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Property Taxes on the Rise Despite State and Local Relief

Update for Douglas, Boulder, and Arapahoe Counties

Author: Erik Gamm

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About the Author



Erik Gamm is a Senior Research Analyst for the Common Sense Institute. Erik joined Common Sense Institute as an analyst in 2020 after completing an internship in 2019. He graduated from the University of Michigan in 2020, with a Bachelor of Arts in Economics, and has experience from Washington, D.C., where he was an intern for the natural resources lobbying firm American Capitol Group. His work at CSI has addressed several major ballot initiatives and topics such as education, health care, and property taxation. Erik is an avid hockey player, traveler, and skier.

About Common Sense Institute

Common Sense Institute is a non-partisan research organization dedicated to the protection and promotion of Colorado’s economy. CSI is at the forefront of important discussions concerning the future of free enterprise and aims to have an impact on the issues that matter most to Coloradans. CSI’s mission is to examine the fiscal impacts of policies, initiatives, and proposed laws so that Coloradan’s are educated and informed on issues impacting their lives. CSI employs rigorous research techniques and dynamic modeling to evaluate the potential impact of these measures on the economy and individual opportunity.

Common Sense Institute Teams & Fellows Statement

CSI is committed to independent, in-depth research that examines the impacts of policies, initiatives, and proposed laws so that Coloradan’s are educated and informed on issues impacting their lives. CSI’s commitment to institutional independence is rooted in the individual independence of our researchers, economists, and fellows. At the core of CSI’s mission is a belief in the power of the free enterprise system. Our work explores ideas that protect and promote jobs and the economy, and the CSI team and fellows take part in this pursuit with academic freedom. Our team’s work is informed by data-driven research and evidence. The views and opinions of fellows do not reflect the institutional views of CSI. CSI operates independently of any political party and does not take positions.

Property Taxes Still Set for Large Increase Despite Action from State and Local Governments

Coloradans are starting to receive their 2023 property tax bills in the mail. Following the defeat of Proposition HH and the conclusion of a special legislative session, county assessors wrapped up their property tax calculations weeks ago and just started sending residents their final bills. Despite state legislative action and mill levy reductions across many taxing authorities, homeowners in Douglas, Boulder, and Arapahoe Counties still face significant property tax increases.

- Between 2022 and 2023, the median property tax bill increased by \$1,113 in Douglas County, \$660 in Boulder County, and \$444 in Arapahoe County. Each of these increases significantly outpaced inflation.
- One in three homeowners in Arapahoe and Boulder received a property tax increase larger than 20% and over 80% did in Douglas County. One of every five Douglas County homeowners will pay at least 40% more this year than last.
- Local mill levy reductions mitigated this year's tax increases far more effectively than did reforms passed during the November special legislative session, but the effects were not uniform. While 97% of Boulder and Arapahoe County homes' mill levies fell, less than 80% did in Douglas County.

Property Tax Reform Background

Residential property taxes in Colorado are determined by three elements: home values, the residential assessment rate, and local mill levies. Most recently, a dramatic rise in home values impelled Colorado policymakers and the public to investigate ways to prevent a large potential property tax increase.

In early summer 2023, county assessors released their initial property valuations for the 2023 and 2024 tax years. According to those valuations, the median home value in the Denver metro rose by 40% between the 2020 valuation period and the 2022

valuation period—the basis for this year’s tax bills.ⁱ Without state or local policy changes, this would have produced an average tax increase of 40% across the region in just one year. The increase would have been most extreme in Douglas County, whose median home value rose by more than 48%.

Recognizing that such a severe tax increase on unrealized financial gains would harm property owners, policymakers scrambled to develop both short and long-term means of keeping residential property taxes down. These efforts culminated in Proposition HH, which would have slightly reduced the residential assessment rate at the expense of Coloradans’ TABOR refunds. The proposition failed at the ballot in November; following its defeat, two bills intended as substitutes to HH passed during a special legislative session called by the Governor. The bills lowered 2023 residential property taxes by exempting \$55,000 from residential property values and lowering the residential assessment rate from 6.765% to 6.7%. None of these changes persist into the 2024 tax year or beyond.

Read More Here

Just How Much Relief Did the State Special Legislative Session Provide?

