

Tax Protest Guide

2021

**A Report to Help Guide You Through
the Property Tax Protest Process**

EAGLE COUNTY TAX APPEAL

A Division of Pack Appraisal Company

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This publication is designed to provide accurate, authoritative and current information on the tax protest process in Eagle County, Colorado for the 2021 valuation season. The publisher is not engaged in rendering legal or other professional service and the ideas, suggestions, general principals and conclusions presented in this text may be subject to local, state and federal regulations, court cases and any revisions of the same. The reader is urged to consult legal counsel regarding any point of law. This publication should not be used as a substitute for competent legal advice.

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Chapter 1 Overview of the Tax Protest Process

If you have received this Tax Protest Guide, you likely have some concerns about the reasonableness of a value assigned to a property that you own. This is for good reason, as property taxes typically represent the largest non-mortgage expense associated with property ownership. And, it is commonly accepted that there can be substantial errors in the mass appraisal methodology utilized by county assessors.

The good news is that this is an event you have control to influence the outcome. You have the power to protest your county valuation and **Reduce Your Taxes!** This guide will help you through the process, whether you handle the protest on your own, or hire a professional appraiser or consultant to handle your appeal.

First, you need to decide if you can make a case that your property is over-valued relative to the available market data and the valuations assigned to similar properties. Then, if you have a case, a report needs to be prepared to present to the County Assessor's office. If you do not receive the relief you desire, this report will need to be presented at a County Board of Equalization (CBOE) hearing. Finally, sometimes it is necessary to pursue a "third stage" appeal to obtain the relief you believe is appropriate.

Do You Have a Case?

First, you must determine if the value assigned to your property is reasonable and similar to other properties of like appeal in your neighborhood.

This is a 3 step process that involves:

1. Determining if the descriptive data for your property on file with the Eagle County Assessor's office is accurate. Go to **Chapter 3** for guidance.
2. Evaluate if the value assigned to your property is reasonable based on other comparable sales in your competing neighborhood. **Chapter 5** includes information on this topic.
3. Assess whether the value assigned to your property is equitably valued to similar type property within the same neighborhood. See **Chapter 7**.

If you find that the county's valuation is unreasonably high, you have three options.

1. Hire the expert staff of Eagle County Tax Appeal to prepare and file a Property Protest in your behalf. We will prepare a market analysis to determine the reasonableness of the current year "Actual Value" assigned by the Assessor's office. If it is found that the Actual Value is unreasonable, this report will be submitted to protest Eagle County's valuation.

To order this service, contact us by:

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Phone: 970-926-1131

Fax: 970-926-1134

Or, go to our website at www.EagleCountyTaxAppeal.com

2. *Prepare a protest on your own.* Many property owners are successful in handling their own protests. However, success does not typically happen without a significant investment of time. In many situations, it takes the extensive knowledge and research to lead to a successful outcome.

3. *Do nothing and incur the expense of higher property taxes for the next two years.*

Preparation of a Property Tax Protest

The preparation of a tax protest is often an involved and time-consuming process. This guide will attempt to simplify the process so that a taxpayer may prepare a protest of their property tax valuation.

As noted earlier, there are 3 main approaches to pursue a tax protest:

1. Challenge the accuracy of the descriptive data for your property on file with the Eagle County Assessor's office. See **Chapter 4**.
2. Provide a market analysis utilizing the Sale Comparison Approach which supports a value which is lower than that assigned by Eagle County. See **Chapter 6**.
3. Provide data which demonstrates that the value of your property is significantly higher than similar properties in your neighborhood. See **Chapter 8**.

Usually, only one of these approaches is utilized in the preparation of a protest. Other times, a combination of these approaches is necessary to achieve a successful appeal. If you find rational for a multi-faceted protest, prepare an appeal which utilizes the relevant portions of each type of protest.

Exemptions to Consider

Senior Exemption

For those who qualify, the State of Colorado offers 50 percent of the first \$200,000 in actual value of their primary residence is exempted. The state will pay the exempted property tax.

To qualify for this exemption, the taxpayer must be at least 65 years old on January 1, and has been the owner of record on their property for at least 10 years prior to January 1 and occupied the property as their primary residence for at least ten consecutive years prior to January 1. Application must be filed by July 15th of the year for which the exemption is sought. Forms for this exemption are available at the Eagle County Assessor's office.

Chapter 2 Explanation of Data in the Comparable Sales Report

The Eagle County Assessor's office provides a Comparable Sales Report that includes a summary of the sales data which was utilized by the county assessor to assign the actual value to your property. The report provided includes all of the sales of your property type from the Super Neighborhood where your property is located. A comparable sales search can also be performed via Eagle County's web site. On the Internet, go to <http://www.eaglecounty.us/patie/>.

In most situations, Eagle County considers sales from the time frame of July 1, 2012 to June 30, 2020 for the current assessed valuations. In situations where insufficient data is available during this 24 month time frame, sales dating back to July 1, 2009 may be utilized. Sometimes the Assessor will only use sales from the prior 18 month period, if sufficient data is available.

Please note that all sales or property transfers which occurred during the 24 month sales time frame may not be included in the Comparable Sales Report. Only sales which have been "qualified" by the Assessor's office can be considered in the assignment of values.

What is a Qualified Sale?

The Assessor's office attempts to confirm the circumstances surrounding every sale during the 18 month sales period. Qualified sales include "arms-length" transactions which involve willing buyers and sellers and no unusual circumstances. Unqualified sales include transfers among related parties, transfers involving multiple properties, transaction involving trades, and other situations that raise questions about the validity of the sales data.

What is a Valid Sale?

Sometimes a property will involve a highly motivated seller that results in a transaction sales price that is significantly below other market indications in the same market segment. Such sales will oftentimes be declared "Invalid" by the Assessor. The Assessor does not consider them in their value determinations, and the sales are not provided to the public with the Comparable Sales Data.

One must remember that the determination as Invalid is very subjective in nature. Not all sales of bank or foreclosure property should be labeled Invalid. In many markets, the only sales occurring are bank owned property. These sellers are setting the market and these sales should be considered as Valid. Just because the Assessor has labeled a comparable sale as Invalid does not mean that the sale cannot be presented to a hearing officer for consideration. Unfortunately, the Assessor does not provide these sales to the public, so it often takes in-depth knowledge of the market to be aware of these situations.

Data in the Comparable Sales Report

Super Neighborhood: Each county property is assigned to a Super Neighborhood, which includes properties from a rather large area. Any of the comparable sales from your property's Super Neighborhood may be utilized in the assignment of the Actual Value to your property. The descriptions of the Super Neighborhoods for residential properties are:

- East Vail/Booth Falls

- Vail Core, Lionshead, Vail Golf Course
- Potato Patch
- West Vail/Intermountain
- Minturn/Redcliff
- Eagle-Vail/Avon
- Beaver Creek/Arrowhead (includes Bachelor Gulch & Mountain Star)
- Edwards/Lake Creek/Squaw Creek/Bellyache Ridge
- Eagle/Gypsum
- Outlying Areas
- Basalt/El Jebel

Neighborhood: There are numerous neighborhoods included in a Super Neighborhood. Neighborhoods consist of individual subdivisions and condominium and townhome projects. Properties from the same neighborhood as your property often provide the most reliable comparable sales to value your property.

Account #: Also known as a Schedule Number, this number is utilized by the Assessor's office to reference each individual property in the county.

Address: The street address on file with the Assessor for each comparable sale.

Legal Description: Partial legal description of each property on file with the Assessor's office. The relevant information includes the Lot, Block, and Subdivision, or Unit and Project of each property.

Land Acres: The land size of each property in acres.

Bedrooms: The number of bedrooms each property contains.

Baths: The number of bathrooms each property contains.

