuations will always lag behind current market conditions. The current revaluations are based on a June 30, 2020 level of value. The new values have been established using market sales data from January 1, 2019 through June 30, 2020 and will be used for tax years 2021 and 2022 (payable in 2022 and 2023 respectively). Sales transactions occurring after June 30, 2020 cannot be considered until the 2023 reappraisal.

Real property classes changed as follows: vacant land experienced an overall average valuation increase of about 20%. These increases in vacant land valuations were primarily due to continued strengthening demand for new single-family home sites. Most residential improved properties, including single-family residences, condominiums, and townhomes typically increased about 15% to 20%. This upward trend in the residential market occurred throughout most of the County, including the Nucla/Naturita/Paradox area located in western Montrose County which increased by about 30% to 35%. Most commercial and industrial properties also had valuation increases, although the increases were more modest as compared to the residential subclass. The rate of change for commercial properties varied significantly based on the location, property type, and the age of the property. On average most commercial properties experienced valuation escalations between 5% and 10% over the two year period. Irrigated farmland had the highest relative increase in valuation for the 2021 reappraisal. Agricultural land is valued based on the earning capacity of the land; it is not valued at a market value. The agricultural land calculation uses a ten-year statewide average of commodity prices. For this re-assessment cycle, two historic "low years" of commodity prices were removed and two more recent "higher" priced commodity years were added. This factor along with only a nominal increase in operating expenses and higher production yields resulted in a significant increase of about 30% for irrigated farmland within Montrose County. In conclusion, these overall increases in property values within Montrose County followed a similar trend to what occurred within most of Western Colorado.

As a reminder, the effective appraisal date for these new valuations was established as of last summer (June 30, 2020). The transaction prices of land and homes since this period have continued to dramatically increase up through the current date. Thus, these substantial recent increases in sale prices will not be reflected in assessments until the 2023 reappraisal.

The following is a general review of property assessment and taxes. Three factors determine the level of taxes on a property: the market valuation, the assessment rate, and the mill levy.

$$\text{(Market Value} \times \text{Assessment Rate} = \text{Assessed Value} \times \text{Mill levy} = \text{Taxes)}$$

The Assessor's office is solely responsible for establishing valuations, not taxes. To accomplish this, the assessor uses actual market sales transactions to build a mass appraisal valuation model that is then used to set the values on all properties within the county. Assessment rates are dictated by the Colorado Constitution and State Law for all 64 Colorado Counties. Currently, the assessment rate is 7.15% for residential improved properties, and 29% for most all other property types. The last component used to calculate taxes is the mill levy. Mill levies are established by the county commissioners, school districts, and the boards of the various taxing entities (fire, recreation, library, sanitation, cemetery, etc...). A summation of these various individual levies is applied to the assessed value to determine the taxes due. The County Treasurer's office collects and distributes these taxes for the various taxing jurisdictions.

Ultimately, the assessor's goal is to equalize property values and ensure that the tax burden is distributed fairly and equitably among property owners within the statutory and constitutional guidelines of the State of Colorado.

After receiving your new Notice of Valuation in early May 2021, please review your change in value. If you disagree with the new valuation, there are detailed procedures on the back of the notice explaining how to appeal your valuation. If you would like to review your property characteristics or research property records, please go to our online public records search program at <http://eagleweb.montrosecounty.net/eagleassessor/web>. If you would like to view sales used to establish the 2021 valuations, please go to <http://www.montrosecounty.net/assessor>

If you have any additional questions, concerns, or comments please call the Montrose County Assessor's Office at (970) 249-3753 or email us at assessor@montrosecounty.net.