

ROUTT COUNTY BOARD OF COUNTY COMMISSIONERS

AGENDA COMMUNICATION FORM

ITEM DATE: 07/16/2019	ITEM TIME: 2:15 PM
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FROM:	Gary Peterson, Assessor & Matt Kuckkahn, Appraiser
TODAY'S DATE:	07/10/2019
AGENDA TITLE:	Valuation Correction – 12 USFS Possessory Interest Accounts
CHECK ONE THAT APPLIES TO YOUR ITEM:	
<input checked="" type="checkbox"/> ACTION ITEM	
<input type="checkbox"/> DIRECTION	
<input type="checkbox"/> INFORMATION	
I. DESCRIBE THE REQUEST OR ISSUE:	
The state auditor, Wildrose Appraisal, discovered a calculation error in the mathematical formula utilized in 12 possessory interest accounts in which the effective tax rate was overstated thereby resulting in an undervaluation. While the actual impact on value is small, the error is objective and was requested to be corrected by the auditor in the interest of a uniform and equitable assessment.	
II. RECOMMENDED ACTION:	
The Assessor is recommending the Board of Equalization <u>raise</u> the valuation of these possessory interest accounts. (see spreadsheet; file name= CORRECTED USFS Social Use Valuation – 12 accounts.xlsx).	
III. DESCRIBE FISCAL IMPACTS (VARIATION TO BUDGET):	
PROPOSED REVENUE:	N/A
PROPOSED EXPENDITURE:	None
FUNDING SOURCE:	N/A
IV. IMPACTS OF A REGIONAL NATURE OR ON OTHER JURISDICTIONS (IDENTIFY ANY COMMUNICATIONS ON THIS ITEM):	
Minimal	

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V. BACKGROUND INFORMATION:

It was discovered recently through communication with the state-contracted-auditor, Wildrose Appraisal, a step in the mathematical formula utilized to determine the value of long-term lease-hold interests on USFS lands was erroneously omitted from the final calculation. The mill levy rate must be reduced by the effective tax rate (0.29 factor omitted) to determine the effective tax rate, which is then added to the overall cap rate to determine the rate applied to income in the net present value calculation of long term lease valuation. This omission factored in a greater taxation rate in the valuation, thus diminishing the value of the lease above and beyond the actual rate of taxation. When the correct factor is applied it results in a value change ranging from approximately 7% to 19% with the largest adjustment being \$14,650 of value and the smallest adjustment being \$50 of value.

VI. LEGAL ISSUES:

Authority is granted to the County Board of Equalization (CBOE) through C.R.S. § 39-8-102.

(1) The county board of equalization shall review the valuations for assessment of all taxable property appearing in the assessment roll of the county, directing the assessor to supply any omissions which may come to its attention. It shall correct any errors made by the assessor, and, whenever in its judgment justice and right so require, it shall raise, lower, or adjust any valuation for assessment appearing in the assessment roll to the end that all valuations for assessment of property are just and equalized within the county.

Further clarification of this authority is provided in the published court case of Wenner v. Bd of Assessment Appeals, 866 P2d 172 (Colo. App. 1993)

VII. CONFLICTS OR ENVIRONMENTAL ISSUES:

N/A

VIII. SUMMARY AND OTHER OPTIONS:

Please refer to the attached spreadsheet for the exact calculated value proposed for each of the affected possessory interest leases. All other attributes and their respective adjustments remain the same, only the addition of a single step of the mathematical equation is being updated. The correction in value will be effective only for tax year 2019.

Other Options: As the CBOE, you may certainly choose to not exercise your authority to effectuate an equalization of the stated disparity in assessment for these 12 possessory interest leases and leave the current under-valuation as is. You may also adjust to a level of value different from those recommended by the Assessor- either higher or lower. However, this calculation error is also known by the state auditor, and could call for a reappraisal order if not corrected by this equalization procedure.