Effective Square Feet (Eff SF): This is a weighted total of all the various areas which are included in each property, except for garage area. This figure includes living areas, basements, unfinished areas, decks, and patios. The county uses a wide variety of contributory percentages for different areas. These figures can change from year to year, so your contributions may differ from what is quoted below. Following are examples of some of the percentages of various types of dwelling areas which are included in the Effective Square Feet:

Finished Above Grade	100%
Finished Basement	60%
Unfinished Basement	20%
Decks	20%

Please note that in previous years, the garage area was included in the calculation of Effective Square Feet. Changes were made by the Assessor's office in 2003 to account for the garage area separately from the Effective Square Footage. The garage area is now accounted for in Garage

Capacity.

Extras \$: The County keeps an inventory of the special features associated with each property. These are known as Extra Features, and include fireplaces, whirlpool tubs, hot tubs, steam showers, swimming pools, tennis courts, and other special amenities. The dollar figure represents the amount assigned for the contribution of these features by the Assessor's office.

Sale Date: The sale date of each comparable sale.

Adjusted Sale Price: The Adjusted Sale Price is the actual sales price minus any personal property which was included in the transaction's sales price. Personal property includes furnishings, artwork, vehicles, and club memberships. The county receives an estimate of the contribution of the personal property to the transaction from the Purchaser. The Purchaser must complete Form TD1000 at the time of closing where they provide an estimate of the contribution of the personal property to the transaction. Many times there is no personal property included in a transaction, so the actual sales price is identical to the adjusted sales price.

Time Adjustment (Time Adj): All sales are adjusted to bring sales prices in line with values as of June 30, 2020. Therefore, in a market which is increasing in value, an upward time adjustment would be applied to a sale which occurred prior to June 30, 2020. If it is determined that values in the market decreased in value during this time frame, a downward time adjustment is assigned. The time adjustment is expressed as a multiplier. For example, a time adjustment of 1.06 is representative of a 6% time adjustment during the time between the comparable's sale date and June 30, 2020.

Time Adjusted Sale Price (Time Adj Sale Price): The result of the Adjusted Sale Price multiplied by the Time Adjustment. The Time Adjusted Sale Price is the price utilized by the Assessor to value county properties.

Time Adjusted Sale Price/Effective SF (TASP/EFF SF): This is the well known "Price per Square Foot" figure which is indicative of the relative overall "value" of a property. This figure is commonly used to compare properties.

\$ Improvements/Eff Square Foot (\$ Improve/Eff SF): The assessor assigns individual contributory values to the land and improvement portions of each property. The \$Improve/Eff SF is reflective of the value of the improvements per effective square foot. This figure can sometimes be used in the estimation of value for properties.

Garage Capacity: The Assessor’s office recently began consideration of garage contributions by means of the “vehicle capacity” of the garage area. Capacity is dependent on the size of the garage according to the following schedule:

<u>Size (sf)</u>	<u>Capacity</u>
No Garage	0
001 - 350	1
351 - 500	1.5
501 - 650	2
651 - 800	2.5
801 - 950	3
951 - 1000	3.5
etc. at increments of 150 square feet	

It is recognized that the schedule for these capacities is are rather under-stated. Many 2 car garages range in size from 400 to 450 square feet, and typical 3 car garages contain 600 to 700 square feet. However, the system is consistent among all properties, and it should not contribute to any significant valuation errors.

Chapter 3 Determine if the data for your property is accurate

The first step necessary to assess the feasibility of an appeal is to determine if the data on file with the Eagle County Assessor’s office is accurate. Errors in quantifying your property can have a dramatic effect on the value assigned, resulting in excess payment of taxes over a multiple year period. These are sometimes referred as Mechanical Errors, and are the result of:

- Computational errors
- Inaccurate property sketches and square footage calculations
- Incorrect ratings of quality and condition characteristics.

Property record card calculations are often inaccurate because of human error in data collection and because of copying mistakes.

Each property owner needs to perform the due diligence to make sure the characteristics on file with the county are accurate and representative of their property.

Not only do these errors result in over-taxation for the current time frame, but they also carry forward in future years, resulting in the over payment of taxes for many years.

Tax Abatement: Keep in mind that if it is found that the size, quality, or amenities of your property have been overstated in the counties’ records, you may receive a refund for the excess taxes you have paid in past years. This is known as a Tax Abatement. Should the County find such errors, you may file for a Tax Abatement refund with the Eagle County Assessor’s office. Eagle County Tax Appeal can represent you through this process. Check out our website at http://EagleCountyTaxAppeal.com/abatement_appeals.shtml

Investigate the Accuracy of the Following Property Data

If you ordered the ***Feasibility Tax Report*** or ***Tax Protest Report*** services from Eagle County Tax Appeal, you received a Property Record Card for your property. Investigate the following characteristics for accuracy and errors.

Check the size of your improvements: The Property Record Card includes a summary of all of the areas of your improvements, including living area, garage area, and deck and patio area. If any of these areas are overstated, the error contributes to an excess valuation and the payment of excess taxes on your property. Check building plans, prior appraisals, brokerage listings or any other documentation to determine the reasonableness of the county data.

Check for errors in the description of your dwelling. The Property Record Card may not correctly describe your home. Sometimes the square footage of a garage or deck is erroneously included in the living area square footage. Living space is taxed at a higher rate than other unheated, non-living space. Unfinished basement or attic areas may be mistakenly recorded in the room count description.

If you are unsure of the size of your improvements, the staff of Eagle County Tax Appeal may inspect and measure your improvements and provide a computerized sketch with square footage calculations. Contact us for a free quote.

Check for other factual errors: Check for errors which could impact the quantity or quality of your dwelling, including number of bedrooms, baths, and fireplaces; interior finishes of walls, floors, and fixtures; type of construction; and lot size.

Check the Construction Quality characteristic: This characteristic can have a significant effect on the value of your property. The quality rating is assigned by the Assessor's office staff based on the design characteristics, finish materials, and workmanship of your property. Errors in the assignment of this rating sometimes occur, resulting in an unjust valuation and higher tax rate.

Sometimes this error occurs because the property was assigned a quality rating many years ago when the market environment and the capabilities of the Assessor's office were different. Other times, this characteristic is assigned when your home is under construction and assumptions are made concerning the quality of construction. Other times, errors are a result of inappropriate subjective judgment on behalf of the Assessor's staff.

Be aware of any defects in your home which the Assessor's staff is not aware of. Defects which would reduce the value of your property include structural problems or settling that results in foundation cracking or shifting.

Effective Year Built: It is rare when this characteristic is a factor for the over-valuation of a property. Unless you have performed significant remodeling for which a building permit was obtained, the Assessor's office typically assigns an effective year built that is the same as the actual year built. This doesn't usually result in the assignment of a higher value.

However, if the effective year built is newer than the actual age, there is the potential for an issue. This is dependent on how much renovation has occurred on the premises, along with how much wear and tear and/or deferred maintenance is present.

Consider the following additional questions.

1. Are the views from your property inferior to other comparable sales? Do any on-site or off-site features obstruct views?
2. Does your property have any unusual site characteristics such as steeply sloping topography, environmental hazards, access problems, adverse easements, drainage problems or any other negative influence?
3. If your property is a condominium or townhome, does it have an inferior location (lower level, interior unit, etc.)?
4. Is your improvement in inferior condition? Are there unfinished elements of the dwelling? Is there greater than typical wear and tear?
5. Does your home contain any elements, which could be considered functionally obsolete? Examples would be a home with a very poor floor plan, an over-improvement for the neighborhood.
6. Do you have an appraisal performed on your property during the time frame from 1/1/2019 and 6/30/2020 that provides an opinion of value which is less than that assigned by the Eagle County Assessor? Such a report may provide supplemental support for your tax protest.

Our Inspection & Square Footage Calculation Services may be of assistance!

Some owners are unsure of the size, quality, or age characteristics of their property. Or, they do not want to take the risk that a change by the Assessor's staff might result in a higher valuation for the property.

