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**TO:** Mountain Village Town Council  
**FROM:** Lizbeth Lemley, Finance Director  
**DATE:** June 18, 2025  
**RE:** Property Tax Work session

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**Executive Summary:** During the May meeting, the Council discussed preliminary property valuation increases, the potential impact on property taxes and possible relief for taxpayers. A property tax work session was requested. This memo provides an overview of property tax assessment in Colorado, historical and forecasted property tax data for Mountain Village property owners and discussion of temporary mill levy reduction credit. We will go into further detail during the June meeting.

### **Background**

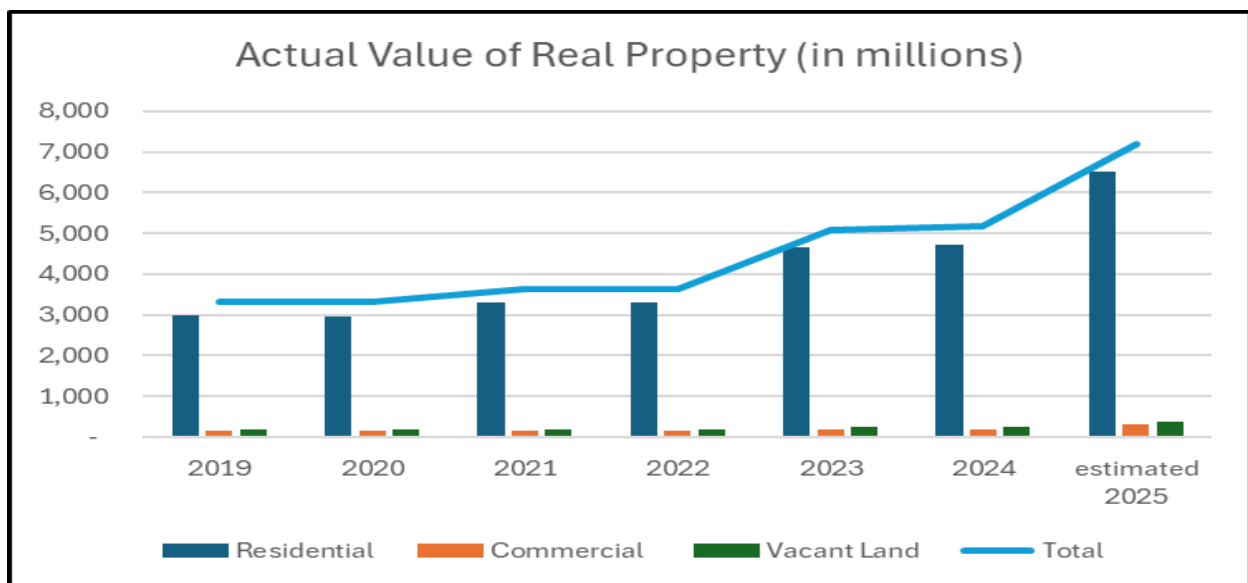
There are three variables used in the calculation of property taxes in the state of Colorado. These variables are actual value, the assessment rate and mill levy. Below is a basic explanation of the components of the calculation.

### **Actual Value**

The San Miguel County Assessor's Office is responsible for determining the actual value and property classification for all property in the county. This process is completed every two years. The current valuations are based on sales and market data from the summer of 2024 and reflect value increases over the summer of 2022. A notice of valuation is sent to all property owners detailing the property classification, current valuation and prior valuation. Property owners can protest the valuation and/or classification with the Assessor's Office. For the current valuation cycle, the deadline to file a protest with the Assessor's Office was June 8<sup>th</sup> for real property and is June 30<sup>th</sup> for personal property. If a property owner is not satisfied with the decision of the Assessor's Office, they may file an appeal with the County Board of Equalization (CBOE). Appeals must be filed with the CBOE by July 15<sup>th</sup> for Real Property and July 20<sup>th</sup> for Personal Property.

The following chart and graph reflect historical valuations of Mountain Village real property as well as estimated valuations for the 2025 tax year. The values reflect not only increases in the value of existing property but also the addition of new property. The estimated valuations were based on input received from the Assessor's Office; however, these are very preliminary as the Assessor's Office works to process the appeals over the next couple of months. Preliminary valuations will be sent to taxing jurisdictions in August to be used for budgeting, with final certifications of valuation sent to taxing jurisdictions in late November/early December prior to final mill levy certification.

