

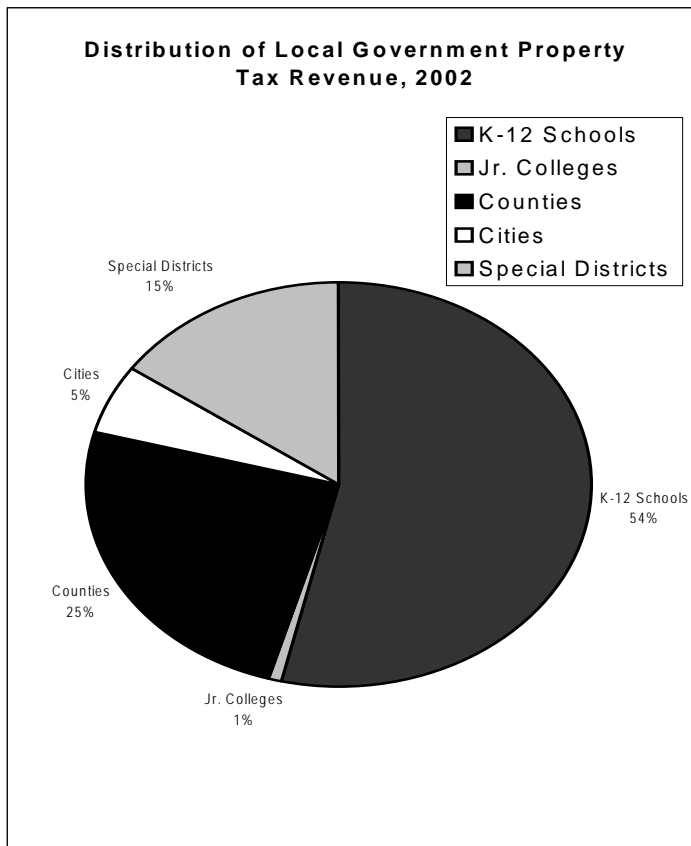
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 CENTER FOR TAX POLICY
EXECUTIVE REPORT

Vol. L, No. 4
 November, 2003

ASSESSED VALUATION AND PROPERTY TAX CHANGES, 2001 and 2002

Values, both assessed and actual, continued to grow in 2002. However, in a reversal of last year's rapid growth experience, the rate of growth of assessed valuations posted some of the most modest increases experienced in a decade. Between 2001 and 2002, assessed valuations grew by 29.8% while the actual value of all state property grew by 3.60%. Property tax revenues, as with valuations, continued to grow in 2002; 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 just over \$969 in 2002, a 1.32% increase over the prior year's per capita burden of \$857. 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 2002, the estimated amount of the savings to residential taxpayers was just over \$873 million.

Consistent with prior years, Colorado's K-12 school districts continued to receive the majority of the property tax revenues in 2002. In 2002, the fastest growing local government sector in terms of property tax revenue growth was special districts followed closely by counties. However, each of these sectors continues to be a small piece of the property tax revenue pie. As a percentage of total property tax revenue, K-12 schools commanded 54% of 2002's revenue, up from 2001 but below 1999 and 2000 when K-12 commanded 55% of the pie. Counties now collect 25% of all property tax revenue, up a percentage point from 2001.



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 2001. Between 1992 and 2002, assessed valuations increased by 112.58% while actual values increased by 193.41% over the same period. Statewide, residential property now accounts for 77.48% of all actual valuations, up slightly from the 74.80% of the previous year. As per state law, fiscal year 2002 saw no change in the residential assessment rate. That rate held at the new low of 9.15%. However, preliminary estimates as of 2002 suggest further reduction in 2003. As noted above, the Division of Property Taxation has now calculated that residential taxpayers experienced savings of just over \$873 million in 2002 and of an estimated \$6.8 billion since 1987 due to the shift in property tax burden from residential to non-residential resulting from the Gallagher Amendment.