Limited Impact of State and Local Reforms

The actions taken by the state legislature to mitigate the 2023 property tax increase produced minimal savings—as shown in the table below, they reduced the median tax bills by only \$32 to \$46 across the three counties. Fortunately for homeowners, however, many local governments reduced their mill levies in 2023; these actions were far more impactful for most properties. The median savings to homeowners resulting from lower mill levies is \$85 in Douglas, \$213 in Arapahoe, and \$279 in Boulder.

Figure 1

	How Much Did the State Special Session Save the Median Homeowner?	How Much Did Local Mill Levy Reductions Save the Median Homeowner?
Douglas	-\$45	-\$85
Boulder	-\$46	-\$279
Arapahoe	-\$32	-\$213

As a result of all these changes, the average residential property tax increased by 36.1% in Douglas County, 18.2% in Boulder County, and 18.3% in Arapahoe County. Because higher-priced homes generally faced larger tax increases, the median increase is slightly below the average in each county. The median tax increase was \$1,113 in Douglas, \$660 in Boulder, and \$444 in Arapahoe.

Figure 2

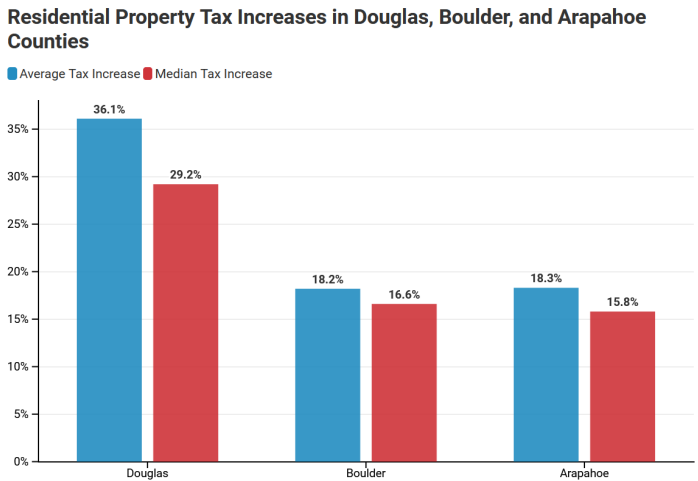


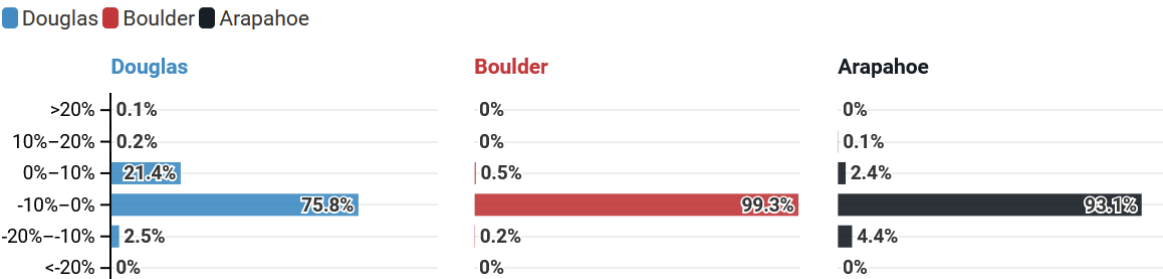
Figure 3

	2022 Median Residential Property Tax	2023 Median Residential Property Tax	2022–2023 Increase
Douglas	\$3,350	\$4,463	\$1,113
Boulder	\$3,763	\$4,423	\$660
Arapahoe	\$2,653	\$3,097	\$444

The higher average savings and lower average property tax increases in Arapahoe and Douglas are direct results of larger average mill levy reductions. Whereas 99.5% of homes’ levies were reduced in Boulder and 97.5% were reduced in Arapahoe, only 78.3% were in Douglas.

Figure 4

Shares of Homes by Mill Levy Increase between 2022 and 2023



Work to develop a permanent property tax reduction is still ongoing in the form of efforts such as a legislative committee and the filing of several citizen-led ballot measures. Without further reform, property tax bills will continue to increase.

The residential assessment rate is set to increase in 2024 (to 6.8% for multi-family properties and an undetermined value for single-family units)ⁱⁱ and return to its statutory level, 7.15%, in 2025. The state’s latest projection of the 2024 single-family residential assessment rate is 7.061%.ⁱⁱⁱ This report presents data from Douglas,

Boulder, and Arapahoe Counties’ 2023 residential property taxes without comment on what changes may occur during the 2024 legislative session or on the November ballot.