Collection Year	Tax Year	Actual Value of Real Property (in millions)				Change over Prior Year	% Change over prior year
		Residential	Commercial	Vacant Land	Total		
2020	2019	2,973	161	197	3,331	314	10.4%
2021	2020	2,965	159	195	3,318	(13)	-0.4%
2022	2021	3,295	151	176	3,622	304	8.4%
2023	2022	3,301	152	183	3,637	15	0.4%
2024	2023	4,641	189	240	5,070	1,433	39.4%
2025	2024	4,724	193	245	5,162	92	1.8%
estimated 2026	estimated 2025	6,519	315	363	7,196	2,034	39.4%



**NOTE:** Increase in actual values reflect both new construction and increases in value.

### **Assessment Rate**

Under the Colorado Constitution, the general assembly is responsible for determining assessment rates for each property classification for use statewide. Assessment rates based on property classification began with an amendment to the Colorado constitution passed by voters in 1982 known as the Gallagher Amendment. This amendment limited the residential share of statewide property taxes, and the residential assessment rate was adjusted annually to meet the statutory requirements of the amendment. In 2020, Amendment B to the constitution was approved by voters. This amendment repealed the part of the Gallagher amendment that governed how assessment rates were set. The general assembly still sets the rates, but under different rules.

The table below shows historical and future assessment rates by year. Assessment rates for tax years 2025-2027 were set by HB 24B-1001 passed August 29, 2024. With the dramatic increases in actual values of real property, the legislature has attempted to slow property tax growth by lowering residential assessment rates.

Collection Year	Tax Year	Assessment Rates		
		Residential	Commercial	Vacant Land
2020	2019	7.150%	29.000%	29.000%
2021	2020	7.150%	29.000%	29.000%
2022	2021	7.150%	29.000%	29.000%
2023	2022	6.950%	29.000%	29.000%
2024	2023	6.765%	29.000%	29.000%
2025	2024	6.700% \$55k exemption from actual value	27.900% \$30k exemption from actual value	27.900%
2026	2025	6.25% or 6.15% if actual value growth statewide exceeds 5%	27.000%	27.500%
2027	2026	6.80% or 6.70% if actual value growth statewide exceeds 5%	25.000%	27.500%
2028	2027	6.80% or 6.70% if actual value growth statewide exceeds 5%	25.000%	27.500%

**NOTE:** For Tax Year 2024 / Collection Year 2025, there are two separate residential assessment rates. The assessment rate applicable to school districts is 7.05%. All other taxing authorities are subject to the assessment rate of 6.7% shown above. It should also be noted that increases in property tax revenues to school districts do not result in an increase in overall revenues. The expected increase in local property tax collections will result in a decline in the state funding component of the school finance formula.

### **Mill Levy**

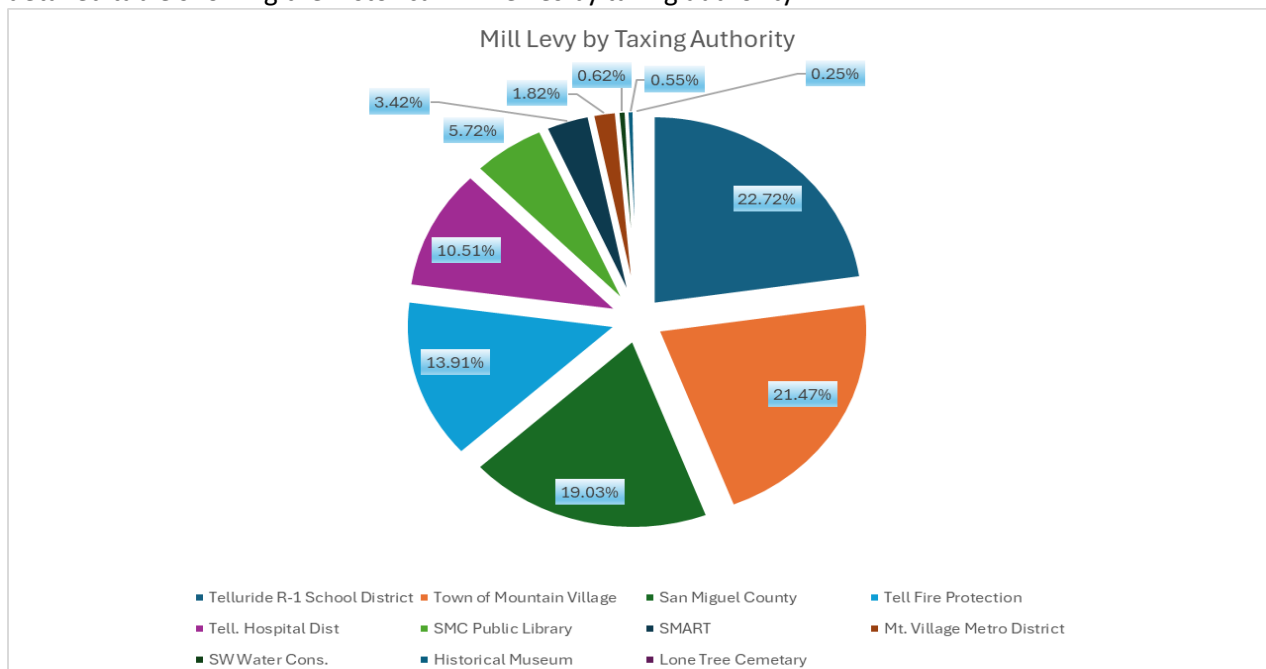
Taxing authorities must bring proposed mill levies to voters for approval. If approved, the taxing authority calculates the revenue for each levy annually using taxable assessed values as provided by the county Assessor's Office. Each taxing authority must certify their mill levy by December 15<sup>th</sup>. The mill levy is certified as part of the annual budget process.