To service these clients, Eagle County Tax Appeal will inspect the property, measure the improvements and provide a computer generated floor plan with square footage calculations. Additionally, we will provide an opinion on the reasonableness of the quality and effective year built characteristics assigned by the Assessor's office.

The cost of this service is dependent on the size of your property. **Contact us by phone or e-mail if you would like to order this Inspection & Square Footage Calculation service.**

Chapter 4 Challenging the Accuracy of Subject Data

Information was provided in Chapter 3 on how to determine if the data for your property is accurate. If you find factual errors which result in an excessive value to your property, you must submit a protest to the Eagle County Assessor.

Prepare a letter describing the errors you have found. Attach the letter to a signed Verification on page 2 of the Notice of Valuation delivered to you by the Assessor's office. Do not forget to provide the name and telephone number for a person the Assessor may contact for an on-site inspection. An on-site inspection is required to change these characteristics.

If delivered by mail, this protest must be postmarked by June 1, 2021. Hand delivered protests must be completed by June 1, 2021.

Inspection by Assessor's Staff

When this protest is received, the staff of the Assessor's office will need to physically inspect the interior of your property to verify the accuracy of the data. They will contact the party indicated on the protest form. They will inspect the inside of your property to verify the physical characteristics of the property, including improvement size, quality, effective year built, and any other characteristics tracked by the Assessor.

Please note that should the Assessor's staff find that your property is larger or of better quality or newer effective age than depicted in their files, the change in characteristics may result in an increase in the value assigned to your property. So, consider this factor before ordering an inspection of your property by the Assessor's office.

Assessor's Response

The Assessor's office must provide a written response to your appeal by the last working day of June. This is known as the Notice of Determination. If you are not satisfied with the Assessor's determination, you must file a written appeal with the County Board of Equalization by July 15, 2021.

Chapter 5 Is the County Value Reasonable Based on Comparable Sales?

You must determine if the value assigned by the county to your property is unreasonably high. After all, there is a lot of money at stake. Sometimes this can be determined utilizing the data provided in Property Data Service. **Many times, the valuation problem is more complex, requiring the services of an appraiser or property tax consultant.**

If you need professional assistance, hire the expert staff of Eagle County Tax Appeal to prepare and file a Property Protest in your behalf. We will prepare a market analysis to determine the reasonableness of the current year “Actual Value” assigned by the Assessor’s office. If it is found that the Actual Value is unreasonable, this report will be submitted to protest Eagle County’s valuation.

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E-mail: TaxProtest@EagleCountyTaxAppeal.com

Phone: 970-926-1131

or Fax: 970-926-1134

Factors Which Influence Excessive Values

Before you can determine if the value assigned to your property is reasonable, it is necessary to understand how valuation errors can occur. Following is a list of the numerous reasons why the county’s valuation can result in an excessive value to your property. As you inspect and analyze the subject property and comparable sales data, consider the following issues.

Mass Appraisal Methodology: The Assessor’s office has a limited amount of time to prepare values for more than 60,000 properties. Therefore, valuations are based on Mass Appraisal techniques. Mass appraisal methodology involves the use of regression analysis. This methodology often does not properly account for meaningful differences in value, like views, locations, renovation of properties, and unique appeal characteristics.

Additionally, as is commonplace in Eagle County, when the neighborhood data is diverse, mass appraisal methodology can easily result in inappropriate valuations to many properties. So, consider the similarity and diversity of the comparable sales data relative to your property when analyzing the reasonableness of the value assigned by the Assessor’s office.

Use of inappropriate comparable sales: This is often a factor when there are very few similar sales from your neighborhood, or such a broad range of sales that the value of your property is inappropriately compared to properties which are superior in one or more appeal characteristics.

If there are few or no comparable sales of properties which are “truly similar” to your property, then there is a strong likelihood that the value of your property can be unreasonable. A proper valuation requires the use of older sales data. The complicated nature of this situation usually requires the support of an appraiser or consultant familiar with the historical behavior of the

marketplace. This is where the staff with Eagle County Tax Appeal can prepare an analysis that supports a reduction in the value of your property.

Quality: Understatement of the quality rating of a comparable sale can have a profound effect on the Assessor's value estimates. If your home has a similar quality rating as comparable sales that are actually much better in quality, there is a good likelihood that your property is over-valued.

Square Footage: If the size of a Comparable sale is larger than the county's depiction, this could result in an unjustifiably high value conclusion. We have seen instances where a property in a subdivision sold at a very high price level due to an expanded living area. However, the improvement size in the Assessor office files had not been changed. This resulted in unreasonably high values assigned to other properties in the subdivision.

Personal Property: When a property sells, the purchaser is required to fill out a Transfer Declaration (TD1000 form) for submission to the Eagle County Assessor office. This declaration includes an estimate of the amount of personal property included in the transaction. Personal property, including furnishings, golf club memberships, and other "non-real estate" items can provide significant contributions to the sales price of a property.

In many instances, buyers do not fully understand the implications of this declaration, resulting in an under-statement of the value of these personal property items. This results in an unreasonably high adjusted sales price for the comparable sale, which in turn results in a higher value indication for the subject property. Research of the MLS sales data and intimate knowledge of the marketplace can discover these situations to offer as support for a reduction in the value of the subject property.

Motivated Buyer: Sales involving motivated buyers who pay insupportably high purchase prices can unfairly influence the value of your property. Appraisers and brokers are often aware of such sales and are capable of arguing against their inclusion in the valuation of your property. This is another situation where the knowledge of a real estate professional active in the marketplace is often necessary to generate a successful tax protest.

Location: Many of the neighborhoods in our diverse marketplace exhibit significant variations in value within short distances, and this is where the valuations by the Assessor's office miss the mark.

The site contributions of properties in the same neighborhood can vary significantly based on proximity to positive amenities such as skiing access, golf courses, rivers & creeks, open space, parks, and trails, as well as negative attributes like roads, railroad tracks, commercial properties, power lines, and other adverse influences. It often takes the knowledge of an experienced appraiser to lay out the data and analysis to support a reduction in value when errors of this nature are involved.

Views: In our incredibly scenic county, views can have a significant effect on value. We have seen examples of units in the same condominium complex which can vary in value due to the

view characteristic alone by over \$500,000. Unfortunately, such issues are easily overlooked in the preparation of values by the Assessor's office. So, if your property is inappropriately compared to properties with superior views, your property can easily be overvalued by significant amounts.

Amenities: Whether it is a home with unusual amenities, or a condominium or townhome project with significant and costly amenities, these factors are sometimes overlooked in the valuations by the Assessor's office.

How To Determine If The Value Assigned To Your Property Is Excessive!

Scan the Comparable Sales Data

The first step to determine the reasonableness of the value assigned to your property is to scan the Comparable Sales Data to highlight the comparable sales which are most similar to your property. Remember that the greater the similarity of a comparable sale to your property, the more reliable the indication of value provided by that sale.

Alternatively, the greater the number of differences between your property and a comparable sale, the greater the chance an error is made in quantifying the market reaction to those differences.

So, scan the data and select the sales which are most similar to your property. Select the comparable sales which are most similar to your property in terms of:

- Quality
- Effective Year Built
- Effective Square Feet
- Bedrooms
- Baths
- Garage Capacity
- Neighborhood
- Site and View characteristics

If you find sales which are very similar in all of these characteristics, there is a strong likelihood that those sales will provide the best reflection of the value of your property. Other sales which are superior or inferior to your property can also serve to "bracket" the market position of your property.

Analyze Sales in Terms of TASP/ Eff SF

A simplified comparison of the Time Adjusted Sale Price per Effective Square Foot of your property to other similar comparable sales is often sufficient to develop an opinion of the reasonableness of the county's value. Sales which are superior to your property typically have higher TASP/Eff SF indications than sales which are inferior to your property. Determine the range of indications for the TASP/Eff SF. Then, compare the TASP/Eff SF of these sales to the TASP/Eff SF of your property.

