

## Press Release for Western Slope Counties

### **Property in Western Colorado is Bucking National Trends of Declining Values**

Property owners in the central Rockies and western Colorado may be expecting to see their 2009 Notice of Valuation showing a lower value than their 2007 value, given the recent national economic woes. In most cases, property values have increased or will remain constant for the 2009 reassessment. Generally the central Rockies and western slope areas experienced either relatively stable or increasing real estate markets during the past several years with lower sales volume.

Under Colorado law, County Assessor's offices throughout the state conduct a complete reassessment of all property in their county every two years. The Colorado Constitution sets the appraisal date and the Colorado Legislature determines the annual calendar for the assessment process. The property valuation reflects the real estate market activity from **January 1, 2007 to the current appraisal date, June 30, 2008. If additional data is needed, counties may gather the data going back in time in 6 month increments.** This new valuation is mailed to taxpayers on May 1, 2009.

Because the volume of sales has decreased during this same period, the perception of property owners, especially those who have had their property on the market for a length of time, is that values are dropping. However, in general, that is not the case. The assessor's values are not based on the number of sales but on the prices of the properties that have sold. Taking an unofficial look at the sales from July 2008 through December 2008 shows that sales prices of single family residences are remaining stable. (Please refer to the accompanying graph)

For 2009, assessors must determine the market value (also known as "actual" value) of your property as of June 30, 2008. Actual values are determined after careful analysis of sales from the marketplace prior to June 30, 2008. This value is used as a basis for 2009 and 2010 property taxes (payable in 2010 and 2011).

To derive the property tax, the actual value of the property is multiplied by the assessment rate. This result is then multiplied by the total mill levy specific to each property. The assessment rate for residential properties is 7.96% this year, and 29% for most other properties.

The differences in assessment rates between residential homes and other types of property is the result of an amendment to the Colorado Constitution (known as the Gallagher Amendment) approved by the voters in 1982, which limits the residential share of the property taxes. The State Legislature adjusts the residential assessment rate each reappraisal year to keep the property tax burden from shifting to residential property. This is the Gallagher Amendment in action.

Each property owner shares in providing revenue for local services which includes schools, police and fire protection, local government and public health. The Colorado property tax system is designed to fairly and equitably distribute taxes according to the value of the property.

