THE PROPERTY TAX

IN COLORADO

A Primer Prepared for
A Symposium

"PROPERTY TAX:

WHY, WHERE, AND WHAT NEXT?"

Jefferson County Conference and
Nature Center

Colorado State University

Extension Service

Jefferson County, Colorado

TABLE OF CONTENTS

THE PROPERTY TAX IN COLORADO

HISTORY OF THE TAX[1]

When Colorado became a state, just one hundred years ago, provision was made for a general property tax. The legislature was authorized by the constitution to establish, for the counties and for the state, a uniform system of property taxation. All property, unless exempted, was to be assessed at just values, and assessments were to be made by county assessors. County Commissioners were given responsibility for equalization of assessed values within their jurisdictions, and an ex-officio board of equalization at the state level was charged with equalization among counties. The board was composed of the governor, state auditor, state treasurer, secretary of state and attorney general.

Acting within the provisions of the constitution, the first legislature established by statute the procedure for initiating the property tax. It directed that county assessors should be elected for terms of two years. Assessors were to determine the just values of real and personal property. The county commissioners, sitting as a board of equalization, were to adjust valuations so as to provide for equality. And the state board was directed to equalize assessments among counties.

Within the first year, the state board detected inequalities and changed the assessments of some counties. A consequence was an increase in the total assessments for the state. A question of constitutionality was raised, and the court ruled in 1877 that the board had no power to raise the aggregate valuation. Equalization was its responsibility, but affecting the total value was outside its authority. The ruling so discouraged the board that no further attempts at equalization were made for 20 years.

Finally in 1899 the board acted again to equalize values, this time changing the assessment of certain classes of property in various counties. Again there was objection, and the court ruled this type of equalization to be unconstitutional. Thoroughly discouraged the board adopted a resolution which said, "...that in the judgement of this board the power of said board to equalize and adjust can only be made effective by constitutional amendment or by legislature enactment designating its powers and directing the method of performance thereof."[2] This declaration was an effective appeal to the people and the legislature for authorization to act as directed by the constitution.

The Property Tax Law of 1902

Changes in the tax law in 1902 were in response to several problems of administration. The depression of the 1890's had caused delinquencies and dissatisfaction with the property tax. Assessors had generally reduced valuations as a relief measure, and were reluctant to raise them even after economic recovery. At the same time, demands for public services were growing and revenue requirements were increasing. In at least two years, legislature appropriations exceeded tax receipts.

A special commission studied the situation and made recommendations for tax reform that led to a new revenue bill in 1901. But because of legal technicalities, the court found the law invalid.

In 1902, the governor called a special session of the legislature for the purpose of drafting new tax legislation which might be approved by the courts. The amendments greatly strengthened the property tax law and provided a detailed procedure for assessment of property and collection of taxes. All properties except for specified exemptions were to be assessed annually at full, true <u>cash value</u> by county assessors and their deputies. The properties of public utilities and railroads were to be assessed by the state board of equalization. Direction was given for determining true cash value. All property was classified and carefully defined. Real estate and personal property was distinguished, and lands were segregated as to use, i.e. grazing, agricultural or town lots. Improvements were defined as buildings, water rights, and structures or fixtures erected on or affixed to land.

Personal property was defined and classified as tangible or intangible. Tangible personalty included animals, household goods, jewelry, vehicles, merchandise, etc. Intangible personalty included rights, credits, franchises, stocks, bonds, bank deposits, etc.

Heavy penalties were indicated for those found guilty of violating the law. Assessors could be fined and imprisoned for neglect of duties. Corporations and individuals could be fined for erroneous returns. There appeared to be real incentives for honest and careful work by administrators of the tax laws and for honest reporting by taxpayers.

But in 1903, total assessed valuation of property in the state was down--less than that in 1901. In the nine years following 1903, there were increases in assessed valuation, but the total still did not rise to that of 1901. And these relatively low valuations were experienced in a period of rapidly increasing wealth in the state!