If the TASP/Eff SF of your property is greater than the indications provided by the comparable sales, there is a strong likelihood that your property has been over-valued by the county assessor. If the TASP/Eff Sf of your property is similar to those of the best comparable sales, it is likely that the value assigned by the county is reasonable.

If it is found that your property is over-valued, a market analysis similar to that discussed in Chapter 6 needs to be performed. This analysis can be submitted with the tax protest.

Consider Other Data Sources

Recent appraisals of you property may also provide a good source for assisting you with the determination of your property's value. Submission of such reports can also provide meaningful assistance in a successful tax protest.

Chapter 6 Preparing a Protest Utilizing the Sales Comparison Approach

If it is found that the value assigned to your property is excessive, a tax protest must be prepared and submitted to the county assessor. Colorado State laws require the utilization of the Sales Comparison Approach in the protest of residential properties.

The Sales Comparison Approach applies the principal of substitution, which states that the value of your property is set by the sales price of an equivalent, equally desirable, similar substitute property. This is the only approach to value which may be utilized in the preparation of an appeal for residential properties and vacant land.

There are three basic phases involved in the Sales Comparison Approach:

- Collect data on your property and potential comparable sales
- Selecting the appropriate comparable sales data
- Develop a market analysis which includes adjustments for the differences in appeal characteristics among the subject property and each comparable sale.

Collect Subject & Comparable Sales Data

The data in the Property Data Report provided to you by Eagle County Tax Appeal includes most of the data needed in the preparation of a tax appeal.

The Subject Data report includes data on file with Eagle County on the subject property.

The Comparable Sales Report includes a summary of the primary characteristics of each comparable sale. Additional information on each sale may be found on Eagle County's web site. On the Internet, go to <http://www.eaglecounty.us/patie/>, accept the terms, and input the Account # of the comparable sale into the search engine for "Account Number".

Collect MLS Data from a local real estate broker, which provides MLS listing data on the comparable sales utilized by the county assessor to value your property.

Selecting Comparable Sales

In Chapter 5, detail was provided concerning the selection of comparable sales which are most similar to your property. There are many different appeal characteristics among properties, but there are a number of characteristics which primarily affect value. You need to select the comparable sales which are most similar to your property based on the following **primary appeal characteristics**:

- Quality
- Effective Year Built
- Effective Square Feet
- Bedrooms
- Baths
- Garage Capacity
- Neighborhood
- Site and View characteristics

Remember, the more closely the comparable sales resemble the subject property, the more credible your basis for a reduction in your valuation will be!

It is rare when you find comparable sales that are identical to your property in every single appeal characteristic. If you have the luxury of finding such data that suggests a lower value for your property, simple citation of this data may be sufficient to succeed in a tax protest. However, it is usually necessary to utilize the Sales Comparison Approach and prepare a market grid that compares the subject property to each comparable sale.

Developing a Market Comparison Grid

The Sales Comparison Approach utilizes a market grid which identifies and adjusts for the differences between the subject property and each comparable sale. A typical market grid is included in the Addenda of this report. Make multiple copies of this comparison grid so that you may create drafts, or for the inclusion of multiple pages of comparable sales.

Please note that the discussion below is specifically tailored to the preparation of a market analysis for tax protest purposes. Preparation of an appraisal for other purposes may involve some differences in methodology.

Market grid

The grid is designed with descriptions of each row in the first column. The second column is where the descriptions of each characteristic for the subject property are placed. Each comparable sale includes two columns. The left column of each Comparable sale is where the descriptions of each characteristic are placed, while the right column is where dollar adjustments are placed for differences between the subject property and each comparable sale.

Bear in mind that for the purposes of tax protests, it is **not** required to fill in descriptive data and provide adjustments for every single characteristic. In fact, it is sometimes effective to account for only the primary appeal characteristics in tax appeals. Feel free to leave a field blank in the market grid for characteristics which require little to no adjustment.

Please note that the Tax Protest Reports prepared by Eagle County Tax Appeal utilize a slightly different market grid which has been modified for tax protest purposes. Do not be alarmed if some of the items discussed below are not on a Tax Appeal report utilized in your appeal.

Making Adjustments

The central premise of the Sales Comparison Approach is to assign adjustments for the differences between the subject property and each comparable sale. The comparable properties are adjusted to reflect the value of the subject property. Adjustments are never assigned to the Subject Property; they are assigned to each comparable sale so that after adjustment, each comparable sale provides an indication of value for the subject property.

The adjustments are dollar adjustments which are reflective of the estimated market reaction for the differing appeal characteristic. If an item of the comparable property is superior to that of the subject property, a minus (-) adjustment is made, reducing the value of the subject. Alternatively, if an item in the comparable property is inferior to that of the subject property, a plus (+) adjustment is made, increasing the indicated value of the subject.

Keep in mind that adjustments do not have to be made for every characteristic, and adjustments are not even required for differing appeal characteristics. For example, a forced air heating system usually has a similar level of appeal as hot water baseboard systems, so no adjustment is necessary for this difference. The important requirement is to reflect the behavior of typical buyers and sellers for differing appeal characteristics in the marketplace.

How to Derive Adjustments

An adjustment is typically determined by performing “paired sales analysis”, or sometimes known as “Paired Data Set Analysis. This analysis allows you to derive the amount of value attributable to a difference in an element of comparison directly from the available market data. When two comparable sales are identical or very similar in all but one characteristic, you may be able to conclude that the difference in this single characteristic accounts for the difference in their prices.

For example, if two very similar properties located in different neighborhoods are sold within a limited period, an adjustment for location can be calculated from their sales prices. In practice, several matched pairs should be isolated from the sales of comparable or similar properties so that the adjustment is based on an adequate sample.

Usually the number of available comparables is limited and a party will rarely find pairs that directly indicate the effect on each element of comparison. Many comparable sale pairs on the market data grid differ from one another in more than one element, so it can be difficult to isolate the effects of each individual variation. Often a more complicated procedure must be applied to obtain the necessary information. To apply this procedure, the preparer makes a series of repeated paired data identifications and adjustments directly on the market data grid.

As you can see, the assignment of appropriate adjustments is the most difficult element of preparing a market analysis. This is where an experienced party active in a marketplace has a significant advantage. An appraiser operating within a marketplace on a consistent basis already has good familiarity with the appropriate rates of adjustment for different appeal characteristics.

Descriptions of Property Characteristics

The descriptions for each subject and comparable property characteristic are identified in the first column of the market data analysis grid. Brief summaries of these characteristics are provided

below. Where do you find this information? Much of it is included in the Comparable Sales Report. Data for other characteristics can be gathered from the MLS Data or by performing research at the Eagle County Assessor's office. Their website at <http://www.eaglecounty.us/patie/> is a handy reference for obtaining this information?

The instructions below are specifically tailored to the preparation of a Tax Protest Report.

Address: Use the street address to designate each property. Space is also available to include the legal description of the subject and each comparable sale in this section.

Proximity to Subject: Enter the distance & direction of each comparable sale from the subject property.

Sales Price: Utilize the Time Adjusted Sales Price (TASP).

Price/Gross Living Area: Use the Time Adjusted Sales Price/Effective Square Foot (TASP/Eff SF) for property tax protests.

Data and/or Verification Sources: Enter the source of the data, which will usually be "Assessor, MLS". Also mention if the details of the sale was confirmed with a broker, owner, or other party knowledgeable to the transaction.

Sales or Financing Concessions: Example of sales or financing concessions include below market owner financing, seller paid fees or closing costs which are customarily paid by the buyer, assignment of rent payments, and inclusion of non-realty personal property items in the transaction.

The Assessor's office makes their own adjustments for the sales or financing concessions that are discovered in the process of confirming sales. The Sale Price is adjusted for these factors, resulting in the Adjusted Sales Price. However, the county assessor does not always have complete and correct information to make accurate adjustments. Look out for furnishings, club memberships, and other personal property which were included in the sales price, but were not accounted for in the Adjusted Sales Price by the Assessor's office.

