Published Jan. 16, 2025, in the Denver Post's YourHub section

I'll Say It Again: Mill Levy Should Be a Required Field on MLS Listings

REAL ESTATE TODAY

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The dollar amount of property taxes has always been a data field on the MLS, because buyers need to know how much they should expect to pay if they purchase a listing. But that number does not provide context to the home buyer. In other words, how do the taxes for this home compare with the taxes for a home of comparable value nearby, across town, or elsewhere in the metro area? The answer is in the mill levy.

A few years ago, REcolorado (the Denver MLS) and other MLSs added a "yes/no" field for metropolitan tax district, but how much does that tax district's mill levy add to the property taxes for that listing? MLS listings don't currently have a data field for mill levy.

Some metro districts have a zero mill levy, but others can have mill levies so high that they double the tax bill for a home compared to a comparable one nearby that is not in that tax district.

A good broker should let a buyer know the premium he or she is paying to buy a home in such a district. However, brokers will not find that information in the MLS listing. The broker would have to go to the assessor's website in the county where that home is located to find the mill levy for that and comparable homes.

Jefferson County provides the breakdown of mill levies by each taxing jurisdiction, but some counties, including Denver, just give the total mill levy and don't, as far as I could tell, indicate how much of that mill levy is from a metro tax district.

An example of how much taxes can vary can be found in two Jeffco homes that sold in the last few months. One house in the Mesa Meadows section of Golden which sold for $1,500,000 has a mill levy of 91 mills, like all homes in the City of Golden, which has no metro tax districts. The tax bill for that home is **$6,761**. Meanwhile, a house three miles to the north which sold for $972,500 is in a metro tax district with a mill levy of 165 mills, resulting in a tax bill of **$10,105**, a $3,344 difference.

Metropolitan tax districts are created to fund the infrastructure (roads, gutters, sewers, water lines, sidewalks, etc.) for a new subdivision. Instead of the developer paying those costs, a bond issue provides the funds for that purpose, and home buyers in that subdivision will be paying an extra mill levy for two or more decades to pay off those bonds.

In the above example, the metro tax district's mill levy is 70 mills. The owner of that home will pay $100,000 or more over time for the infrastructure costs. In Golden, those costs were paid for by the developer or the city.

Yet, an appraiser or real estate broker would not factor in that long-term expense when valuing the home. That cost is literally hidden from the buyer of a home in any metropolitan tax district.

When an appraiser or real estate broker values a home, they look at square footage, lot size, garage, bedrooms/bathrooms — in other words, everything but the tax rate (and the HOA dues) when doing an appraisal or "comparative market analysis." Yet, the bottom-line cost of owning homes in a metropolitan tax district can be dramatically higher.

That is why for over a decade I have argued that REcolorado should include the mill levy for each listing and not just the dollar amount of the property taxes.

Some counties make it easier than others to find the mill levy. In Jefferson County, the assessor's website breaks down the mill levy from every taxing jurisdiction. A list of Jeffco's metro tax districts and their levies is posted with this article at **RealEstateToday.substack.com**.

You can calculate a home's tax bill from the assessor's website by multiplying the mill levy by the assessed valuation of the property, which, statewide, is currently 7.15% of the "full valuation" which the assessor assigns to each parcel.

Thus, if your home has a full valuation of $1,000,000, the ***assessed*** valuation would be $71,500. That's the number against which the mill levy is applied. A mill levy of 100 would compute to a property tax bill of $7,150. It's called a "mill" levy (from the Latin word for ***thousand***) because it is levied against each thousand dollars of value. Thus, 100 mills x 71.5 thousand = $7,150.

The math becomes complicated when the state legislature says, as it did last year, that $55,000 should be subtracted from the full valuation before calculating the assessed valuation. How much did that reduce taxes? $55,000 of reduction in the ***full valuation*** is worth $3,932.50 in reduced ***assessed valuation***. At 100 mills, that would reduce the home's tax bill by $393.25.

Although giving the total mill levy for each MLS listing would be a great improvement, the best way to inform buyers of the effect of a metro tax district would be to list the tax district, and to add a separate field showing that tax district's mill levy.

HOA Information Is Just as Important as Taxes

When you purchase a home that is within a homeowner's association, state law requires that you receive a wide array of documents, financial and otherwise, about that association.

These include, for example, the covenants, the rules and regulations, financial statements, bylaws, budget, reserve study, the minutes of the last six months of board meetings, and the minutes of the most recent annual membership meeting.

Colorado's mandated contract to buy and sell a home provides deadlines for providing these association documents, objecting to them, and resolving any objections. Buyers can terminate a contract and get their earnest money deposit refunded if they are unhappy with what those documents reveal.

For example, the reserves of the association may be insufficient, suggesting that a special assessment is likely. The minutes might reveal issues which are upsetting to some members, or legal action which the association is undertaking, at some expense, to enforce its rules against one or more members. These and other revelations might cause the buyer to terminate the contract.

Very few listing brokers make those documents available to prospective buyers in advance of going under contract, but why not?

Recently, at an open house, a visitor told our broker associate that in California the questions he was asking about the HOA (such as why the HOA dues are so high) would be readily ascertainable in advance rather than only after going under contract.

When we have been on the buyer side, we have rarely found that a listing agent already has the HOA documents — and answers to important HOA questions — to provide us.

That got us thinking, and the answer came last week when Pam Giarratano, our sales rep at First Integrity Title, brought to our office meeting Julietta Voronkov from a firm called Rexera.

For a reasonable fee, Rexera provides all those required HOA documents prior to going on the MLS, so we can provide them to interested buyers and their agents.

Currently Rexera's service is only available through our preferred title company, First Integrity Title. After Julietta's presentation, our broker associates and I agreed that from now on, when we list a property that is located in an HOA, we will use First Integrity and order the pre-listing package from Rexera.

We look forward to providing complete HOA information in advance from now on for all our listings that are located in a homeowner's association.

What Does "As Is" Mean?

Occasionally, a listing will say it is being sold "as is," meaning that the seller will not accept any demands regarding defects uncovered by the buyer's inspector. On this week's blog post, I also address this topic. Read it at **http://RealEstateToday.substack.com**.

Congratulations to Kathy Jonke, our top-producing broker associate for 2024!

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