

Strengthening the Foundation: Modernizing Colorado's Property Tax System for Fairness and Efficiency

January 2026



EAGLE COUNTY

Intro

Property Taxes are the Bedrock of Our Communities

In Eagle County, an estimated \$0.85 of every dollar of property tax collected directly funds our schools, special districts, and municipalities.

A fair and efficient property tax systems is not a bureaucratic goal- it is essential for funding the core services our communities rely on.



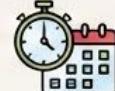
Story time with Matt

Case 1: Lodging Industry

- Lodging Industry 
- Assessor seeks income and expense information from a fixed period during the prior 2 years to set initial valuation
- 5 sets of financial statements (P&Ls) provided at various points
- The BAA adopted the profit and loss statements presented by the appraiser, despite those numbers being different from 1) what was provided to the Assessor on 2 separate occasions; and 2) what was provided to the County Board of Equalization through discovery preceding the hearing.



Case 2: Delay, delay, delay!



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- 6 attempts from the county to begin discovery over 3 months
- Appeal to waive penalty interest
- Request denied by tax agent
- \$20M valuation difference



Undermining the Foundation

Three Cracks Undermine the System's Integrity

Information Disadvantage: Counties value property with information provided by the owner. Although illegal, there are no penalties for providing false or misleading data upfront or during appeals.

Venue Mismatch: Complex, high-stakes valuation cases opt into an informal venue (the BAA), which is ill-equipped for legal disputes or extensive discovery.

Perverse Incentives: An excessive 12% annual interest rate on tax refunds creates a financial incentive for tax agents to delay resolution, at the public's expense.



Impacts

Counties fight these battles on behalf of all taxing entities, including municipalities and school districts.

Eagle County 2020-2024

\$7.7 Million in abatements

\$620,728 paid in penalty interest in Eagle County

\$268,869 paid by schools

\$33,675 paid by municipalities

Recipient Type	Corrected Amount 2020-2024 (Refund)	Penalty Interest Paid	Percent Paid in Interest
Single Resort Corp.	\$2,475,321.99	\$390,548.40	15.78%
Nonprofits or Govts.	\$963,748.72	\$4,818.18	0.50%
Major Corps.	\$169,619.46	\$178.90	0.11%
All other Lodging	\$1,102,584.72	\$56,956.30	5.17%



1. Equal Penalties

Problem 1: Information Disadvantage

Align Property Tax Law with Existing State and Federal Standards

The Proposal

1. Introduce penalties for providing false or misleading information in property tax proceedings, mirroring existing statutes.
2. Information provided to an Assessor or County Board of Equalization is considered relevant evidence in subsequent BAA or District Court hearings without impacting de novo.

Precedent and Justification
Aligns with Sales & Income Tax: C.R.S. 39-21-118 provides felony penalties for statements to the Department of Revenue.
Aligns with Federal Tax: 26 U.S. Code 7206 penalizes providing false information to the IRS. Targeted Impact: This reform applies to commercial properties from which information is requested, no residential property owners.



2. Direct to District Court

Problem 2: Complex, high-stakes cases in an informal venue

Taxpayers have sole discretion to appeal a BOE decision to the BAA, District County, or arbitration. Respondent counties have no input, even when the case is fundamentally unsuited for the BAA.

The Contradiction: Legally trained County Court judges cannot hear cases over \$25,000, yet the BAA often hears cases with millions of dollars at issue under even more limited procedural safeguards.

BAA Limitations:

	Decision-makers: Members may lack legal training		Discovery: Inadequate discovery parameters.
	Evidence: Relaxed or nonexistent evidentiary rules		Procedure: Limited application of civil procedure rules.

2. Direct to District Court

Solution: Create a statutory mechanism allowing a respondent county to request a transfer of a case from BAA to the District Court.

Proposed Triggers for Transfer (one or more must be met)

1. The property value is in the top 30% of county commercial properties by size or valuation.
2. The property class is any type other than residential
3. There are legal disputes or questions as part of the case and/or the property owner has representation by a tax agent or attorney.
4. The case requires extensive discovery or involves a valuation methodology or classification dispute.