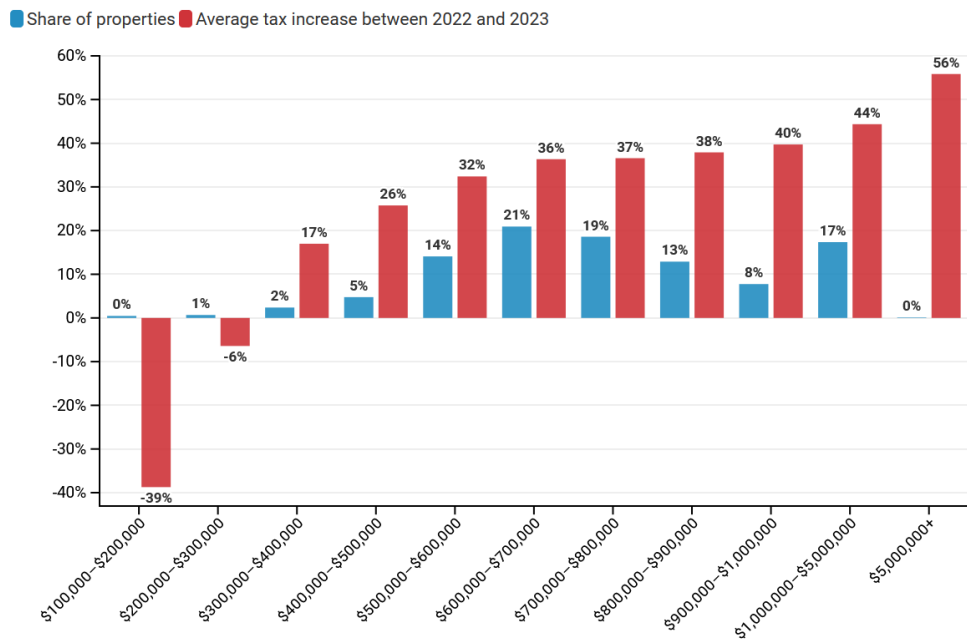
County Findings

Douglas County

- Under current law, the average property tax increase in Douglas County will be 36.1% between the 2022 and 2023 tax years. This is 6.7% lower than it would have been without the changes approved during last year’s special session.
- The average Douglas County home value rose by 48.3% between 2022 and 2023.
- 71.5% of Douglas County homes are worth less than the county’s average. The median home will receive a property tax bill 29.2% higher in 2023 than it was in 2022 and 6.5% lower than it would be without the changes approved during last year’s special session.
 - Homes at the 25th and 75th percentiles will be charged 23% and 36.8% more in 2023, respectively.
- 94.9% of Douglas County residential property tax bills will increase between 2022 and 2023 by more than the amount of inflation that occurred between the last two property valuation periods.

Property Tax Growth by Home Value in Douglas County

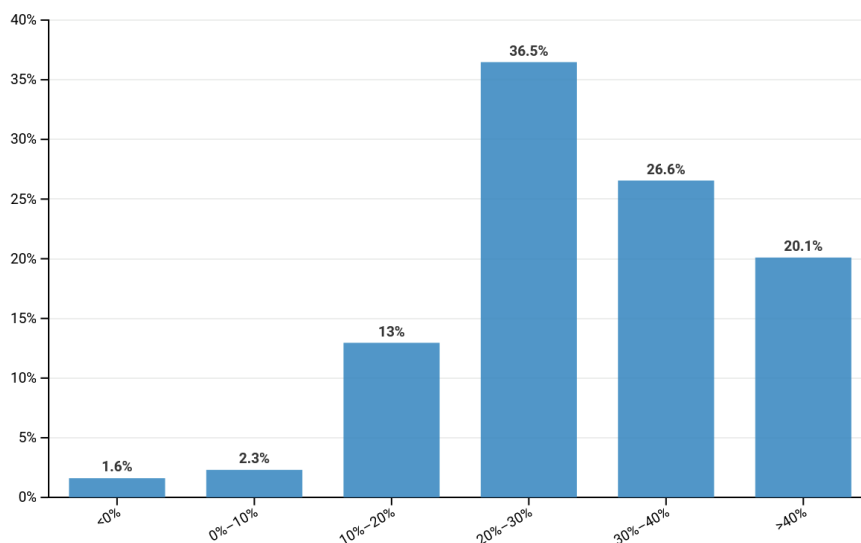
Figure 5



- Though most district mill levies rose significantly, an 18.6% county mill rebate, which will be delivered to homeowners this summer, will slightly mitigate Douglas County's average and median property tax increases.^{iv} The average total residential levy (minus the rebate) decreased by 1.8%, from 102.1 to 100.2 mills, between 2022 and 2023.

