



March 24, 2021

Governor Jared Polis  
State Capitol Building  
200 East Colfax, Room 136  
Denver, CO 80203

Dear Governor Polis:

We are writing today to **request your signature on HB 21-1083** (State Board Assessment Appeals Valuation Adjustment), sponsored by Representative Benavidez and Senators Zenzinger and Priola. This bill would allow the Board of Assessment Appeals (BAA) to increase assessed values if applicable to provide consistent treatment of assessed values through all phases of property tax appeal. The bill passed both houses with bipartisan support (House 47-17, Senate 26-8).

#### **Purpose of the Bill**

This bill will allow the BAA to raise assessed values in those rare cases where a correction is merited. This will bring fairness to all phases of property tax appeals. Currently, the BAA is hamstrung in its ability to properly address appeals, because statute only allows them to accept a county's valuation or reduce the valuation. Without the ability to increase valuations, the BAA does not have the same ability to fairly and equally value property that the assessors and counties do in the appeals process.

#### **The Issue**

Assessed values for properties can be corrected as necessary, i.e., decreased or increased, during the first two levels of appeal. However, if corrected, values may only be decreased as a result of an appeal to the BAA. Based on many years of experience and observation, we believe this fundamental flaw promotes a system and a strategy that results in unfair and inequitable taxation. Some property tax consultants/property owners will file for appeal because they have nothing to lose - their property value will either stay the same or be reduced, in spite of additional information and analysis that may indicate the original assessment was undervalued. Due to the inexpensive filing fees with the BAA, most property owners choose the BAA to file their appeal.

The Colorado Assessors' Association believes that this change will reduce frivolous filings and provide an incentive for property owner representatives to negotiate valuation issues earlier in the appeal process – and allow the BAA (and the assessors) to concentrate on legitimate appeals, thereby providing taxpayers an opportunity to be heard more expediently at the BAA.

#### **Background: Appeal Process**

If property owners disagree with their property valuation, they have the following recourse:

1. The first appeal. If a property owner wants to contest their value, they file an appeal with the **County Assessor**. The assessor can increase, decrease, or keep the value the same.
2. The second appeal. If the property owner still disagrees with their value after the assessor-level review, the owner or representative can then appeal to the **County Board of Equalization** (in most cases this is the county commissioners). The BOE can increase, decrease, or keep the value the same.
3. The third appeal. If still not satisfied after the County Board of Equalization, owners have the option to appeal to the **State Board of Assessment Appeals (BAA)**, enter into binding arbitration, or appear in District Court. The BAA can only decrease or keep the value the same.

This bill will benefit Colorado taxpayers in the following ways:

- Provide fairness to all taxpayers: Taxing entities calculate many mill levies based on valuations in order to collect a specific amount of revenue. If a particular property is undervalued other taxpayers pay more property taxes to make up the difference. Allowing an increase when appropriate would lessen the burden on other taxpayers and free up the BAA Docket to hear cases sooner.
- Discourage frivolous filings: Many appeals are filed simply because there is no risk and a potential reward to do so. Over the past 10 years nearly 7,500, or 31 percent of the appeals filed to the State Board of Assessment Appeals were withdrawn without a hearing. This results in a frequent waste of resources, particularly at the county level, where staff must prepare for hearings that often never occur.
- Save counties money: County budgets continue to shrink such that unless an attempt to eliminate frivolous filings occurs, property owners with legitimate concerns may not receive the attention they deserve.
- Focus on “legitimate” appeals. This bill will still allow any property owner (residential or business) to appeal valuations. Property owners with legitimate concerns will receive a full and thoughtful evaluation of their appeal.

This bill was recommended by the county assessors (on a vote of 47-1), and received endorsements from Colorado Counties, Inc., Associated Governments of Northwest Colorado, Boulder County, and Arapahoe County.

Please contact us if you have any questions, and again **we urge you to sign HB 21-1083**.

Sincerely,

Corbin Sakdol  
Executive Director  
Colorado Assessors' Association