Guiding Principle: A reasonable standard: “The case is complex such that a reasonable person would determine it should be heard in a District Court.”



3. Limit Penalty Interest

Problem 3: A perverse Incentive to Delay Resolution



The Issue:

Current law provides 1% per month (12% annual) interest on any refund of property taxes.



The consequences:

1. This lucrative rate creates a “perverse incentive for owners and their agents to delay resolution” through ultimately disclosures and drawn-out litigation.
2. It creates undue hardship on the county to pay the high interest rate, which is funded by the common taxpayer through the county general fund and the school district.



Solution: Remove the Incentive to Stall and Restore Fairness



Proposal Part 1: Limit Entitlement

Waive entitlement to penalty interest if during the appeal process, initial disclosure is materially changed.



Proposal Part 2: Add an Accountability Clause

If the District Court or BAA finds a property owner has intentionally delayed the resolution process or provided false information, their right to false information, their right to interest on the the refund is waived

Three Common-Sense Reforms to Strengthen our Tax System

Information

Problem: Unfair Information advantage due to a lack of penalties for false data.

Solution: Align with state/federal law by penalizing false information.

Venue

Problem: Complex, high-stakes cases are mismatched with the BAA's informal process.

Solution: Allow counties or the BAA to move appropriate cases to District Court.

Incentives

Problem: Excessive 12% annual interest rate incentivizes delays in resolution.

Solution: Waive entitlement to penalty interest in cases where initial disclosures are materially negated in the appeal.



A Fairer Foundation

These are not radical changes. They are necessary repairs. They ensure that the process for determining property values is balanced, that disputes are heard in the proper venue, and that incentives are aligned toward fair and timely resolution.

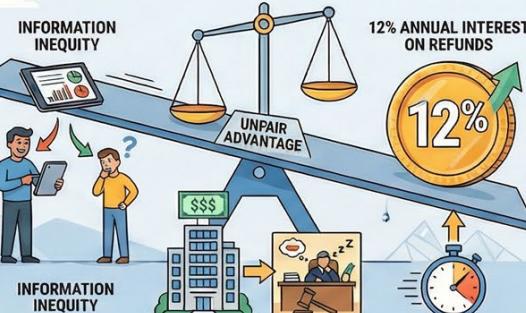
By adopting these reforms, we strengthen the foundation of a system that is vital to the health and success of our communities across Colorado.



Discussion

Leveling the Playing Field: Reforming Colorado's Property Tax System

THE PROBLEM: AN UNLEVEL PLAYING FIELD



This high rate creates a perverse incentive for property owners to stall proceedings.

THE SOLUTION: FAIR & EFFICIENT REFORMS

INTRODUCE PENALTIES FOR MISINFORMATION
ALLOW COMPLEX CASES TO MOVE TO DISTRICT COURT
REDUCE REFUND INTEREST TO 0.5% PER MONTH



INTRODUCE PENALTIES FOR MISINFORMATION: Binds property owners to their initial disclosures, ensuring data integrity.
ALLOW COMPLEX CASES TO MOVE TO DISTRICT COURT: Ensures high-stakes cases are handled with appropriate legal oversight.
REDUCE REFUND INTEREST TO 0.5% PER MONTH: Removes the financial incentive to delay resolutions while still deterring over-assessment.

Instead of reducing the rate, waive entitlement when appeal materially changes initial disclosure.

THE IMPACT: A CASE STUDY IN EAGLE COUNTY (2020-2024)

\$620,728

IN PENALTY INTEREST PAID

This taxpayer money was paid out by local jurisdictions due to system flaws.



INTEREST BURDEN DISTRIBUTION

SCHOOLS 34.3%

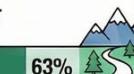
The Eagle County School District paid over \$212,000 of the total interest.



TOP INTEREST RECIPIENT

ONE COMPANY 63%

\$390,948 in interest payments.



NotebookLM

Reference

- C.R.S. § 39-21-118: Penalties for false statements.
- C.R.S. § 39-8-108: Statutory options for further appeal.
- C.R.S. § 39-10-114: Refund interest and abatement procedures.
- ARL Volume 2, Chapter 5: Taxpayer Administrative Remedies manual.
- Eagle County Legislative Priorities 2026.





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