Figure 6

Shares of Douglas County Homes by 2022–2023 Property Tax Increase



decreased by 1.8%, from 102.1 to 100.2 mills, between 2022 and 2023.

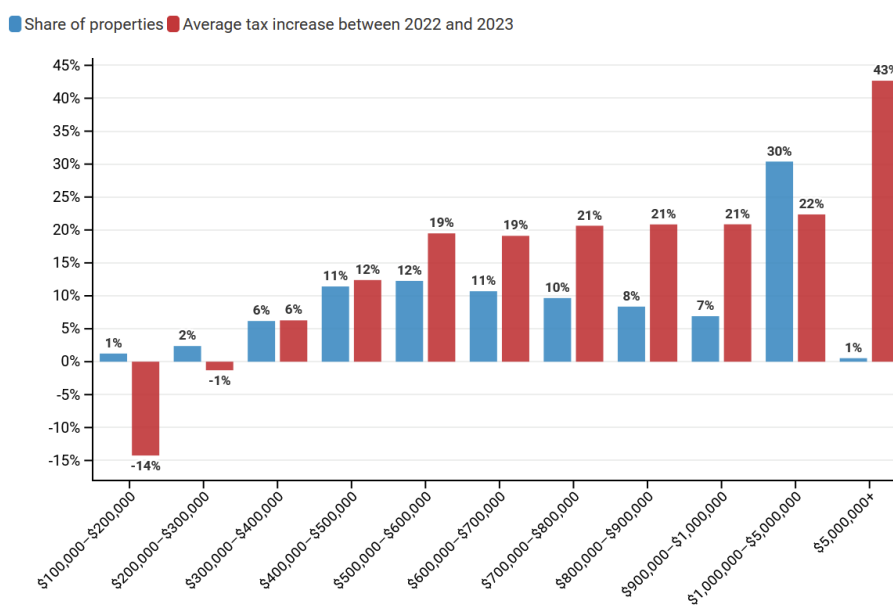
- After the mill rebate is distributed, 78.3% of homes' effective levies will have fallen between 2022 and 2023.

Boulder County

- Under current law, the average residential property tax increase in Boulder County will be 18.2% between the 2022 and 2023 tax years. This is 7.1% lower than it would have been without the changes approved during

Figure 7

Property Tax Growth by Home Value in Boulder County

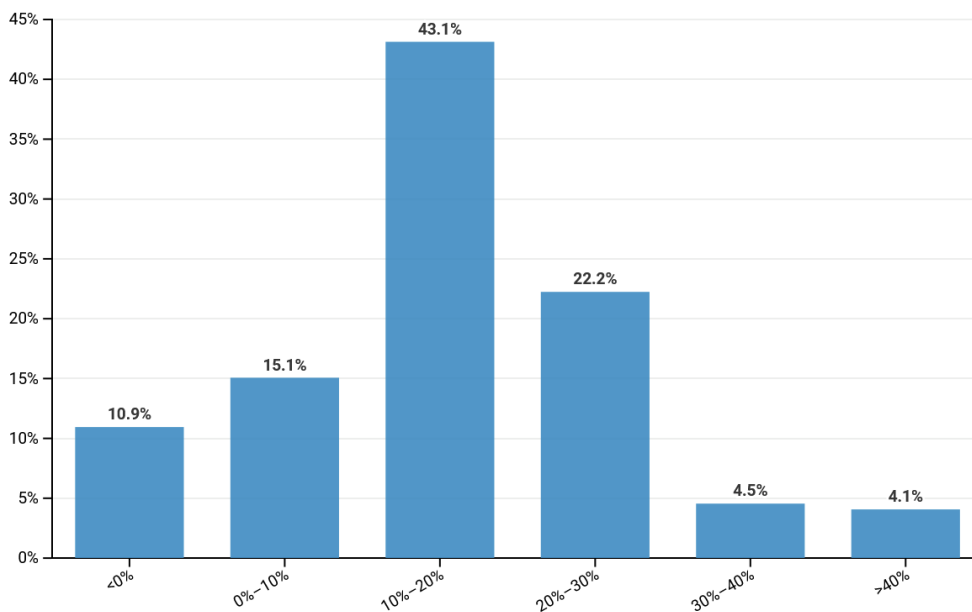


last year’s special session.

