

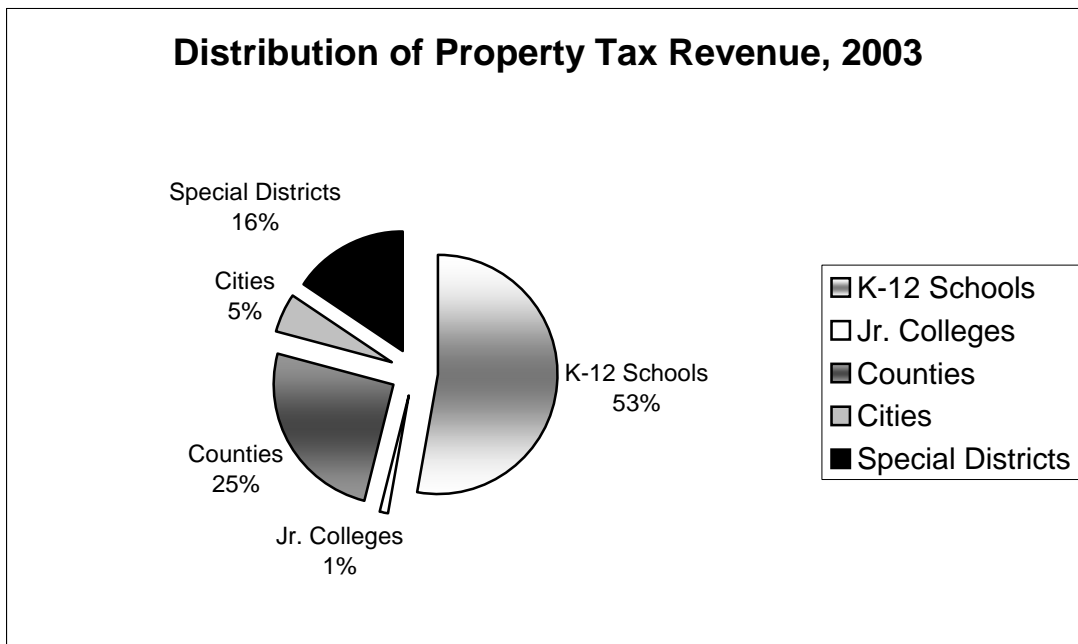
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ASSESSED VALUATION AND PROPERTY TAX CHANGES, 2002 and 2003

Values, both assessed and actual, continued to grow in 2003, although modestly in the case of assessed valuations. Consistent with last year's growth experience, the rate of growth of assessed valuations posted some of the most modest increases experienced in a decade. However, actual valuations grew at a steeper clip, more consistent with prior odd numbered years. Between 2002 and 2003, assessed valuations grew by 2.29% while the actual value of all state property grew by a slightly greater 14.13%. Property tax revenues, as with valuations, continued to grow in 2003; however, at rates more consistent with the middle 1990s. On a per capita basis, each resident of Colorado carried an annual property tax burden of 1,010 in 2003, a 4.17% increase over the prior year's per capita burden of \$969. However, even as the per capita burden is rising, the Division of Property Taxation estimates that the Gallagher Amendment continues to save residential taxpayers by shifting burden from residential to non-residential taxpayers. In 2003, the estimated amount of the savings to residential taxpayers was just estimated to be \$1.053 billion.

Consistent with prior years, Colorado's K-12 school districts continued to receive the majority of the property tax revenues in 2003. In 2003, the fastest growing local government sector in terms of property tax revenue growth was counties followed closely by special districts. However, each of these sectors continues to command a small piece of the property tax revenue pie. As a percentage of total property tax revenue, K-12 schools commanded 53% of 2003's revenue, down a percentage point from 2002 and down even further from 1999 and 2000 when K-12 commanded 55% of the pie. Counties continue to collect 25% of all property tax revenue.



Finally, consistent with the predicted effects of Colorado's Gallagher Amendment and times of increasing residential property values, the difference between total actual and assessed values continued to increasingly diverge during the decade preceding tax year 2003. Between 1993 and 2003, assessed valuations increased by 114.95% while actual values increased by 208.55% over the same period. Statewide, residential property now accounts for 77.51% of all actual valuations, up slightly from the 74.48% of the previous year. Once again, the state saw a decrease in the residential assessment rate for 2003-

2004. That rate now sits at 7.96% and the current drop of 1.19 percentage points is the largest drop in the rate since the change between 1992 and 1993 when the rate fell by 1.48 percentage points. As noted above, the Division of Property Taxation has now calculated that residential taxpayers experienced savings of just over \$1.053 billion in 2003 and of an estimated \$7.855 billion since 1987 due to the shift in property tax burden from residential to non-residential resulting from the Gallagher Amendment.