In 1908, there was obvious recognition of the widespread violations of the assessment regulations. In their annual meeting at Denver, assessors openly agreed among themselves to assess in the future all property in the state at one-third of cash value, instead of full cash value as provided by law.

Then in 1910, a general reform movement swept the country. Governmental reorganization, tax reform and labor legislation were sponsored by labor, farmer and civic groups. In Colorado, the legislature passed a law creating a state tax commission.

The Tax Commission

With the establishment of the tax commission came reforms, i.e., improved appraisal practices, increased efficiency within county assessors' offices, and adjustments of assessments in the direction of equality. These things were accomplished as (1) the commission developed staff and expertise sufficient to give training to assessors in the counties, provide oversight of assessment procedures and practices, and develop quidelines (manuals) for assessment of various properties, (2) the commission gave assistance to the state board of equalization in adjustment of assessments, based on improved data and experience with county assessments, and (3) the commission made original assessments of property of the public utilities, the railroads and other corporations having a continuity of business in two or more counties.

The commission was not without its problems. An effort in 1913 to enforce provisions of the law requiring assessments at full cash value, led to an initiated measure to abolish the tax commission. The measure appeared on the November ballot. The election was close--the bill being defeated by only 3,649 votes. But the commission then had a mandate to function, though it was not as aggressive as it was in 1913.

Of particular concern to the commission and to those interested in the work of the commission, was its responsibility for equalization of assessments among counties. This duty was limited by the constitutional provision that the state board of equalization should possess this responsibility. Consequently, the commission was able only to make recommendations to the board relative to equalization among counties.

The dual responsibility for equalization created by the 1911 act led rather quickly to the problems in decisions about equalization. The commission, insulated from political pressures by civil service appointments, tended to recommend adjustments in assessments based on observed differences among counties and departures from the legal requirements for assessments. The board, sensitive as it was to economic circumstances, special interests, and attitudes toward taxes, tended to decide on adjustments and general levels of assessment according to the likely political impacts of their decisions. For example, reductions in assessed values were ordered by the board in 1931, 32, and 33, amounting to approximately $250 million. Principal benefits were extended to agriculture. About 30 percent of horizontal reductions occured in the value of agricultural lands and improvements. Five to ten percent of horizontal reductions were made in the value of city, residential property and automobiles. In the early history of the commission there are numerous, similar examples of differences between the commission and the board in approach to problems of equalization.

Property Values and Assessments

In spite of the requirement of the 1902 tax law that all properties (except for specified exemptions) were to be assessed annually at full, true, cash value, assessments tended to be continually a fraction of cash value. Only in 1913, when the tax commission required updating of assessments to current values, did assessed values approximate cash values. From that point, assessed valuations declined to 1917, increased gradually to 1930, fell sharply to 1938, and then increased gradually through the war years and into the present era. Data in Table 1 show the assessed valuations from 1876 to 1975. It is interesting to note that it was 1947 before valuation of all property reached the level that was recorded in 1913. It is only in recent years, i.e. the decade of the seventies, that increases have been really significant.

Table 1. Total Assessed Valuation of all Property in Colorado, 1912 to 1945 inclusive

