

C P E C
 CENTER FOR TAX POLICY
EXECUTIVE REPORT

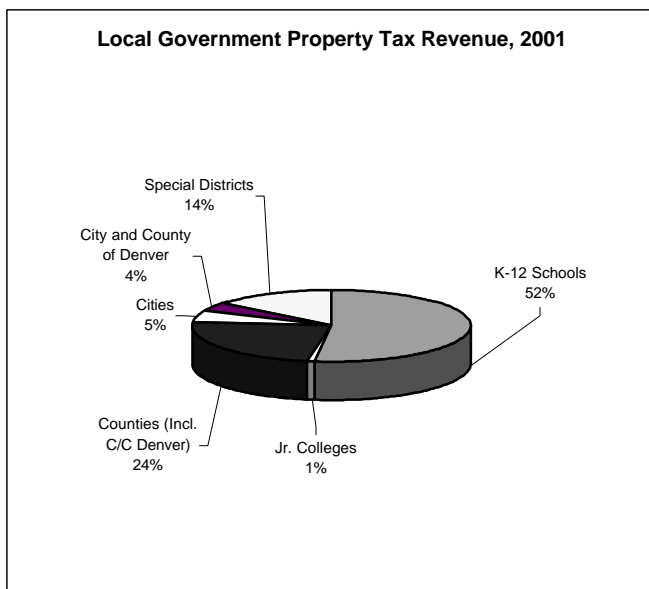
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ASSESSED VALUATION AND PROPERTY TAX CHANGES, 2000 and 2001

Values, both assessed and actual, continued to grow in 2001. However, in a reversal of last year's experience, the rate of growth of assessed valuations posted the largest increase of the decade with a 20.62% growth rate. Property tax revenues, as with valuations, continued to experience increases in their rate of growth in 2001. And, consistent with valuations, the rate of growth in property tax revenues also accelerated in 2001, again posting a growth rate higher than Colorado has seen in the past decade. On a per capita basis, each resident of Colorado carried an annual property tax burden of \$957 in 2001, a 9.17% increase over the prior year's per capita burden of \$876. 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 2001, the estimated amount of the savings to residential taxpayers was \$823,336,330.

The increase in per capita property taxes comes at a time when average mill levies across the state have reversed prior year's increases with a growth rate decrease of 7.02% in 2001. In a reversal from 2000, only increasing property values fueled the increasing rate of growth in property tax revenues.

Consistent with prior years, Colorado's K-12 school districts continued to receive the majority of the property tax revenues in 2001. In 2001, the fastest growing local government sector in terms of property tax revenue growth was junior colleges followed closely by municipalities. 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 continue to command 52%, falling from 55% in 1999 and consistent with 2000. Counties now collect 24% of all property tax revenue, up a percentage point from 2000.



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 1991 and 2001, assessed valuations increased by 107.93% while actual values increased by 187.10% over the same period. Statewide, residential property now accounts for 74.80% of all actual valuations, up slightly from the 72.85% of the previous year. Fiscal year 2001 saw the first change in the residential assessment rate since 1997, with the rate falling from its 1997-2000 level of 9.74% to a new low at 9.15%. The Division of

Property Taxation has now calculated that residential taxpayers experienced savings of just over \$823 million in 2001 and of an estimated \$5.9 billion since 1987 due to the shift in property tax burden from residential to non-residential resulting from the Gallagher Amendment.