The county receives an estimate of the contribution of the personal property to the transaction from the Purchaser. The Purchaser must complete Form TD1000 at the time of closing where they provide an estimate of the contribution of the personal property to the transaction. If this information is not accurately reported, the county may not have properly accounted for its contribution. You may make the case for additional adjustment for this feature. Calculate the appropriate additional adjustment and place it on this line.

Date of Sale/Time: For a Tax Protest Report, the date of sale of the subject property is the annual assessment date, or June 30, 2020. The Assessor will consider comparable sales within the prior 5-year time period.

The county assessor has already calculated and assigned adjustments for the rate of appreciation or depreciation which typically occurred during the market in the period from the comparable sales data and the annual assessment date. The Time Adjusted Sale Price (TASP) is reflective of the price after application of the “Time Adjustment”. Therefore, unless you find evidence that the time adjustment assigned by the county is incorrect, no adjustment is required.

Location: This line item typically includes information on the neighborhood the subject property and each comparable sale is located. If comparable sales are utilized from different neighborhoods, adjustments may be assigned for the different value levels apparent among these neighborhoods.

Leasehold/Fee Simple: Most properties in Eagle County have Fee Simple ownership interests. If your property has Leasehold property rights, the property should be compared to other properties with Leasehold interests. A leasehold interest involves property in which the improvements do not include ownership of the land underneath them.

Site: Enter the site size and any other pertinent characteristics, including topography, vegetation, zoning, landscaping, environmental factors, and proximity to water features or open space, etc.

View: Describe the view available from the property. Views can have a significant impact on value in our mountain resort area marketplace. For example, some properties command significant premiums for views of mountains, ski slopes, golf courses, etc. Site and view adjustments are usually difficult to differentiate from one another. The combined adjustments are reflective of the differing land values or site contributions of the subject property and each comparable sale.

Design and Appeal: It is best to compare properties which are similar in type (single family, ½ duplex, townhome, or condominium), design (one-story, two story, etc) and appeal (design attributes). Any value differences attributable to these factors should be adjusted for relative to the subject property.

Quality of Construction: For tax protests, utilize the quality description (Average, Good, Excellent, etc.) as referenced by the Assessor’s office. If properties are assigned different quality ratings, adjustments are typically required. Also be aware of subject properties and comparable sales which appear to have incorrect quality ratings assigned by the assessor. If a comparable sold which is assigned a higher than typical quality rating, it could skew the market data. Demonstration and support for a change in these characteristics could result in a successful appeal.

Age: For tax appraisals, use the Effective Age. Adjustments need to be made for the differences in Effective Age, based on typical rates of depreciation evident in the marketplace.

Condition: Properties which are similar in age can vary significantly in terms of condition, which is influenced by the amount of updating and wear and tear evident in a property. The systems of the Eagle County’s Assessor’s office are not particularly well equipped to handle these situations.

For example, sometimes a comparable will sell for a large premium after undergoing extensive renovation. Oftentimes, the Assessor's office is not aware of this upgrading, or their systems do not account for such changes in the property. Therefore, research of sales to determine comparable sales which sold with extensive renovation or remodeling can have a dramatic effect on the value of your property. Adjustments should be assigned to account for the market reaction to these characteristics.

Above Grade Room Count:

Total Rooms: Enter the total number of rooms, excluding bedrooms and any basement rooms.

Bedrooms: Input all bedrooms.

Bath: Contributions of full baths (toilet, sink, and tub and/or shower) and half baths (toilet and sink) are tallied.

Adjustments are usually assigned for differences in bath count, but the marketplace does not always recognize minor differences in bedroom count. Total rooms are accounted for in the adjustment for gross living area. Bath count adjustments vary from market to market, and typically range from \$5,000 to \$50,000 per bathroom, depending on the marketplace.

Gross Living Area: For a Tax Protest Report, use the Effective Square Footage assigned to properties by the county assessor. The rate of adjustment for this characteristic varies significantly among differing marketplaces.

Basement and Finished Rooms Below Grade: As noted earlier, the Effective Square Footage provided by the Eagle County Assessor includes all areas of the dwelling except for the garage. Therefore, in a Tax Protest Report, the basement area does not need to be accounted for in this line item.

Functional Utility: This is the section to deduct for instances of deficiencies or over-improvement features. Deficiencies include poor floor plans, inefficient use of space, poorly proportioned rooms, and other characteristics which meet market resistance in the marketplace. An over-improved property contains costly features and luxury finishes which are not fully recognized by typical buyers in that market. In Tax Protest Reports, one would typically apply this characteristic to the subject property, requesting the county to reduce the subject value due to its poor functional utility.

Heating/Cooling: Note the type of heating and cooling. Adjustments are sometimes assigned for different types of heating systems and the inclusion of air conditioning. The Assessor's office tries to account for this feature in the "quality" characteristic.

Energy Efficient Items: Note and adjust for the inclusion of unusual energy efficient items or the exclusion of typical energy efficient items. Items would include insulation, glazing, storm windows, and solar systems.

Garage/Carport: The Eagle County Assessor accounts for garages by the number of vehicle capacity under the following guidelines:

<u>Garage size (square feet)</u>	<u>Capacity</u>
0-350	1
351-500	1.5
501-650	2
651-800	2.5
801-950	3

Adjustments need to be assigned for differences in garage size between the subject property and the comparable sales. Typical rates of adjustment range from \$10,000 to \$30,000 per garage space.

Porch, Patio, Deck, Fireplace(s), etc.: As noted earlier, the Effective Square Footage provided by the Eagle County Assessor includes all areas of the dwelling except for the garage. Therefore, in a Tax Protest Report, the porch, patio, and deck areas do not need to be accounted for in this line item.

Differences in the number of fireplaces are typically recognized in the Eagle County marketplace at a rate of \$1,000 to \$10,000 per fireplace.

Fence, Pool, etc.: Account for any differences in fencing, pools, hot tubs, etc.

Other: Enter and account for any unusual characteristics that either add or subtract from the value of the subject property or comparable sales.

Net Adjustments: Total all the above adjustments and add or subtract from the sales price of each comparable sale.

Adjusted Sales Price of Comparable: This total reflects the additions and subtractions to the sales prices of the comparable sales. The result provides an indication of value for the subject property after accounting for the differences between the subject and each comparable sale.

Date, Price, and Data Source for prior sales within year of appraisal: This information is not needed in the preparation of a Tax Protest Report.

Comments: Provide comments about the rates of adjustments and any unusual aspects of a comparable sale. Also provide a reconciliation of the comparable sales data, providing opinions of which comparable sales are the most similar to the subject property and therefore are the most reliable indicators of value. This reconciliation should be concluded with the assignment of a final opinion of value for the property.

Common Problems in the Preparation of a Valuation

Following are common oversights in the preparation of a valuation for property tax protest purposes:

- Using comparable sales which are not truly comparable and do not represent the most similar sales available for comparison to the subject property.
- Failure to use accurate, factual information.
- Mixing up plus or minus adjustments.
- Math calculation errors.
- Failure to provide rational and support for the assignment of large adjustments.
- Failure to account for time adjustments and contributions of personal property to a comparable sales' purchase price.

Remember that your analysis needs to be plausible and should reflect the behavior of buyers and sellers in the marketplace. Simply citing the sales of properties which had lower sales prices than the value assigned to your property will not suffice.

Keep in mind that the adjustments for the Location, Site, View, Design and Appeal, Construction Quality, Functional Utility, and Condition characteristics are all subjective in nature. Make sure that the adjustments are reasonable and supportable by market activity. If a property is valued incorrectly, a high probability exists that the reason can be traced to an inappropriate adjustment for one of these characteristics.

Finalizing the Report

Whether your finalized report is rather simple or elaborate and highly detailed is dependent on the complexity of your protest and the stage of the protest process. Generally speaking, a highly detailed report is not as necessary during the initial protest to the Assessor's office. The Assessor's staff will usually take a cursory look at your report and oftentimes only make changes in value if there are errors in the subject's Property Record Card.