Year	Valuation (Mil. dol.)	Year	Valuation (Mil. dol.)	Year	Valuation (Mil. dol.)	Year	Valuation (Mil. dol.)	Year	Valuation (Mil. dol.)
1876	44	1898	192	1920	1,590	1942	1,161	1964	3,989
1877	43	1899	203	1921	1,578	1943	1,193	1965	4,087
1878	43	1900	216	1922	1,548	1944	1,212	1966	4,235
1879	58	1901	465	1923	1,543	1945	1,219	1967	4,432
1880	73	1902	354	1924	1,540	1946	1,260	1968	4,661
1881	96	1903	333	1925	1,540	1947	1,342	1969	4,908
1882	104	1904	342	1926	1,546	1948	1,466	1970	5,158
1883	110	1905	349	1927	1,565	1949	1,592	1971	5,464
1884	115	1906	356	1928	1,577	1950	1,644	1972	5,984
1885	115	1907	367	1929	1,586	1951	1,733	1973	6,687
1886	124	1908	375	1930	1,586	1952	2,470	1974	7,490
1887	131	1909	400	1931	1,438	1953	2,567	1975	8,435
1888	168	1910	414	1932	1,280	1954	2,698		
1889	193	1911	413	1933	1,099	1955	2,870		
1890	220	1912	422	1934	1,099	1956	3,069		
1891	231	1913	1,306	1935	1,088	1957	3,150		
1892	236	1914	1,309	1936	1,105	1958	3,282		
1893	238	1915	1,249	1937	1,111	1959	3,422		
1894	208	1916	1,211	1938	1,102	1960	3,582		
1895	202	1917	1,305	1939	1,114	1961	3,699		
1896	206	1918	1,422	1940	1,112	1962	3,810		
1897	199	1919	1,495	1941	1,126	1963	3,924		

Source: fifth Annual Report of the Division of Property Taxation to the Governor and the Legislature, 1975.

When one looks at data which are indicative of the rate of growth of Colorado's economy in the post-war years, an understanding of the significance of slow growth in assessed valuation is realized. Data in Table 2 show increases in total income in the period 1948 to 1975. In this 24 year period total personal income grew 735 percent. In the ten year period 1966 - 1975, the most recent decade, growth of total personal income was 166 percent. Correspondingly, growth in assessed valuation for the 1948 - 1975 period was 475 percent and the increase for the 10 year period was approximately 100 percent. Increases in assessed valuation lagged behind the increases in total income.

Recent sales ratios studies indicate that assessed values of property have generally fallen considerably below the 30 percent of actual value specified by the General Property Tax Law of 1964.[3] And assessed values of unimproved property, in relation to actual values, may be most seriously low. Considerable effort has been expended in the most recent two or three years to correct these deficiencies in valuation. An executive order of September, 1975, shown as Figure 1, directed county assessors to reappraise all classes of property. The board of equalization has encouraged this updating of assessments and the Tax Administrator has given strong support to county assessors in their efforts.

Table 2. Total Personal Income, Colorado, 1948 -1975

Year	Income (Mil. dol.)	Year	Income (Mil. dol.)
1948	1,810	1965	5,286
1950	1,970	1966	5,702
1952	2,498	1967	6,138
1954	2,566	1968	6,863
1956	3,066	1969	7,650
1957	3,365	1970	8,569
1958	3,517	1971	9,573
1959	3,756	1972	10,898
1960	4,008	1973	12,677
1961	4,304	1974	13,955
1962	4,537	1975	15,168
1963	4,726		
1964	4,968		

Source: Survey of Current Business, Department of Commerce, August 1973 and 1975.

Figure 1. Executive Order of the Governor Relative to Reappraisals of Property

State of Colorado

EXECUTIVE CHAMBERS

DENVER

RICHARD D. LAMM
GOVERNOR

September 22, 1975

TO: ALL COUNTY ASSESSORS

RE: State Board of Equalization

Pursuant to the authority vested in the State Board of Equalization by 1973 C.R.S. 39-9-106, you are hereby ordered:

1. To complete a reappraisal of all classes of property within your county in compliance with Colorado statutory requirements by June 1, 1977. Failure to do so will result in the State Board of Equalization using the sales-ratio study to adjust the abstracts of assessment submitted for that year.

2. To physically audit in detail 25% of all personal property schedules in 1976 and an additional 25% each year thereafter, so that by 1979 all personal property schedules will have been physically reviewed.

3. To submit, monthly, all sales to the Division of Property Taxation.

4. To discontinue all discounts not permitted under law, including without limitation "subdividers discounts" and vacant or unimproved land discounts.