- The average Boulder County home value rose by 38.3% between 2022 and 2023.
- 68.3% of Boulder County homes are worth less than the county’s average. The median home will receive a property tax bill 16.6% higher in 2023 than it was in 2022 and 6.3% lower than it would be without the changes approved during last year’s special session.
 - Homes at the 25th and 75th percentiles will be charged 9.4% and 21.2% more in 2023, respectively.
- 70% of Boulder County residential property tax bills will increase between 2022 and 2023 by more than the amount of inflation that occurred between the last two property valuation periods.
- A fall in the average mill levy contributed slightly to Boulder County’s relatively modest average and median property tax increases. The average total residential levy decreased by 5.9%, from 98.6 to 92.8 mills, between 2022 and 2023.
 - Only .5% of homes’ levies rose between 2022 and 2023.

Figure 8

Shares of Boulder County Homes by 2022–2023 Property Tax Increase



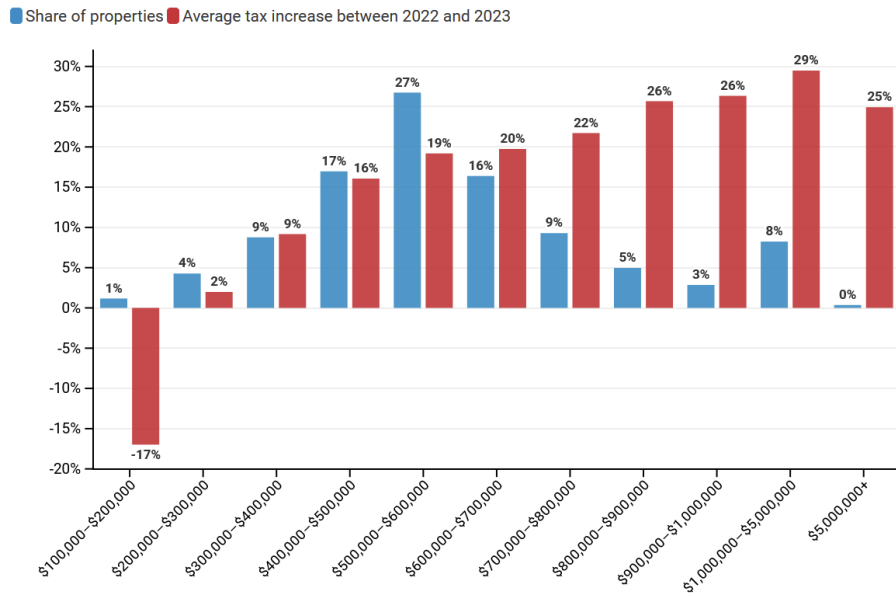
Arapahoe County

- Under current law, the average property tax increase in Arapahoe County will be 18.3% between the 2022 and 2023 tax years. This is .9% lower than it would have been without the changes approved during last year’s special session.
- The average Arapahoe County home value rose by 38.9% between 2022 and 2023.
- 78.2% of Arapahoe County homes are worth less than the county’s average. The median home will receive a property tax bill 15.8% higher in 2023 than it was in 2022 and 8.1% lower than it would be without the changes approved during last year’s special session.
 - Homes at the 25th and 75th percentiles will be charged 9.1% and 22% more in 2023, respectively.

