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COLORADO PROPERTY VALUES AND TAX TRENDS, 1987-2006

DENVER, CO - While assessed values (upon which taxes are calculated) have remained fairly constant over the past two decades, actual or market values have increased dramatically. Assessed values rose by 124% during the past 20 years. Actual values jumped by 278%. Most of these gains took place in the past decade.

When adjusted for inflation, per capita actual values rose by about 50% over the 20-year period. However, per capita assessed values declined in constant dollars. In order to maintain the ratio between residential and non-residential property, as outlined in the Gallagher Amendment, the residential assessment rate dropped from 18% in 1987 to about 8% in 2006.

As a share of actual valuation, residential property rose from 61% to 78% over the period and non-residential declined from 39% to 22%. Due to the mechanics of the Gallagher Amendment, the share of assessments were relatively stable with the residential assessment share declining slightly from 48% to 46% and non-residential property's share rising from 52% to 54%

Property tax receipts more than doubled over the 20-year period, from \$2.1 billion to about \$5.5 billion. In per capita terms, tax revenues rose by 83% for the 20-year period, with most of the gains taking place in the last decade. However, when adjusted for inflation, per capita constant dollar property tax revenue rose by only 2% between 1987 and 2006.

Another way to analyze receipts is to relate them to the personal income of the state. As a percentage of income, property tax revenues declined from 3.9% in 1987 to 2.8% in 1997 and rose slightly to 2.9% in 2006. Property taxes for school districts declined from 2.4% of personal income to 1.5% for the period. School district revenue as a percentage of income began to decline following the changes in the School Finance Act of 1988.

Founded in 1946 as the Colorado Public Expenditure Council, the Center for Tax Policy is a non-partisan, non-profit taxpayer organization that gathers information to guide the formation of public tax policy. A 501C (3) organization, CTP issues regular reports on tax and finance issues to assist both business and government decision-makers in developing fair and equitable tax policy. CTP also conducts fee-based research on a selective basis.

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