Mill levies can either be fixed or calculated as defined by the ballot language. A fixed mill levy does not fluctuate with changes in property valuation resulting in an increase in property taxes in cycles when property values increase and a decrease in property taxes when values decline. These are commonly mill levies approved for general operating expenses. A calculated mill levy is designed to cover the cost of a specific expenditure(s) annually. Mill levies approved for debt service requirements on general obligation debt are a common example of this type of mill levy. The amount required for annual debt service does not fluctuate with property valuation, so the mill levy is adjusted to capture the revenue needed to meet the obligation.

In addition to property tax collected based on voter approved mill levies, taxing authorities are allowed to collect prior year refunds/abatements through an addition to the mill levy which will generate an amount equal to the refunds/abatements reported by the assessor on the annual certification of values. These are usually small amounts and don't have a noticeable effect on the overall property tax paid by the taxpayer.

In addition to the Town of Mountain Village mill levy the Town also collects the Mountain Village Metropolitan (MVMD) District mill levy. In 2007, the Town of Mountain Village absorbed the MVMD and collects the related mill levy to cover the debt service on General Obligation bonds issued by the district. The debt will be retired in 2035, and the associated mill levy will expire at that time.

Below is a chart showing the distribution of the total 2025 mill levy by taxing authority as well as a detailed table showing the historical mill levies by taxing authority.



Taxing Authority	Mill Levies Applicable to Mountain Village Real Property						Tax year 2019-Tax year 2024
	Tax year 2019 Collected 2020	Tax year 2020 Collected 2021	Tax year 2021 Collected 2022	Tax year 2022 Collected 2023	Tax year 2023 Collected 2024	Tax year 2024 Collected 2025	
Telluride R-1 School District	12.485	12.779	13.323	13.262	13.753	13.878	4.2%
Town of Mountain Village	13.485	13.448	13.850	13.477	13.657	13.452	-2.9%
San Miguel County	11.652	11.662	11.830	11.867	10.638	11.620	-1.8%
Telluride Fire Protection District	4.857	4.902	4.793	4.987	8.291	8.493	77.2%
Telluride Hospital District	3.417	3.560	3.379	3.476	6.150	6.419	90.0%
SMC Public Library	3.555	3.634	3.596	3.638	3.512	3.494	-2.8%
SMART	0.752	0.752	0.775	0.752	0.750	2.086	169.2%
Mountain Village Metro District	1.742	1.548	1.461	1.461	1.131	1.110	-24.0%
SW Water Cons. District	0.403	0.407	0.407	0.407	0.347	0.380	-6.6%
Lone Tree Cemetery	0.150	0.150	0.141	0.150	0.150	0.150	6.4%
Total	52.498	52.842	53.555	53.477	58.379	61.082	14.1%

The tables below provide the detailed breakout of the five largest mill levies assessed on Mountain Village property owners obtained by reviewing certifications filed with the Department of Local Affairs (DOLA). Highlighted in green are the portions of the levies that we assume will increase property taxes with a valuation increase.

