

## **Western Colorado Experiences Tremendous Valuation Increases for 2023**

*Press Release from the Western Colorado Assessors 4-17-2023*

Property owners in most of Western Colorado can expect tremendous valuation increases when they receive their 2023 Notice of Valuation on or about May 1<sup>st</sup>. Over the past two years, a strong demand for real estate, increased building material costs, historically low mortgage rates, and a steady migration from larger cities into Western Colorado have all contributed to these historic valuation increases. Western Colorado has been discovered and people are paying much higher prices for properties for the opportunity to live here.

Under Colorado law, county assessor offices throughout the state conduct a complete revaluation of all properties in their county every two years. The previous valuations were based on a June 30, 2020 level of value. These valuations used market sales data from July 1, 2018 through June 30, 2020. The new 2023 valuations are based on a June 30, 2022 level of value and were established using market sales data from July 1, 2020 through June 30, 2022. These new valuations will be used for tax years 2023 and 2024 (payable in 2024 and 2025 respectively). Any sales transactions occurring after June 30, 2022 cannot be used or considered until the next reappraisal in 2025. The Colorado Legislature sets the appraisal date, the market sales data collection period, and the annual calendar for the assessment process.

The two graphs below provide the median valuation percentage increases between the June 2020 level of value and the June 2022 level of value for residential properties and commercial/industrial properties for several Western Colorado counties.

<b>Median % Change in Value: Western Colorado Counties</b>		
	<b>Residential Improved Properties</b>	<b>Commercial/Industrial Improved Properties</b>
Delta	45%	15%
Garfield	45%	25%
Gunnison	53%	16%
Mesa	40%	42%
Moffat	26%	23%
Montrose	47%	32%
Ouray	66%	47%
Rio Blanco	30%	12%
San Miguel	58%	28%
<b>Overall Average % Change</b>	<b>46%</b>	<b>27%</b>
<b>Overall Median % Change</b>	<b>45%</b>	<b>25%</b>

In Colorado, three factors determine the level of taxes on a property: the market valuation, the assessment rate, and the mill levy.

$$(Market\ Value \times Assessment\ Rate = Assessed\ Value \times Mill\ levy = Property\ Taxes)$$

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. With the 2020 repeal of the Gallagher Amendment to the State Constitution, assessment rates are now dictated by the Colorado Legislature for all 64 Colorado Counties. In an attempt to off-set the tremendous valuation increases across the entire State, the Legislature has made the following reductions in statewide assessment rates for several property classes for tax year 2023.

<b>Assessment Rate by Property Class</b>	<b>2022 Tax Year</b>	<b>2023 Tax year</b>
Residential	6.95%	6.765%
Residential-Multi-Family	6.80%	6.765%
Renewable Energy	26.40%	26.40%
Agricultural	26.40%	26.40%
Commercial, Industrial, Vacant Land	29.00%	27.90%
Business Personal Property	29.00%	27.90%
Other Agricultural Property	29.00%	27.90%
Oil & Gas	87.50%	87.50%

In addition to lowering assessment rates, the Colorado Legislature has also provided an actual value exemption of \$15,000 per residential property and \$30,000 per improved commercial property for tax year 2023. These actual valuation exemptions will not be reflected in the Notices of Valuation, but will be applied prior to the 2023 tax bills being sent. 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. It is undetermined at this time what the 2023 mill levies will do since the taxing entities will not set their 2023 mill levies until later this fall during their budget hearings.

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.

If you have questions or concerns after receiving your new Notice of Valuation in early May 2023, please contact your local County Assessor's Office.