Detailed reports are desirable for a CBOE hearing or a "Stage 3" protest to the Board of Equalization, District Court, or County Commissioners.

At a minimum, your report should include:

- A description of the property including the county Account Number, owner, and legal description.
- If you have arranged from someone other than the property owner to submit the protest, a signed Agent Assignment and Verification needs to be submitted with the protest.
- Information describing any errors in the subject property's Property Record Card. If you are contesting the size of the improvements, include any support like a prior appraisal or architectural plans.
- Comparable sales data or a market comparison grid which provides support for a lower valuation of the property.

Following are items to be included in a report which enhance the presentation and provide support for the report's conclusions:

- **Photos** of the subject property and each comparable property can serve to support your contention of the similarity of these properties.
- **Maps** depicting the location of the subject property and each comparable property will show the similarity of locational appeal among these properties.
- **Floor plan** depicting any discrepancies in size or highlighting any functional obsolescence.
- **Descriptive commentary** that describes the basis for adjustments to the comparable sales and the rationale for the final value conclusion.
- Reports to the County Board of Equalization (CBOE) and any "Stage 3" protests should include the **Docket Number and date, time, and location of the hearing.**
- Any **appraisal** performed on your property during the time frame from 1/1/2019 and 6/30/2020 that provides an opinion of value which is less than that assigned by the Eagle County Assessor. Such a report may provide supplemental support for your tax protest.

Appeal to the Assessor

The first step in the protest process is to present your protest to the County Assessor's office. This protest may be presented by mail or in person. You may just deliver a copy of the report, or you may make an appointment to discuss the protest with a member of the Assessor's staff.

If you can demonstrate an error in the county's factual description of your property (mechanical errors), you have a good chance of succeeding in your protest at this stage. From prior experience, achieving a reduction in value at this stage is less common if your protest is based on a difference in opinion of the valuation utilizing the Sales Comparison Approach.

A meeting with the Assessor's staff will sometimes enhance your chances of a successful appeal. A well prepared presentation can provide the influence necessary to achieve a reduction in value. However, remember that the staff is human. They cannot help but have a defensive posture and back up the credibility of their work. The assessor is compelled to challenge all appeals and it may be difficult to change the Assessor's mind when presenting your evidence.

The staff is overworked during the protest period, so make sure that you are well prepared and keep your presentation concise and to the point. Be calm, cordial, and present the evidence in a professional, non-threatening manner. Keep your presentation organized and present only the most important facts in the beginning. You want to capture the attention of the staff person. If you have an antagonistic attitude, you may influence the assessor to challenge your claims more aggressively.

When presenting your case to the assessor or any hearing, remember that they are concerned with the assessment, not the taxes. Do not focus on issues which are irrelevant to the value assigned to your property. Your valuation must be based on the fair market value of the property, not on any of the following:

- Percentage of increase in value.
- Comparison of current values to past values.
- The amount of the taxes.
- Your inability to pay the taxes.

Decisions on changes in value are not given immediately. You will receive a written response to your appeal by the last working day in June. This document is known as the Notice of Determination. If you are not satisfied with the Assessor's decision, you must file a written appeal with the County Board of Equalization. Your appeal must be postmarked or delivered on or before July 15, 2021. Make sure you respond by the deadline date.

Presentation at a Hearing

If you submit a protest to the County Board of Equalization (CBOE) or to any of the agencies which handle Stage 3 protests, you will receive notification of your Docket Number, the location of the hearing, and the hearing date and time. All documentation submitted for these hearings must be marked with the date and time of the scheduled hearing, the property Account Number, and the Docket Number.

You should bring three (3) copies of the data you will present (one for the Referee, one for the Assessor, and one for yourself). Each party pays its own costs associated with the appeal.

It is best if you attend your hearing in person. If you cannot attend in person, you may attend by telephone if you request a telephone conference. Your request must be made to the County attorney's Office at least three (3) days before the hearing. You are responsible for placing the call for the telephone conference and you will be given a telephone number to call. Your call will be transferred to the Referee at the scheduled hearing time. If you participate in a telephone conference, you still may only present the evidence set forth in the documentation submitted in advance. It is recommended that you put page numbers on the documentation for ease of reference in a telephone conference.

A typical CBOE hearing is scheduled for 15 minutes of time. The property owner is allowed 5 minutes to present their case, the county representative is given 5 minutes to present their case, and then each side is allowed a few minutes for rebuttal. There is not much time for a presentation, so be prepared to highlight the most important facts and evidence.

The success of your presentation is often dependent on your organization and public speaking skills. Make eye contact with the Referee. Speak slowly and deliberately, and make sure you speak loudly enough for all parties of the hearing to hear you. Pause after each sentence. Be sure you can back up your facts to be credible. Finish with an overview that leaves the hearing referees with a definite impression of your final value conclusion. Practice your appeal so it is clear and well thought out.

The county's representatives may try to point out oversights, contradictions, or poor estimations of value based on the information you have provided. Be prepared to defend your data and analysis. You have likely spent more time on your research analysis than they have. So, be strong in the defense of your position.

Be prepared to question the presentation made by the Assessor's staff. They typically have little time to prepare their reports and they often are very short on details and analysis. Sometimes they just present sales without any adjustments or analysis. Other times, their adjustments are poorly

derived, inappropriate, or incomplete. Point out and question any dissimilar characteristics like location, site influences, quality, and size. Ask how adjustment rates were derived. Make it known if the comparable sales they have utilized are the ones which are most similar to your property.

Props such as location maps and photos of the subject property and each comparable sale can provide important support to your presentation. Make sure that these items are clear, legible, and of sufficient size to demonstrate your point.

The CBOE's decision will be issued no later than August 10, 2021. If you are not satisfied with the decision, an appeal must be submitted to one of the following three options:

- District Court
- Board of Assessment Appeals
- or Binding Arbitration.

The appeal must be submitted in writing no later than thirty (30) days after the CBOE's decision is mailed. The Board is required to give at least 30 days notice prior to the hearing; however, a notice of hearing is usually mailed 45 to 60 days prior to the scheduled hearing date.

If you disagree with the decision of the District Court or the Board of Assessment Appeals, you have the right to appeal this decision to the Court of Appeals for judicial review within 45 days from the date of the Board's decision. Decisions of Arbitration with the County Commissioners are final.

Chapter 7 Is Your Property Value “Equitable”?

Colorado property tax statutes require that each property be valued equitably relative to other properties in the same taxing jurisdiction. This provision necessitates that properties in the same neighborhood be valued at similar price value levels after accounting for their different appeal characteristics.

For example, it is possible that Property 1 has a value which is equivalent to its fair market value. Property 2 could be valued 15% below fair market value. If these properties are from the same market area, the owner of Property 1 could make the case for a value reduction to the value level assigned to Property 2.

This law is in place to give the taxpayer a basis for appeal if the Assessor’s office were to value all properties below market value. It would be difficult to prepare an appeal based on the comparable sales data. Yet some properties could be over-valued relative to other properties in the neighborhood. The laws requiring that each property be valued in an equitable manner give the taxpayer legal relief in such situations.

As a result, the opportunity exists to mount a protest based on the inequality of your property data relative to other similar properties in your neighborhood. This approach is less commonly utilized in the tax protest process, but it can be a useful tool in some situations.

One should typically rely on the Sales Comparison Approach and utilize the “Equitably Valued” premise to provide support for a reduced value. You can compare the value assigned to your property with the values of other similar homes in your area. If you can show that the value of your property is significantly higher than similar homes in your neighborhood, your odds of a successful appeal are heightened.

Gather Data

This approach requires you to compare the value assigned to your property with the values the county has assigned to similar properties in your market area. This will require some research at the County Assessor’s office, or at their website at: <http://www.eaglecounty.us/Assessor/>

The Assessor provides the public with the most recent Qualified and Valid comparable sales on some links at: http://www.eaglecounty.us/Assessor/Comparable_Sales_Data/.