In addition you are hereby notified that any aggregate valuation for assessment for any of the classes and subclasses of property commercial-unimproved, commercial-improved, residential-unimproved, residential-improved, industrial-unimproved and industrial-improved which results in a sales-ratio below 20% for the tax year 1976 will not be accepted by the State Board of Equalization. In the event that any such aggregate valuation submitted to the Board does result in a sales-ratio below 20%, the board will order an increase in the applicable abstract of assessment to achieve at least a 20% sales-ratio assessment for that year.

Sincerely yours,

Richard D. Lamm

Richard D. Lamm
Governor
Chairman State Board of Equalization

cc: Property Tax Administrator

Many reasons have been advanced for the failure in most counties to maintain assessments according to the law. But perhaps the most significant factor has been the real inability of county assessors to function efficiently as administrators of property tax laws. Salary levels, set by the legislature, have often been too low to attract and hold competent people in this county office. In addition, the assessor is an elected official, having a term of office of only two years. The average tenure has been rather short--about six years. And he must spend money and effort each election year to retain office. County budgets for assessors' offices have tended to be small. Little provision has often been made for clerks, deputies, useful machines and equipment, and for necessary travel. It has been physically impossible for some assessors to reappraise properties in their counties more frequently than every five or six years. Some have been so occupied with record keeping and service to their clientele that not all the new properties of the county have been added to assessment roles.

The General Property Tax Law of 1964

Recognition of the need for revision of the property tax law of 1902 led to the enactment of the general property tax law of 1964.[4] Essential features of this law as they influence property assessment today are the following:

1. It eliminated "full cash value" as the basis for valuation, replacing it with a formula containing six factors to determine the "actual value"of property.

2. It provided that "valuation for assessment" should be 30 percent of actual value, and that the mill levy should be applied to the assessed value for determination of taxes.

3. It provided for equalization of valuations with adjustments over a period of three years.

4. It gave authority for supervision of valuations and assessments of property in the state to the state board of equalization, and provided that the tax commission should give assistance to the board in administration of property tax laws.

5. It specified an annual review of exemptions of religious, school, or charitable property from the property tax.

6. It provided for valuation of various classes of utilities and made the assessment of these utilities.

7. It required owners of taxable personal property to deliver schedules of such property to the assessor by April 15 of each year.

8. It changed from July 1 to June 1 the date for notification of property owners of increased valuation.[5]

The 1964 law was a significant revision of the earlier one. It established assessment procedures and made them uniform; it clarified responsibilities for supervision and administration at the state level; and it made some essential changes in the assessment calendar. But of great significance to the present administration of the law was the creation, in 1970, of the Division of Property Taxation, in the Department of Local Affairs. It is useful to review the statements of duties, powers and responsibilities of this office.

"(1)(a) It shall be the duty of the property tax administrator and he shall have and exercise authority:

(b) To value the property and plant of all public utilities doing business in the state in the manner prescribed by law...;

(c) To assist and cooperate in the administration of all laws concerning the valuing of taxable property, the assessment of same, and the levying of property taxes; and to advise the state board of equalization, not later than the first day of July of each year, of any complaints filed by him or upon petition of any tax levying authority of this state with the board of assessment of one or more classes or subclasses of property in any county of the state;

(d) To review the methods used by assessors in appraising and valuing taxable property in the several counties of the state, and the methods used by county boards of equalization in equalizing valuations for assessment;

(e) To approve the form and size of all personal property schedules, forms and notices furnished or sent by assessors...and to require exclusive use of such approved schedules, books, maps, appraised cards, forms, and records by all assessors to insure uniformity;

(f) To prepare and furnish from time to time manuals and instructions...concerning methods of appraising and valuing land, improvements and personal property, and to require their use by assessors in valuing and assessing taxable property;

(g) To prepare and furnish to all assessors all forms required to be completed by them and filed with the property tax administrator;

(h) To call upon not less than ten days prior notice, meetings of assessors at some designated place in the state, and upon reasonable notice, to call group or area meetings of two or more assessors."[6]

The Division replaces the old tax commission, gives advice and assistance to the state board of equalization, and provides assistance with assessments in counties via training activities, preparation of useful forms and publication of manuals describing appraisal practices and methods. The Activities of the Division should be important to uniformity, adequacy and equality of assessment among counties.

