

## Local agriculture values to increase following statewide trends in Colorado

Written by Holyoke Enterprise

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Phillips County Assessor Doug Kamery reports that in early May 2013, Phillips County real property owners will receive a 2013 Notice of Valuation. This document is the result of a countywide reappraisal and reflects changes in market values over a two-year period.

Under Colorado law, county assessor's offices throughout the state conduct a complete reassessment of all properties in their county every two years. The Colorado legislature sets the appraisal date and the annual calendar for the assessment process.

As a result, property tax assessments are always lagging behind current market conditions. The previous reassessment was done in 2011; these valuations were based on a June 30, 2010 level of value, using market sales data from July 1, 2008 through June 30, 2010.

The 2013 valuations will be based on a June 30, 2012 level of value, using market sales data from July 1, 2010 through June 30, 2012. Any recent market conditions that have occurred between June 30, 2012 and today will not be taken into consideration when establishing the new 2013 valuations. These factors will not be recognized until the 2015 reappraisal cycle.

Another important factor to understand is the difference between a decrease in the volume of sales activity versus a decrease in the selling prices of property.

During the two-year period between June 2010 and June 2012, there was a definite decrease in the overall number of transactions; however, the sale prices of these transactions did not decrease. In most cases, prices actually remained stable. The commercial market also remained stable or has shown a slight increase this appraisal cycle.

This year there will be a substantial increase in ag land values. Appraisal of agricultural land for ad valorem taxation purposes involves an "agricultural landlord formula." In the formula, the net income to the landlord is calculated using a 10-year averaged (2002-2011 for 2013) published commodity price or grazing rental rate multiplied by the local production yield. This yield is based on soil classification or carrying capacity.

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Typical landlord expenses are also averaged over the same 10-year period and subtracted from the landlord's gross income to arrive at the landlord's net income. This net income is capitalized by the statutory capitalization rate of 13 percent to arrive at the ad valorem value.

For the 2013 reappraisal, the average commodity prices increased anywhere from 17.77-21.51 percent statewide. The grazing rental rate also increased by 6.19 percent compared to the prior reappraisal year. Expenses for the 2013 reappraisal have also increased, though not as significantly as commodity prices. Published expenses increased anywhere from 8.68-13 percent from 2011-2013.

Due to the substantial increases in agricultural commodity prices and an expected lesser increase in published expenses during the current 10-year average time period, a noticeable increase in agricultural land values for the 2013 revaluation has occurred.

Taxes are based on three factors: market valuation, assessment rate and mill levy.

Market value x assessment rate = taxable value x mill levy = taxes.

The assessor's office is solely responsible for establishing valuations, not taxes. The county assessor is responsible for valuing all property in the county as directed by state laws. The assessor's goal is to equalize property values and ensure that the tax burden is distributed fairly and equitably among property owners.

Currently, the assessment rate is 7.96 percent for residential improved properties and 29 percent for most all 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, hospitals, cities, towns, etc.). A summation of these various individual levies is applied to the taxable value to determine the taxes due.

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After receiving new Notices of Valuation in May 2013, property owner are asked to review the change in value. If one disagrees with the revised valuation, there are detailed appeal procedures on the back of the notice. Regrettably, no phone appeals can be accepted.

Those who have any general questions or concerns after receiving their notice should contact the Phillips County Assessor's Office at 854-3151 or e-mail [asrdoug@pctelcom.coop](mailto:asrdoug@pctelcom.coop); or for property information and sales data online, visit the website at: <http://phillipsco.tyler-esubmittal.com/assessor/web/>

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