To find sales that the Assessor has labeled Invalid or Unqualified, the Assessor’s Sales Search may be accessed at: <http://www.eaglecounty.us/patie/>. Click “Accept terms and view application”. Click “Enter EagleWeb”. Choose Public User Login. For your property information, Enter your property’s Account Number and Search. Click on the result.

Select the Sale Search link at the top of the page to search for sales. If your property is located in a subdivision or condominium/townhome project, utilize the Subdivision search field under the Advanced tab. If your property is in an “unplatted” area, utilize the “Legal Description” search in the Advanced tab. Perform a search for properties which are located in your competing

neighborhood and are similar to your property in terms of Quality, Effective Year Built, Effective Square Feet, Bedrooms, and Baths.

In order to develop a successful protest, you must compare your property to other properties which are similar to yours in these appeal characteristics. Utilization of properties which are dissimilar to yours will typically not provide the convincing support needed to achieve a reduction in value.

The above web site will provide information on the Actual Value of each property. Unfortunately, the site does not contain data on the Effective Square Feet of each property. This data is available at the Eagle County Assessor's office. Or, you could develop your opinion based on the Heated Area of each property, which is offered at the county's website. Gather the relevant information on each of the properties which support your protest.

Compare the Alternative Neighborhood Data to Your Property

The act of comparing the data can be very detailed, essentially preparing a market analysis as is described in Chapter 5. Or, more simplified methodologies can be utilized. It is easiest to compare the values of alternative properties with your property in terms of the Value/SF (Actual Value per Effective Square Foot).

If you find significant evidence of inequality in the valuation of your property, a protest can be generated to protest your assessed value.

Chapter 8 Preparing a Protest Using the “Equitably Valued” rule?

If you find that the value assigned to your property is not equitable to other similar properties in your neighborhood, you need to prepare and deliver a protest to the Eagle County Assessor’s office. Simply prepare a report that compares the value of your property to the similar properties in your market area.

As noted in Chapter 5, this comparison can be based on a simple Value/Square Foot basis, or involve a more detailed market analysis as is detailed in Chapters 5 or 6. Include detailed analysis and rationale to support your revised value conclusion.

Other items which can assist in the presentation of your report include:

Photos of the subject property and each comparable property can serve to support your contention of the similarity of these properties.

Maps depicting the location of the subject property and each comparable property will show the similarity of locational appeal among these properties.

If delivered by mail, this protest must be postmarked by June 1, 2021. Hand delivered protests must be completed by June 1, 2021.

The Assessor’s office must provide a written response to your appeal by the last working day of June. This response is known as the Notice of Determination. If you are not satisfied with the Assessor’s determination, you must file a written appeal with the County Board of Equalization by July 15, 2021.

Chapter 9 FAQ - Frequently Asked Questions

How is your property value determined?

For the 2021 valuation, the actual value assigned to vacant land, residential and commercial properties is based on sales and other market data from July 1, 2019 through June 30, 2020. This data gathering period is prescribed by Colorado statutes. In situations where there are insufficient sales, data from July 1, 2013 through June 30, 2020 may be utilized. All sales or market data is adjusted for time to the June 30, 2020 appraisal date.

Values are determined utilizing the Sales Comparison Approach, which compares your property with properties that are similar in location, design, size, age, and amenities. For non-residential property, the cost and the income approaches to value are also considered.

What should I do if I disagree with the value?

Colorado Statutes identify the month of May as the time for you to contact your County Assessor concerning your valuation. You may protest in person or by mail. If you protest by mail, it must be postmarked by June 1, 2021. If you appoint an agent to act on your behalf, that person needs your written authorization. Please keep in mind that you should provide information to support your estimate of value if it differs from that estimated by the Assessor's office. The Assessor's office will **only** consider appeals for the valuation of the property, not the amount of taxes you pay.

For professional assistance handling your protest, **Order a Feasibility Tax Report** from Eagle County Tax Appeal.

I'm not sure if I should appeal or not. How can I find out the sales prices of properties in my neighborhood for the 24-month period prior to June 30, 2020?

Two ways to obtain this information are:

- 1) Visit your county's Assessor's office from 8:00 a.m. to 5:00 p.m. They will provide you with a list of comparable sales which were considered in the valuation of your property. Keep in mind that the data provided by the Assessor's office is often difficult to decipher and typically requires extensive research to determine its relationship with the value assigned by the Assessor.
- 2) Seek information from a local real estate professional.

For professional assistance in determining the reasonableness of the value assigned by Eagle County Assessor, order a **Feasibility Tax Report** from Eagle County Tax Appeal.

If my house was not complete in June 2020, shouldn't it be valued at "zero?"

No. The Assessor is required to value each property as it existed on January 1 of the current year. If it was complete by January 1, 2021, then it will be valued and taxed for 2021, at a June 30, 2020 level of value. Partially completed homes are discounted for the incomplete percentage.

How are the assessment rates determined?

The assessment rate, which is used to calculate the assessed value, is determined by the Colorado Constitution and statutes. Please note that higher assessment rates result in greater tax liabilities. For 2019-2020 the assessment rates are as follows:

Vacant Land :	29%
Residential:	7.15% (Note: residential property must have a residence present)
Commercial:	29%
Industrial:	29%
Agricultural:	29% (Note: Property is valued as Agricultural property as opposed to Residential property, usually resulting in a lower actual value and tax basis)
Agricultural Residence:	7.15%
Mobile Homes:	7.15% (if used as a residence)
Personal Property:	29%
Oil & Gas:	87.5 % of production value if primary well; 75% of production value if secondary well

Only the residential assessment rate may be adjusted by the Colorado Legislature. The residential rate is set every two years, during the year of reappraisal.

How are your taxes calculated?

The following formula is used to calculate the dollar amount of taxes due:

Actual Value X Assessment Rate X Mill levy = Property Taxes Due

The **actual value** of each property in Eagle County is estimated by the Assessor's Office.

The **mill levies** are set each year by the taxing authorities that benefit from the taxes:

- School districts
- Eagle County
- Cities and towns
- Fire, water and sanitation districts
- Other special districts

The districts, which levy taxes on your property, are listed on your tax bill.

Doesn't the TABOR Amendment of 1992 prevent my taxes from rising?

No. The TABOR Amendment (Amendment I of 1992) controls the amount that state and local governments can collect and spend. It does not limit the rate of increase of an individual tax bill.

Why don't all properties increase or decrease by the same percentage?

Some people believe the previous (2019) values are simply multiplied by an "inflation factor", but in a reappraisal, all the data from the relevant time frame (July 1, 2014 through June 30, 2020) is considered. This data is analyzed using mass appraisal techniques to reflect the increased, stable, or decreased values of county properties.

Why Would Your Property be Over-Valued by the County Assessor?

The Eagle County Assessor's office has a very difficult task. They must assign values to more than 50,000 properties. And, the diverse array of properties in the county increases the complexity of this task. The Eagle County Assessor's office includes an experienced and professional staff. They employ competent technological systems and utilized accepted appraisal methodologies, fully complying with state regulations. In most situations, the values assigned to county properties are quite reasonable.

However, the time constraints involved in valuing such a large number of unique properties necessitates the use of Mass Appraisal techniques. Mass appraisal methodology involves the use of regression analysis. This methodology often does not properly account for meaningful differences in value, such as views, locations, renovation of properties, and unique appeal characteristics. When the sales data from a neighborhood is diverse, mass appraisal methodology can easily result in inappropriate valuations to many properties.

This is the reason why mortgage lenders and banks do not accept the county assessed valuations when making real estate loans and mortgages. Assessed valuations just do not provide the level of accuracy required to secure their interests for lending situations.

Why Does the Use of Mass Appraisal Methodology Result in Errors?