Table 3 Tax Collections in Colorado, State and Local Governments, 1975

State Taxes, 1975	Net Collections (millions of dollars)
Income	$330.0
Sales and Use	275.0
Highway Uses	128.9
Insurance	21.0
Cigarette	16.1
Alcoholic Beverage	15.7
Severance	2.4
Regulatory & Other Business	17.1
	$806.2

Local Taxes, 1975	
Property	$614.4
Sales & Use	131.5
Cigarette	15.4
Denver Occupation	10.7
Regulatory & Other Business	30.0
	$802.0

Source: Colorado Tax Profile Study, 1975, Zubrow, Zeid, and Coddington, Colorado Legislative Council, December, 1975.

ROLE OF PROPERTY TAX

For much of her first century of statehood, the general property tax has been the principal source of revenue for Colorado. This emphasis on property taxation corresponds to the general situation in most American states. Even as late as in 1927, the property tax accounted for about 80 percent of all state and local public revenues.[7]

But in the past 30 to 40 years, the property tax as a source of state revenues has diminished in significance. In Colorado, reliance on the property tax for state revenue was discontinued in 1964, with the passage of the General Property Tax Law of 1964. It is evident in Table 3 that income and sales taxes are now the big revenue producers for the state. In 1975, there was no state revenue realized from property taxation. At the local level the property tax is still significant. Revenues of $614.4 million dollars in 1975 were three quarters of all local revenues from taxes. However, the tax revenues in the counties are becoming a less important part of total revenues, other sources of income for county and municipal governments have developed in recent years and have become an important part of their budgets.

The significance of the property tax in Jefferson County may be seen in the revenue/expenditure comparison of Table 4.

Table 4 A Summary of Revenues and Expenditures for Jefferson County, 1974

REVENUES:

Taxes	$ 15,605,900
General Property	10,785,600
Specific Ownership	1,085,400
Sales	3,725,100
Other	9,800
Licenses and Permits	$ 236,900
Intergovernmental Revenue	$ 7,133,600
Federal	1,370,000
General Revenue Sharing	884,000
Other	486,000
State	
Highway Users Tax	
Welfare	
Cigarette Tax	
Motor Vehicle Reg. Fee	
Other	
Other Units	
Charges for Current Services	$ 2,626,900
Fines and Forfeits	$ NA
Miscellaneous	$ 1,752,100
Transfers From Enterprise Activities	$ NA
Total Revenue	$ 27,355,400

PENSION FUND

County Share	$ 87,900
Employee Share	NA
Other	29,200
Total Income	$ 117,100
Pension Payments	NA
Other	193,700
Current Outlay	$ 193,700

EXPENDITURES:

General Government	$ 3,844,900
Commissioners	89,300
Administration	747,400
Clerk and Recorder	668,400
Election	269,600
Treasurer	187,400
Assessor	396,000
Planning and Zoning	413,700
Data Processing	440,500
Plant Maint. & Ops.	606,800
Other	25,800
Judicial	$ 511,600
Public Safety	$ 1,588,300
Law Enforcement	1,288,000
Fire	6,400
Other	293,900
Public Works	$ 4,083,200
Roads and Highways	3,707,800
Solid Waste Services	373,300
Other	2,100
Health	$ 1,284,700
Public Welfare	$ 5,238,000
Administration	1,923,200
ADC	1,892,800
Other	1,422,000
Culture - Recreation	$ 1,442,200
Recreations	NA
Parks	92,900
Library	1,122,300
Fair	64,800
Extension Service	118,900
Other	43,300
Miscellaneous	$ 91,500
Total Current Expenditures	$ 18,084,400
Transfers to Enterprise Activities & Governments	$ 1,014,900
Capital Outlay	$ 7,087,500
Debt Service	$ 21,900
Principal	20,000
Interest	1,900

The property tax in 1974 produced two-thirds of the revenues collected from all taxes. It was larger than intergovernmental revenues by three million dollars. And it produced 37 percent of all county revenues.

