We all know that property taxes vary from state to state, but they also can vary greatly here in Jefferson County. While property taxes are equitable, in that they are based on actual valuation as determined by the county assessor’s computer system, there is great variation in mill levies depending on which taxing authorities serve each address.

Many of my clients are surprised when I tell them that property taxes are consistently lower in incorporated cities. That’s because cities’ infrastructure is mostly in place. All that builders have to do is pay the tap fees to connect new homes to existing water and sewer lines.

However, when developers acquire open land — usually in an unincorporated area — and want to put homes on it, they must build the streets, curbs, sewer lines, detention ponds, etc. and factor that cost into the price of the homes they build. That is, unless they create a new taxing jurisdiction — called a “metropolitan district” — and let the buyers of those homes pay for those infrastructure items through higher property taxes.

The developers of such subdivisions apply to the city — or county, if in an unincorporated area — to create these new taxing jurisdictions, then issue bonds which are repaid with interest from the property taxes collected. My understanding is that these bonds which are repaid with interest from the proper-

A decreasing number of builders are still doing it the “old fashioned” way — including the cost of infrastructure in the price of their homes instead of saddling buyers with 30 years of bond payments. For example, in Westwoods Mesa, KB Home paid for the infrastructure, so their buyers pay only Arvada’s basic 101-mill property tax levy.

Homeowners throughout Golden have a mill levy of 89.05. If you bought a $500,000 home in Golden’s newest subdivision, Canyon View, your tax bill is about $3,550 per year. That’s because the price your paid for your home included the cost of the infrastructure.

You might reasonably ask whether buyers pay less for homes in Candelas since builders don’t have to factor infrastructure costs into the pricing of their homes. You won’t like the answer. The answer is that builders know the typical buyer sees only the price of new homes and doesn’t realize that their property tax bill could be 50 to 70 percent higher where a metropolitan tax district was created. Little wonder that more and more builders are creating these tax districts when they build a new subdivision.

The mill levy for these districts pays for more than just principal and interest, too. Of Leyden Rock’s 46.25 mill levy, 6.25 mills is for “administrative” costs of running the district. Is that reasonable for doing little more than receiving a yearly check from the County treasurer and paying bond holders? I’d like to know who’s getting that money, wouldn’t you?

There are currently 50 metropolitan tax districts in Jefferson County with mill levies of 30 mills or more. You can find the entire list of Jeffco’s metropolitan districts and their mill levies at www.JimSmithBlog.com.

How Are Property Taxes Calculated?

In Colorado, each county assessor is required to calculate, based on comparable sales, what your house might have sold for on June 30th of each even numbered year and base the following two calendar years of property tax on that valuation.

A mill levy is created for each jurisdiction serving each address. Jurisdictions include school districts, incorporated cities, etc. In unincorporated areas and some newer incorporated cities (e.g., Lakewood), there may be separate levies for law enforcement, fire protection, water districts, and parks and recreation districts.

The mill levy is not applied toward the full valuation but toward an “assessed value” which is currently 7.96% of the full valuation. Thus, a levy of 100 mills on a house with a $100,000 valuation, would be applied to an assessed value of $7,960. Multiply the mill levy by 7.96 and your tax bill is $796.00.

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