

Roadmap to COLORADO PROPERTY TAXES

Colorado 2022

2022 is not a reappraisal year for Colorado property owners. 2021/2022 valuations for assessment were mailed in May of 2021. The assigned assessor 2022 market values are meant to reflect the commercial and residential real estate market experienced since the onset of the coronavirus pandemic in Q1 2020.

While 2019 sales transactions were plentiful and at the top of the market, 2020 was a mixed data set with many owners choosing not to offer their assets to the market. 2020 economic conditions were markedly less healthy than 2019. Single-family residences, apartments, and distribution warehouses continued to appreciate through 2020, while lodging properties, sit-down restaurants, and non-essential retail experienced one of the more difficult years in recent memory. Other property classes, including office space and vacant land, did not face uniform impacts from COVID-19, with results varying by location and desirability. Property owners who believe their 2021 and 2022 assessments exceed fair market value as of June 30, 2020, should consider filing an appeal.

2022 Notices of Valuation

Notices of Valuation are mailed on or before May 1. The 2021/2022 values represent the assessor's estimate of fair market value of your taxable real property as of June 30, 2020 with cost, market, and income data gathered from January 1, 2019 through June 30, 2020.

Colorado law recognizes only the market approach to value and the gross income multiplier for properties with residential classification (including apartments).

Real estate values initially assigned in 2021 will remain in place until 2023, unless changed by appeal action, or a material change at the property, such as new construction or demolition.

As a disclosure state, all real estate transaction amounts must be reported to state and local government via Form TD-1000 and the documentary fee. Substantial penalties exist for non-compliance.

Reappraisal Cycle

Colorado counties reappraise real estate every other year, employing the "base year" method of valuation, meaning that current year assessments are based upon data from the past.

January 1 of each year is the official assessment date.

The next reappraisal is set for May 2023. Cost, market, and income data from January 1, 2021 to June 30, 2022 will be used to calculate assessments for commercial properties. Market data, comparative sales, and rental information will be gathered to calculate single-family, apartment, and nursing home assessments.

Data beyond the close of the gathering period is technically not allowable for consideration by assessors. In reality, such data does influence assessments, particularly for newly constructed or recently sold properties.

Real Estate Tax Appeals

There are two methods of real estate tax appeal in Colorado. Owners may avail themselves of one or the other, but not both.

The primary and most common method is to file an immediate appeal in response to a notice of valuation.

Appeals filed in this manner must be received in the local assessor's office by June 1 of each year. Beginning in 2023, this deadline will be extended to June 8. The assessor's office has until June 30 to respond.

The appeal may be carried on to the county board of equalization, with a filing deadline of July 15. If the petitioner remains dissatisfied, the appeal may go forward to either the Colorado Board of Assessment Appeals, the District Court, or submitted for binding arbitration, provided the filing is completed within 30 days of the date of the county board decision.

The second method of appeal is known as "abatement."

This is when an owner chooses not to file an immediate appeal, but rather opts to wait for the tax bill to be issued for the assessment in question. In this case, the abatement petition can be filed for a period of up to two years following the issuance of the tax bill. For tax bills sent in January 2022, the final date abatements can be filed would be December 31, 2023.

The abatement petition has certain advantages and disadvantages that must be considered by property owners. The advantages are that the petition can be filed for an extended period of time, and owners have the opportunity to see how increased assessments will actually impact their properties prior to filing appeals.

A disadvantage is the owner is responsible for paying the tax bill while the abatement is being dealt with or accrue substantial penalty interest and the possibility of tax sale.

A property owner may file an appeal for each assessment year, irrespective of whether or not a reappraisal has been completed. A property owner may file an appeal for the current year notwithstanding the outcome of any prior appeal.

Each assessment year is regarded as being separate and distinct. An appeal filed for the current year would not necessarily be prejudiced by the denial of a prior appeal.

2022 Assessment Ratios and Calculating Your Taxes

For 2022, the commercial assessment ratio is set in law at 29% of assigned actual value. The multifamily residential assessment ratio is set at 6.8% of assigned actual value and the single-family assessment ratio is 6.95%.

Colorado property taxes are calculated as follows: Assigned actual value by county assessor's office, multiplied by the assessment ratio as prescribed by law, multiplied by the local mill levy as set by the various taxing districts, equals taxes.

$$[\text{Value} \times \text{Ratio} \times \text{Mill Levy} = \text{Taxes}]$$

2022 Assessment Legislation

2022 was the most active assessment legislation year in Colorado's recent history. Of particular note are SB 22-238 and HB 22-1416. SB 22-238 addresses assessment ratio changes for various classes of property for 2023 and 2024. HB 22-1416 makes changes to procedures for property tax assessment appeals and amendments to property tax materials and requires that certain information be included on notices of valuation.

For a summary of the legislative changes that will impact Colorado property owners going forward, please [click here](#).

Real Estate Bills

Real estate taxes are paid in arrears. Tax bills issued in January of 2022 are for the 2021 assessment year.

Owners may choose to pay in two installments, due February 25 and June 15, or in a single payment due April 30. There is no discount for either method of payment.

Personal Property

Personal property used for business purposes (furniture, fixtures, and equipment) is taxable. Valuations are based on acquisition cost new, less depreciation. Declarations (rendition forms) are mailed annually and **must be returned no later than April 15**.

For additional information

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