It should be noted that several of the revenue sources of 1974 are relatively recent in their introduction to total county revenues. Revenue sharing by the federal government was a recent innovation. And while the welfare revenues received from the state are not new, they have grown larger, become a more important part of the total, in the last decade.

The Property Tax in the Budgetary Process

It is useful in developing an understanding of the role of the property tax and the significance of assessment to consider the tax within the framework of the budgetary process. Taxes are not arbitrarily or indiscriminately levied. They are based on need for revenues, and the budgetary process is the determinant of need.

Basically, the process involves 1) projection of demand for public goods and services and estimation of expenditures for a year, 2) anticipation of sources of revenues and estimation of amounts of non-property tax revenues, and 3) calculation of the mill levy and of revenues, based on the assessed value of property in the county.

Each separate unit of government projects the demand for its products or its services for the coming year. Consideration is given to all those factors that will reasonably affect the operation of the agency, and the likely expenditures, i.e. the financial needs are estimated. Then the non-property tax revenues that will accrue to the governmental unit are projected. These may include fees from licenses or permits, sales taxes allocated to the unit, charges for services, intergovernmental revenues, and other miscellaneous revenues. The sum of these non-property tax revenues, subtracted from estimated expenditures, yields the need for revenues from property taxation. This need or difference is divided by the assessed value of property that exists within the area or bounds of the unit, and the mill levy is the result. For Example:

Expenditures for maintenance of roads and highways are projected to be	$ 3,500,000
Revenues from highway users taxes are estimated to be	$ 1,400,000
The difference is	$ 2,100,000
Assessed value of property in the county is	$700,000,000
Required mill levy	3.00
Revenues from the property tax	$ 2,100,000

The example is greatly over-simplified but sufficient to make two or three points. The property tax is employed to produce residual amounts of revenue--revenues not realized from other sources. It is the product of assessed values times the mill levy, with the mill levy determined by dividing assessed values into revenue requirements. So it really makes little difference what the assessed value of property is, so long as it isn't the basis for grants or subsidies in the county. If it is high the mill levy will be low. If it is low, the mill levy will be high.

But what if it is the basis for a grant or a subsidy, e.g. state aid to the school district(s) in the county?

The School Equalization Program

One program, which provides financial aid to school districts, makes the levels of assessment in the counties important. The state of Colorado gives financial assistance to school districts according to a revenue-sharing formula that incorporates the assessed valuations of property within the districts.[8] The computations of state and district shares of revenues necessary to the annual operations of the districts are such that assessed valuations of property affect (1) the amount of state aid each district receives and (2) the equity of distribution of state aid among districts. Very simply, where assessed values are relatively low, state aid is high. Where assessed values are high, state aid is comparatively low. Equality in assessments is thus very important to an equitable distribution of state aid to school districts.

This is the crux of the problem which has been addressed by the order of the State Board of Equalization, September 22, 1975 (cited earlier) and vigorous efforts by the board to update assessments in all counties to the level specified by the General Property Tax Law of 1964. When assessed valuations in all counties are 30 percent of actual value, equality of assessments will be achieved and financial aid to school districts will be equitably distributed.

Evidence of inequality in assessments seems irrefutable and is to be found in the sales ratio studies done in recent years by the Tax Administrator (personnel of the Division of Property Taxation.) Sales ratios (assessed values divided by sale values) for unimproved and improved residential and commercial properties are reported in Table 5, for five counties in eastern Colorado, five located in the front range and five in western Colorado. Assessed and Sales values for 1973 were used in the calculation of the ratios. (County names are not identified in the table to avoid comparisons not useful to this discussion.)

