



Changes in store for 2022.

Greetings and Happy New Year from the Moffat County's Assessor's Office....

As we head into 2022, I felt it necessary to update you of a few noteworthy changes coming this year and how it will affect your future assessed values and taxes. These forthcoming changes are the direct results of the passing of SB293 and HB1312 last year and the failure of Initiative 27 on last year's November ballot. All three would have had a direct effect on you the tax payer and our taxing districts for 2022 and beyond, but only two are now law.

Before we focus on SB293 and the failed Initiative 27, we first need a brief history lesson to help you understand how we got here in the first place. In November of 2020, the voters of Colorado repealed the Gallagher Amendment which has historically established the "assessment rates" since 1982 for both real and personal property. Once this amendment was repealed, it has now opened up Pandora's Box – so to speak – and we are seeing new legislation and future ballot measures being introduced that will attempt to guide the future for property assessment for years to come in Colorado. SB293 and Initiative 27 were the first to be introduced. Without getting too deep into the weeds and politics on this bill and the failed ballot measure you should know that they both were drafted to change the effective property assessment rates but in different ways. Since Initiative #27 failed, let's focus in on what SB293 does change and how it will affect you the tax payer and those tax districts that are funded by your tax dollars. SB293 was a multi layered bill, but for the Assessor, it effectively changes our property assessment rates for 2022 and 2023. Those same rates could only have been adjusted by Gallagher in the past. So as I noted earlier, it didn't take long for legislators to act on what many perceive to be just the tip of the iceberg for change. Before I share with you the new assessment rates that will take effect in 2022...just what is an "assessment rate" and what does it do? Once the Assessor has determined the "actual value" of a property, it is then multiplied by the applicable "assessment rate" to give us what we refer to as the "taxable value" of a property. This taxable value is then multiplied by the current mill levy which determines your tax. From 2019-2021, the assessment rate for all residential properties was 7.15% and for all non-residential properties was 29%. So here are the new assessment rates as set by SB293 which will take effect in 2022...

- Renewable Energy Production Property is reduced from 29% to 26.4% for 2022 and 2023
- Agricultural Property is reduced from 29% to 26.4% for 2022 and 2023
- All other Commercial Property remains at 29%
- Multi-Family Residential real property is reduced from 7.15% to 6.8% for 2022 and 2023
- All other Residential real property is reduced from 7.15% to 6.95% for 2022 and 2023
- No changes for extracted minerals, production of coal, sand & gravel or oil and gas

\*\*\*Please note, these changes do not affect tax year 2021, so the tax notices that you will soon receive are not affected by these new assessment rates, but they will be in effect for the 2022 and 2023 tax years.

The net effects of these changes are going to be twofold. With the reduction of the assessment rates, many tax payers should see a slight decrease in their taxes for the 2022 and 2023 tax years assuming you have no increase in value or changes in classification during this time frame. Based on the new residential rate, a person owning a home with an actual value of \$200K will see an estimated decrease of roughly \$33 of tax. On the flip side though, our taxing districts will also see a reduction in available tax dollars because of these rate reductions as well. Early estimates indicate a potential loss of \$1.6 million of taxable value in just the residential sector alone. This does not include any reduction in assessed value for vacant land, agricultural lands and multi-family properties which are also affected by the new assessment rates.

Now for HB21-1312 and what affects it will have on you. This bill only affects those entities who are required to file personal property declarations annually and was intended to be a direct response to the thousands of hard-hit small business suffering from the effects of COVID 19 over the past couple of years. So here's what changed. Currently, the reporting threshold for personal property has been set at \$7900. It has now been increased to \$50,000...with a "twist". Any business that reported personal property in 2021 and fell between \$7900 and \$50,000 of reported actual value, you are now "exempt"! You say what? That is correct...exempt! Because you are now exempt...you will not receive a tax bill this year and you will not be liable for any personal property tax obligation. Nor will you receive a personal property declaration unless you previously reported personal property that exceeded the \$50K threshold in 2021. If that was the case, you are "not" exempt! You will still receive a tax notice and will have to continue to file personal property declarations in the future. By giving this exemption, it appears that tens of thousands of dollars are not going to be collected and will not be available to our tax districts. Not so fast, here's the "twist"...this bill requires the State of Colorado to backfill the taxes that would have been collected for the next two years. The State of Colorado will reimburse our Treasure, much the same as it does for those who qualify for the senior exemption. As a side note, there has been an ongoing push here in Colorado to permanently raise the threshold to \$50k for some time now; this may be the first step to do so. I'll guess we will wait and see.

In closing, a reminder that every even numbered year is what is called an "intervening year". Enclosed with your forthcoming tax notices will be a brief explanation of this intervening year process along with your rights to appeal your future property values. This notice will also detail the process to apply for either the Senior or Veterans exemption if you are eligible.

On behalf of all of us here in the Assessor's office, we wish each and every one a safe and prosperous 2022.

Chuck Cobb, MC Assessor