

## Aspen Highlands Residential Metropolitan Tax District Info

**From:** Tracy Forristall <[TForristall@romero-group.com](mailto:TForristall@romero-group.com)>

**Date:** August 26, 2020 at 9:58:41 AM MDT

**To:** Tim Estin <[tim@estinaspen.com](mailto:tim@estinaspen.com)>

**Cc:** Jim Korpela <[jkorpela@romero-group.com](mailto:jkorpela@romero-group.com)>

**Subject:** AHMD Property Taxes Answers

Hi Tim –

1. Why are vacant land property taxes so high?

In the state of Colorado vacant land that is “not adjacent and contiguous to developed land owned and owned by the same entity” is taxed at the non-residential rate of 29% of the assessed value. When the vacant land is developed, and the Certificate of Occupancy is received, it then becomes residential property taxed at 7.14% of the assessed value.

2. What are the estimates for the future tax bills?

It depends on the budget and assessed values passed by the Board of Directors every year. Because of the Gallagher amendment (amendment to the Colorado Constitution enacted in 1982 concerning property tax), it has been estimated that in year 2021 the residential property taxes will decrease to 5% from 7.14% of the assessed value and nonresidential property will go up to maintain the 45% (residential)-55% (nonresidential) split between the total share of property tax revenue. In the State of Colorado residential property values have gone up and nonresidential property values have gone down mostly due to the economic downturn in oil and gas. The Gallagher amendment has caused an inverse relationship.

Under the Gallagher Amendment, property tax assessment rates were initially set in the state constitution to be 29% for non-residential property and 21% for residential property. The residential assessment rate was adjusted every two years so as to maintain the 45%-55% split between the total share of property tax revenue. The current residential property tax assessment rate is 7.15%.

The Colorado Legislature referred a constitutional amendment to the 2020 ballot that would repeal the Gallagher Amendment of 1982. The Gallagher Amendment limits the residential and non-residential property tax assessment rates so that residential property tax revenue equals 45% of the total share of state property tax revenue and non-residential property tax revenue equals 55% of the total share of state property tax revenue.

To sum it up, if the repeal of the Gallagher Amendment passes then residential property taxes will stay the same at 7.15% of assessed value. If it does not pass, then residential property taxes are estimated to go down to 5% of assessed value.

3. How is Aspen Highlands Metropolitan District Organized?

Aspen Highlands Metropolitan District is organized as a Special District (Title 32-1). Special Districts in Colorado are local governments, i.e., political subdivisions of the state, which make up a third level of government in the United States. (The federal and state governments are the other two levels.) Local governments include counties, municipalities (cities and towns), school districts, and other types of government entities such as "authorities" and "special districts."

Colorado law limits the types of services that county governments can provide to residents. Districts are created to fill the gaps that may exist in the services counties provide and the services the residents may desire. The majority of districts draw their boundaries in unincorporated county land, but residents of a municipality may be included in one or more districts.

As political subdivisions of the State of Colorado, special districts are required to submit a number of required filings to various state agencies throughout the year. These filings are primarily financial, but also include election results, lists of boards of directors, and others.

4. When does the bond issue sunset?

The 2012 General Obligation Refunding Bonds will be paid off December 1, 2023. The 2020 mill levy required to pay the debt due is 16.225 generating \$677,224, and years 21 through 23 will be similar. We are not sure what the Board will do when the bond sunsets. If they will reduce the mills to then reduce taxes or keep the mills around the same amount for capital reserves for future improvements.

**Tracy R. Forristall, CPA**

Senior District Tax Accountant



350 Market Street, Suite 304 , P.O. Box 4100

Basalt, CO, 81621

C. 970-319-9430 | P. 970-237-3808 | Email: [tforristall@romero-group.com](mailto:tforristall@romero-group.com)