The data shows a range of sales ratios from almost zero to more than thirty percent. Assessments of unimproved property seem low relative to those for the improved property, i.e. the sales ratios are lower for the unimproved property. And inequality of assessment among the 15 counties is evident. This kind of information has been useful to the Tax Administrator and the state board of equalization in administrative procedure designed to provide for equality among counties in assessment.

Table 5 Sales Ratios for 15 Counties of Colorado, 1973

Assessed and Sales Values

Location	Residential		Commercial	
East	Unimp.	Improved	Unimp.	Improved
A	5.3	18.7	11.1	32.8
B	10.8	17.6	20.0	21.2
C	10.1	14.5	7.1	19.8
D	-	2.0	-	0.8
E	6.3	20.5	-	22.1
Front Range				
A	27.2	25.7	25.0	27.9
B	10.2	22.1	10.1	23.2
C	7.4	21.1	5.3	19.5
D	0.6	12.8	1.6	11.7
E	12.3	22.4	13.6	25.1
West				
A	7.1	15.5	9.4	11.1
B	3.6	14.5	1.0	12.9
C	4.4	15.5	3.8	10.7
D	4.6	20.9	7.1	19.1
E	8.8	20.2	8.3	15.0

Source: Sales Ratio Study, 1974, Division of Property Taxation, Department of Local Affairs.

Impact of an Assessment Equalization Program

The impact of an assessment equalization program on taxpayers--individuals, business establishments, utilities, mines, etc.--will depend on the status of assessments in their respective counties. If the assessor in any given county has not, for whatever reasons, maintained assessments at or near 30 percent of actual value, revaluation will cause the total assessed value to go up but it will have variable effects on individual properties. Older homes, unimproved land, long established businesses which have not been appraised recently may be greatly increased in assessed value. But new homes, recently established businesses, other properties recently appraised may not be significantly affected.

If assessments in any county have been maintained at relatively high levels by an assessor able and willing to do it, impacts of reassessment may be negligable. Only those properties which have been neglected or for which there has been inadequate information will be significantly affected. Taxpayers can usually anticipate the effects of up dating of assessed values by inquiring about the status of assessments in their counties and the lapse of time since appraisal of their own property.

It is worth noting that revaluation, i.e. increases in assessed values, may not cause increases in mill levies and tax bills in a county. If expenditures do not change markedly, and assessed values go up, the mill levy will probably go down. Taxpayers should realize that it is expenditures, planned by units of government and projected in annual budgets that cause tax increases. Assessments by themselves, and mill levies, which are revenue needs divided by assessed values, do not cause increased taxes.

Summary

The property tax is important to local government--to the generation of revenue, the payment of costs of government and the provision of public goods and services that most citizens enjoy. But it is not the only means of generating revenue, and it may not be the best way. It has not been administered well throughout its history. But current efforts to improve it do seem to be alleviating problems.

It is good that citizens are taking interest in the tax--questioning its administration, criticizing its use. But questions must be answered and criticisms made useful by good information about the property tax. That has been the object of this primer--to improve the stock of information and to create better understanding of the tax. It is our hope that it has been useful to the reader.

REFERENCES

1. Discussion of the history of the property tax in Colorado to 1946 is based largely on Taxation in Colorado, Earl C. Crockett, University of Colorado, 1946.

2. Annual Report, Colorado Tax Commission, 1915. p.9.

3. Sales ratios studies by the personnel of the Division of Property Taxation have been reported in their publications, Sales Ratios Studies, Division of Property Taxation, Department of Local Affairs.

4. See Chapter 137 of Colorado Revised Statues, 1973, or Assessment and Property Tax Laws of Colorado, Division of Property Taxation, PUB-AH-100-61-73.

5. Duties and Functions of Colorado County Officials, Colorado Information Denver, Colorado, 1968.

6. Assessment and Property Tax Laws of Colorado, Division of Property Taxation, PUB-AH-100-61-73.

7. Property Taxation in the United States, Jens P. Jensen,

8. See Title 22, Article 50 of Colorado Revised Statues, 1973 for a description of the state equalization program.