The reliability of Mass Appraisal methodology is directly dependent on the:

1. Similarity of the available comparable sales data.
2. The accuracy of the subject and comparable sales data.

Similarity of Comparable Sales Data: It is important to remember that the greater the number of differences between a property and a comparable sale, the greater the chance of making an error in quantifying the market adjustment for that difference. **Therefore, if the sales data utilized to value your property differs substantially, there is a stronger likelihood of an unjust valuation being assigned to your property.**

Properties within the same neighborhood and market segment can vary significantly in size, quality, effective age, and views. The effective sales price can be significantly influenced by concessions and personal property such as furnishings and club memberships. Furthermore, these markets are sometimes volatile with the actions of motivated buyers and sellers sometimes skewing sales data.

Accuracy of Subject & Comparable Sales Data: Keep in mind that no matter what appraisal methodology is utilized, its reliability is directly related to the reliability of the data for each Subject Property and the Comparable Sales utilized to estimate value. Unfortunately, there are many errors in the County data. Errors are made in characterizing properties. Properties change, and the county staff is unaware of the changes. Sellers do not fill out the Transfer Declaration forms correctly, resulting in inappropriate Effective Sales Prices of comparable sales. Through research, these errors may be rectified, resulting in successful tax protests that save taxpayers significant sums of money. The staff of Eagle County Tax Appeal is prepared to perform research to detect these errors.

What Alternatives are Available to Mass Appraisal Methodologies?

An alternative to the mass appraisal process is the more accurate direct comparison of properties utilizing the Sales Comparison Approach. It is the methodology which is primarily utilized by appraisers in the preparation of appraisals for mortgage lending situations. This approach utilizes a direct comparison of your property to the most similar comparable sales to provide an opinion of value. Eagle County Tax Appeal utilizes the Sales Comparison Approach in the preparation of tax appeals for our clients.

How could there be an error in quantifying your property?

Three main reasons: Human error, subjective judgment, and changes to the property since it was last quantified by the county Assessor's staff. The county appraiser staff has to quantify and value more than 40,000 properties. On the whole, the county staff does good work. But, errors can be made in measuring the various areas and components of your property. Errors can be made in the assignment of the quality rating of your home, or changes to your property may not have been taken into account.

Why don't more people challenge their high property taxes?

Most people have no idea how to determine if they are being overcharged. The property taxing authorities do not want you to be curious about the value they place on your house and property. They do not have the time or manpower to establish accurate assessment figures. And, since less than 1 percent of the population appeals their taxes, why should they bother? Equalization or equal treatment is very difficult, so you have to check for overcharges yourself. The Property Tax Bill offers the greatest potential savings of the expenses your property incurs.

If you lose your initial property tax protest, can you challenge again?

There are three (3) main stages involved in the process of appealing your assessed valuation.

1st Stage Protest: Your initial appeal is directed to the Eagle County Assessor's office. The Eagle County Assessor's office will provide a written response to the taxpayer by the last working day of June 2021.

2nd Stage Protest: If you are not satisfied with the Assessor's decision, a written appeal must be filed with the County Board of Equalization (CBOE). The appeal must be postmarked or delivered on or before July 15, 2021. You will be notified of a hearing date to present your appeal to hearing officers of the CBOE.

3rd Stage Protest: The CBOE's decision will be issued no later than August 10, 2021. If you are not satisfied with the decision, an appeal must be submitted to one of the following:

- 1) District Court,
- 2) Board of Assessment Appeals, or
- 3) a request for Arbitration with the County Commissioners. The appeal must be submitted in writing no later than thirty (30) days after the CBOE's decision is mailed. The Board is required to give at least 30 days notice prior to the hearing;

however, a notice of hearing is usually mailed 45 to 60 days prior to the scheduled hearing date.

If you disagree with the decision of the District Court or the Board of Assessment Appeals, you have the right to appeal this decision to the Court of Appeals for judicial review within 45 days from the date of the Board's decision. Decisions of Arbitration with the County Commissioners are final.

Can my valuation increase through the protest process?

Yes, however, this is very rare. Increases in value usually occur when the county finds an error in quantifying the size or quality of your property.

If you have an appeal pending, do you have to pay your taxes?

Yes. To avoid penalties and interest, all taxes must be paid by the delinquency date. You will receive a refund if an appeal is later settled in your favor.

What if the county has your square footage listed incorrectly?

You may request the county appraisal staff to perform a field check of your property. Or, for additional fees, you may request the staff of Eagle County Tax Appeal to perform an on-site inspection to determine the accuracy of the county data.

Should you hire Eagle County Tax Appeal or should you prepare your own protest?

The advantage of hiring us is you have a full-time professional armed with vast databases and extensive experience valuing residential properties in Eagle County. We have extensive experience handling tax appeals and understand the property tax protest process.

Many private parties handle their own property tax protests. However, a significant amount of time is required to prepare a successful tax protest.

Chapter 10 Assessment Calendar

Following is a brief summary of how the appeal process with Eagle County Tax Appeal will function.

May 1, 2021

Notices of Valuation from the Eagle County Assessor's office will be mailed by May 1, 2021. You must **act quickly** when you receive this notice, for you only have 30 days to submit an initial appeal. Taxpayers must submit an appeal which details the basis for a lower valuation by the end of May. Written appeals must be postmarked by June 1, 2021. Hand delivered appeals must be delivered by June 1, 2021.

Most property owners require the professional help of an agent or appraiser to prepare and submit an appeal. Eagle County Tax Appeal can prepare a well supported and professional valuation with our Tax Protest Report services.

Please remember, for Eagle County Tax Appeal to represent you in your tax appeal, we must receive a signed Agent Verification before submission of the report to the Eagle County Assessor.

May 15, 2021

Order Tax Appeal services from Eagle County Tax Appeal by this date to receive the most economical pricing of our services. Price increases for any of our services may be installed after this date due to the severe time constraints involved in submitting appeals by the June 1, 2021 deadline.

June 1, 2021

Written appeals to the Eagle County Assessor's office must be postmarked by June 1, 2021.

June 1, 2021

Hand delivered appeals must be delivered to the Eagle County Assessor's office by June 1, 2021.

If you hire Eagle County Tax Appeal to prepare your tax appeal, we will deliver it to Eagle County by the above deadlines.

June 30, 2021

The Assessor's office must provide a response to your appeal by the last working day in June. This value is known as the Notice of Determination. If you hire Eagle County Tax Appeal to prepare your tax appeal, we will also receive a copy the Notice of Determination. We will notify you of the county's determination along with an estimate of the tax savings you have achieved. You will also be provided an estimate of the potential additional tax savings you can attain if you are successful in achieving further reductions in a continued appeal.

You will be provided a fee quote for Eagle County Tax Appeal to prepare and present your appeal at the County Board of Equalization (CBOE) hearings. This fee will take into consideration what additional supporting documentation (maps, photographs, supporting data & analysis) is needed to present your appeal at the CBOE hearings.

July 15, 2021

If you are not satisfied with the Assessor's decision, you must file a written appeal with the County Board of Equalization. Your appeal must be postmarked or delivered on or before July 15, 2021.

If you hire Eagle County Tax Appeal to represent you at the County Board of Equalization hearings, we will file a written appeal on or before July 15, 2021.

Soon thereafter, we will be notified of the hearing date for the CBOE hearing.

August 10, 2021

The CBOE's decision will be issued no later than August 10, 2021. If you are not satisfied with the decision, an appeal must be submitted to one of the following three options:

- District Court
- Board of Assessment Appeals
- or Arbitration with the County Commissioners.

The appeal must be submitted in writing no later than thirty (30) days after the CBOE's decision is mailed. The Board is required to give at least 30 days notice prior to the hearing; however, a notice of hearing is usually mailed 45 to 60 days prior to the scheduled hearing date.

If you disagree with the decision of the District Court or the Board of Assessment Appeals, you have the right to appeal this decision to the Court of Appeals for judicial review within 45 days from the date of the Board's decision. Decisions of Arbitration with the County Commissioners are final.

Addenda