- 65.2% of Arapahoe County residential property tax bills will increase between 2022 and 2023 by more than the amount of inflation that occurred between the last two property valuation periods.
- A fall in the average mill levy

Figure 9

Property Tax Growth by Home Value in Arapahoe County

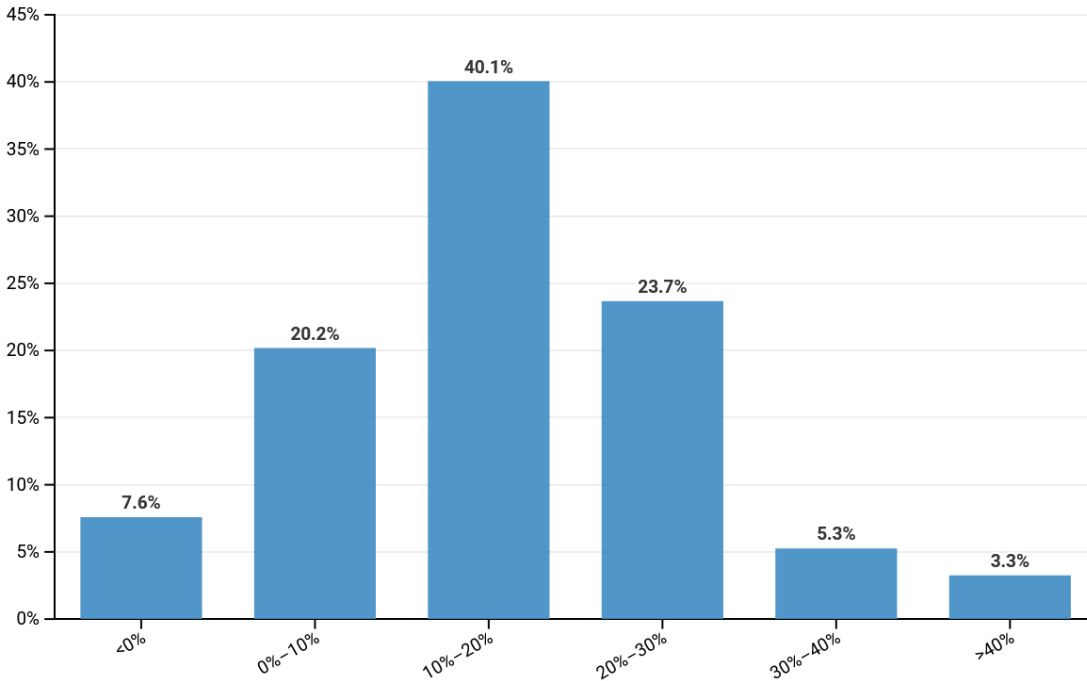


contributed slightly to Arapahoe County’s relatively modest average and median property tax increases. The average total residential levy decreased by 6%, from 100.3 to 94.3 mills, between 2022 and 2023.

- Only 2.4% of homes’ levies rose between 2022 and 2023.

Figure 10

Shares of Arapahoe County Homes by 2022–2023 Property Tax Increase



Bottom Line

The legal structure governing property taxes should provide some level of certainty to both property owners and local taxing authorities—certainty for homeowners that their property tax bills won’t skyrocket when home values increase suddenly, and means for local governments to manage tax revenue in ways that are accountable to voter interests. Since the repeal of the Gallagher Amendment in 2020, which moderated the growth of residential property taxes, homeowners have endured a high degree of uncertainty about how their property tax payments might change from year to year. Data from just three Colorado counties show that the recent spike in home prices, addressed by only limited action from the state and local governments, has demonstrated the risks of unconstrained residential rates.

Source and Notes

All of the data used to generate the findings of this report come from Douglas, Boulder, and Arapahoe County's 2022 and 2023 property tax rolls, which were received from the offices of their respective assessors. Some of the accounts listed as residential properties in these tax rolls are empty lots or otherwise uninhabitable parcels; most of these have extremely low listed values. As there is no efficient way of discerning these from functioning, inhabitable homes, CSI removed accounts valued below \$100,000 (before exemptions) from the data set used to inform this report. These accounts comprise only small portions of the county totals.

ⁱ <https://www.9news.com/article/money/markets/real-estate/metro-denver-property-value-increase-2023/73-3a3f538a-5ead-4dcd-9d67-27949fef6df4>

ⁱⁱ <https://leg.colorado.gov/bills/sb22-238>

ⁱⁱⁱ <https://leg.colorado.gov/sites/default/files/images/dec2023forecastforposting.pdf>

^{iv} <https://www.douglas.co.us/douglas-county-commissioners-unanimously-adopt-the-2024-budget-featuring-a-historic-return-of-37-8-million-in-tax-relief-to-property-owners/>