Telluride R-1 School District	Mill Levy Detail						% change Tax year 2019-Tax year 2024
	Tax year 2019 Collected 2020	Tax year 2020 Collected 2021	Tax year 2021 Collected 2022	Tax year 2022 Collected 2023	Tax year 2023 Collected 2024	Tax year 2024 Collected 2025	
Program Mills	6.053	9.815	7.281	7.281	7.281	7.281	20.3%
Temporary Mill Levy Reduction	-	(3.762)	(0.228)	-	-	-	0.0%
Voter Approved Override Mills	3.834	4.100	3.750	3.680	2.936	3.035	-20.8%
Abatements	0.035	0.036	0.239	0.038	0.108	0.089	154.3%
Bonds & Interest	2.206	2.233	2.042	2.022	3.184	3.129	41.8%
Transportation	0.357	0.357	0.239	0.241	0.244	0.344	-3.6%
Total	12.485	12.779	13.323	13.262	13.753	13.878	11.2%

Town of Mountain Village	Mill Levy Detail						% change Tax year 2019-Tax year 2024
	Tax year 2019 Collected 2020	Tax year 2020 Collected 2021	Tax year 2021 Collected 2022	Tax year 2022 Collected 2023	Tax year 2023 Collected 2024	Tax year 2024 Collected 2025	
General Fund	13.110	13.110	13.110	13.110	13.110	13.110	0.0%
General Fund - Abatements	0.0423	0.005	0.407	0.034	0.214	0.009	-78.7%
Historical Museum	0.333	0.333	0.333	0.333	0.333	0.333	0.0%
Total	13.485	13.448	13.850	13.477	13.657	13.452	-0.2%

San Miguel County	Mill Levy Detail						% change Tax year 2019-Tax year 2024
	Tax year 2019 Collected 2020	Tax year 2020 Collected 2021	Tax year 2021 Collected 2022	Tax year 2022 Collected 2023	Tax year 2023 Collected 2024	Tax year 2024 Collected 2025	
General Fund	6.175	6.175	6.175	6.175	8.195	6.175	0.0%
General Fund - Abatements	0.032	0.042	0.210	0.033	-	-	-100.0%
Gen Fund - Revenue Stabilization	-	-	-	0.214	-	-	0.0%
Temporary Mill Levy Reduction	-	-	-	-	(0.982)	-	0.0%
Road & Bridge	1.900	1.900	1.900	1.900	0.793	1.900	0.0%
Social Services	0.155	0.155	0.155	0.155	0.159	0.155	0.0%
Retirement	0.390	0.390	0.390	0.390	0.397	0.390	0.0%
Early Childhood Care Fund	0.750	0.750	0.750	0.750	0.632	0.750	0.0%
Mental Health Services Fund	0.750	0.750	0.750	0.750	0.651	0.750	0.0%
Parks/Open Space Fund	1.500	1.500	1.500	1.500	0.793	1.000	-33.3%
SMC Housing Authority Fund	-	-	-	-	-	0.500	100.0%
Total	11.652	11.662	11.830	11.867	10.638	11.620	-0.3%

Telluride Fire Protection Dist.	Mill Levy Detail						% change Tax year 2019-Tax year 2024
	Tax year 2019 Collected 2020	Tax year 2020 Collected 2021	Tax year 2021 Collected 2022	Tax year 2022 Collected 2023	Tax year 2023 Collected 2024	Tax year 2024 Collected 2025	
General Operating Expenses	4.424	4.465	4.320	4.465	4.465	8.444	90.9%
General Obligation Bonds & Int.	0.433	0.437	0.398	0.403	0.308	-	-100.0%
Abatements	-	-	0.075	0.014	0.033	0.049	100.0%
Voter approved increase	-	-	-	-	3.258	-	0.0%
Revenue Stabilization	-	-	-	0.105	0.227	-	0.0%
Total	4.857	4.902	4.793	4.987	8.291	8.493	74.9%

Telluride Hospital District	Mill Levy Detail						% change Tax year 2019-Tax year 2024
	Tax year 2019 Collected 2020	Tax year 2020 Collected 2021	Tax year 2021 Collected 2022	Tax year 2022 Collected 2023	Tax year 2023 Collected 2024	Tax year 2024 Collected 2025	
General Operating Expenses	3.417	3.560	3.320	3.466	6.124	6.384	87%
General Fund - Abatements	-	-	0.059	0.010	0.026	0.035	100%
Total	3.417	3.560	3.379	3.476	6.150	6.419	88%

### **Calculation**

The Colorado property calculation is as follows.

$$\frac{\text{Actual Value} \times \text{Assessment Rate}}{1,000} \times \text{Mill Levy}$$

The following table shows the actual property tax per million dollars of actual value for the tax year 2024 collected in 2025.

