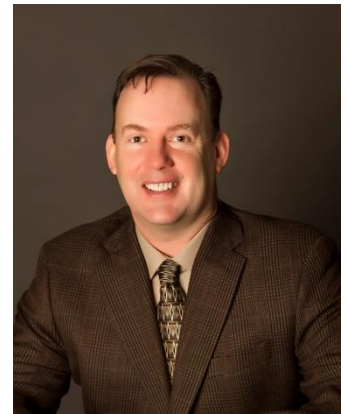


The 2013 Reappraisal: Property Values Continue to Decline

By Brad Hughes, Montrose County Assessor

Under Colorado law, county assessor's offices throughout the state conduct a complete revaluation of all properties in their county every two years. The Colorado Legislature sets the appraisal date, the market sales data collection period and the annual calendar for the assessment process.

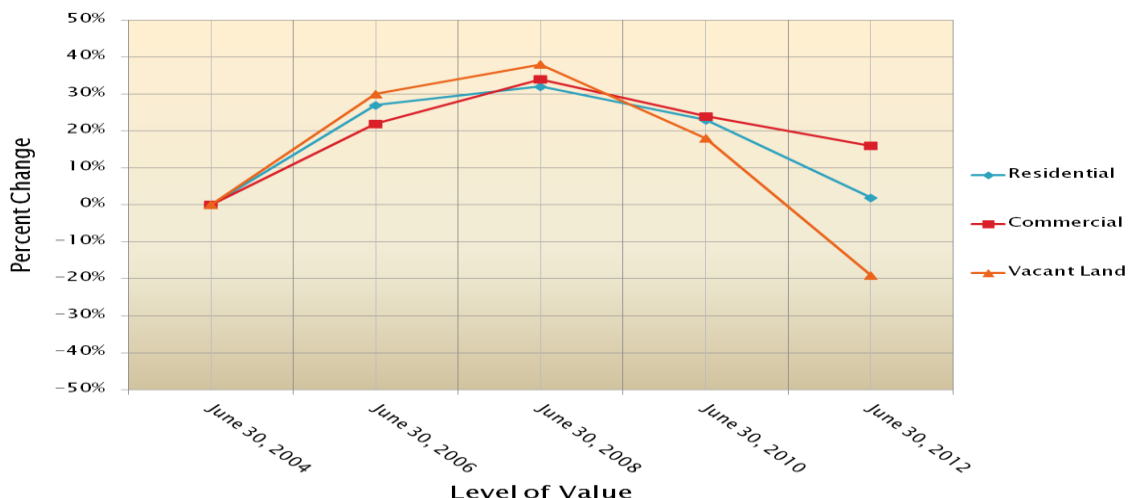
The previous revaluation was completed in 2011 and was based on a June 30, 2010, level of value. These valuations were established using market sales data from January 1, 2009 through June 30, 2010, and were used for tax years 2011 and 2012 (payable in 2012 and 2013 respectively). As a result of the assessment calendar, property tax assessment valuations will always lag behind current market conditions.



The current revaluation is based on a June 30, 2012, level of value. The new values have been established using market sales data from January 1, 2011, through June 30, 2012, and will be used for tax years 2013 and 2014 (payable in 2014 and 2015 respectively). The declining property sales transactions occurring prior to June 30, 2012, will be reflected in these new valuations. However, any continued downward trending market conditions after June 30, 2012, cannot be considered until the 2015 reappraisal.

All classes of real property, with the exception of agricultural land, experienced a decrease in value between June 30, 2010, and June 30, 2012. Vacant land experienced the greatest decrease in value, declining on average about 37 percent. The large decrease in vacant land valuations can be attributed to an oversupply of subdivided lots accompanied by lack of demand for new residences. Additionally, it appears that several land developers "unloaded" their lot inventories at vastly reduced prices. Residential improved property decreased an average of 20 percent during the same two year time frame. A proportionally high number of sales occurring after foreclosure undoubtedly impacted home values. Thirty percent of the residential sales used for the 2013 revaluation involved a financial institution as the grantor. Commercial property values only declined an average of 8 percent during this period. Although the commercial market experienced a measureable decline in rental rates, actual market sales transactions indicated lower capitalization rates resulting in more stabilized valuations.

As seen in the graph below, it appears that this continuing market decline has all but erased the prior market appreciation experienced in Montrose County between 2003 and 2008. Home values will be dropping to about the same level of value as they were in mid-2004. While vacant land is falling about 20 percent below, commercial properties are about 15 percent above the historic June 30, 2004, values.



The following is a general review of property assessment and taxes. Three factors determine the level of taxes on a property: the market valuation, the assessment rate and the mill levy.

$$(Market\ Value \times Assessment\ Rate = Taxable\ Value \times Mill\ Levy = Taxes)$$

The Montrose County Assessor's Office is solely responsible for establishing valuations, not taxes. To accomplish this, the assessor uses actual market sales transactions to build a mass appraisal valuation model that is then used to set the values on all properties within the county. The assessment rate is dictated in the Colorado Constitution for all 64 Colorado Counties. Currently, the assessment rate is 7.96 percent for residential properties and 29 percent for most other property types.

The last component used to calculate taxes is the mill levy. Mill levies are established by the county commissioners, school districts and the boards of the various taxing entities (fire, recreation, library, sanitation, cemetery, etc.). A summation of these various individual levies is applied to the taxable value to determine the taxes due. The Montrose County Treasurer's Office collects and distributes these taxes for the various taxing jurisdictions.

Ultimately, the assessor's goal is to equalize property values and ensure that the tax burden is distributed fairly and equitably among property owners within the statutory and constitutional guidelines of the State of Colorado.

After receiving your new Notice of Valuation in May 2013 please review the change in value. If you disagree with the revised valuation, there are detailed procedures on the back of the notice explaining how to appeal your valuation. If you would like to review your property characteristics, view comparable sales or research real property within the county; please go to our property records search program called "Eagleweb" at <http://eagleweb.montrosecounty.net/eagleassessor/web>. From this website, you can also directly link to the Montrose Geographic Information Services County Map complete with aerial imagery.

If you have any additional questions, concerns, or comments, please call the Montrose County Assessor's Office at (970) 249-3753 or email us at assessor@montrosecounty.net.