Taxing Authority	Tax Year 2024 Collected in 2025	Amount per first million in actual value	Amount per addtl million in actual value	% of Total Property Tax
Telluride R-1 School District	13.878	\$ 878.69	\$ 929.83	22.72%
Town of Mountain Village	13.110	\$ 830.06	\$ 878.37	21.47%
San Miguel County	11.620	\$ 735.72	\$ 778.54	19.03%
Tell Fire Protection	8.493	\$ 537.73	\$ 569.03	13.91%
Tell. Hospital Dist	6.419	\$ 406.42	\$ 430.07	10.51%
SMC Public Library	3.494	\$ 221.22	\$ 234.10	5.72%
SMART	2.086	\$ 132.08	\$ 139.76	3.42%
Mt. Village Metro District	1.110	\$ 70.28	\$ 74.37	1.82%
SW Water Cons.	0.380	\$ 24.06	\$ 25.46	0.62%
Historical Museum	0.333	\$ 21.08	\$ 22.31	0.55%
Lone Tree Cemetary	0.150	\$ 9.50	\$ 10.05	0.25%
Total	61.073	\$ 3,866.84	\$ 4,091.89	100.00%

Using this information, a residential property with an actual value of \$500,000 would have been assessed approximately \$1,933 while a residential property with an actual value of \$3,000,000 would have been assessed approximately \$12,050.62.

Below is a chart showing historic property tax collections by Mountain Village with estimated 2026 collections for the 2025 tax year based on preliminary data from the Assessor's Office. Our preliminary estimates reflect a potential 30% increase in property tax revenue based on the new assessment cycle valuations if no action is taken by Council.

Collection Year	Tax Year	Property Tax Revenues		
		General Fund	Historical Museum Fund	Debt Service Fund (MVMD Levy)
2020	2019	4,092,373	102,165	542,040
2021	2020	4,065,572	102,308	479,639
2022	2021	4,436,425	108,460	479,344
2023	2022	4,309,441	104,430	478,928
2024	2023	5,980,916	140,369	488,292
2025	2024	5,969,810	143,199	487,092
estimated 2026	estimated 2025	7,762,405	197,692	479,000

**Note:** Historical Museum Fund revenues are remitted to the Museum and are not retained by the Town. Additionally, with the passage of SB 24-233, passed in May 2024, the state agreed to reimburse non-school local governments for decreases in value between 2022 and 2024 caused by the decrease in assessment rates. These reimbursements are included in the table above.

### **Growth Limitations**

The TABOR amendment to the Colorado constitution set forth revenue growth limitations on local governments. However, Mountain Village voters passed a ballot measure in 1995 allowing to Town to collect and expend amounts that would constitute an exception to the TABOR limits. This was common across the state and is commonly referred to as “De Brucing”.

The statutory 5.5% Property Tax Revenue Limit, also know as the Annual Levy Law, restricts the amount of total property tax revenue that a local government may collect each year. SB 24-233 reestablished this 5.5% cap and further defined the calculation of the growth limitation. SB 24B-1001 modified SB 24-233 to lower this cap to 5.25%, or 10.5% in a 2-year assessment cycle and set a 6% limit for school districts, or 12% per assessment cycle. However, these statutory limitations do not apply to home-rule municipalities such as the Town of Mountain Village.

Some home rule municipalities have growth restrictions defined in their Charters. The Town of Telluride for example has a self-imposed growth limitation of 7% in the Charter. The Town of Mountain Village’s Charter does not include a limitation.

### **Temporary Mill Levy Reduction**

The Town Council has the option to approve a temporary mill levy reduction on general operating mills when certifying the mill levy each year. This allows the Council to provide a level of taxpayer relief without permanently lowering the approved mill levy. The temporary credit would be applied to the 13.110 general operating mill levy but would not impact the Historical Museum or MVMD levies. However, given that the Town’s levies in total are less than 25% of the total tax assessed on Mountain Village property owners, similar credits through the other taxing authorities would be necessary to have a measurable impact on a Mountain Village property owner’s total property tax. It should be noted that San Miguel County and the School district have applied these credits in the past as reflected in the Mill Levy Detail tables in the mill levy section of this memo. This option will be discussed in more detail during the budget process when the preliminary certification of value is received from the Assessor’s Office in August.

