

12.3.2018

Tax Burdens in Denver and Peer Cities

To
Policy Council

From
Emily Lapel,
Legislative Analyst

CC

Re
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and Peer Cities

The purpose of this paper is to explore the tax burden in Denver and how it compares to peer cities in the western United States. For this paper I explored income, property, and sales taxes within Denver, CO; Seattle, WA; Portland, OR; and Austin, TX.

Denver Sales Tax

Denver 2018 Sales Tax Rate is 3.65% with a state sales tax rate of 2.9% and RTD tax rate of 1.1% with a combined total of 7.65%

In 2019 Denver's sales tax will increase to 4.31%, combined with state and RTD tax rates the total sales tax rate will be 8.31%

Denver Income Tax

The Denver Income Tax is called the Occupational Privilege Tax and according to the DRMC §53-241 each employee within the City and County of Denver must pay \$5.75 for each month they are employed. Colorado's income tax is a flat 4.63% of taxable income¹. Only five municipalities in Colorado impose an OPT: Aurora, Denver, Glendale, Greenwood Village, and Sheridan. These OPT's range from \$2/month to \$5.75/month.²

Denver Property Tax

Denver property taxes are calculated by multiplying the assessed value by the mill levy. The assessed value for residential property is 7.20% of the actual value whereas the assessed value for commercial and business personal property is 29% of the actual value. The assessed value is then multiplied by the current mill levy. Mill levies are determined by the school district, city council, and special districts.

¹ [Colorado Department of Revenue](#)

² [OPT](#)

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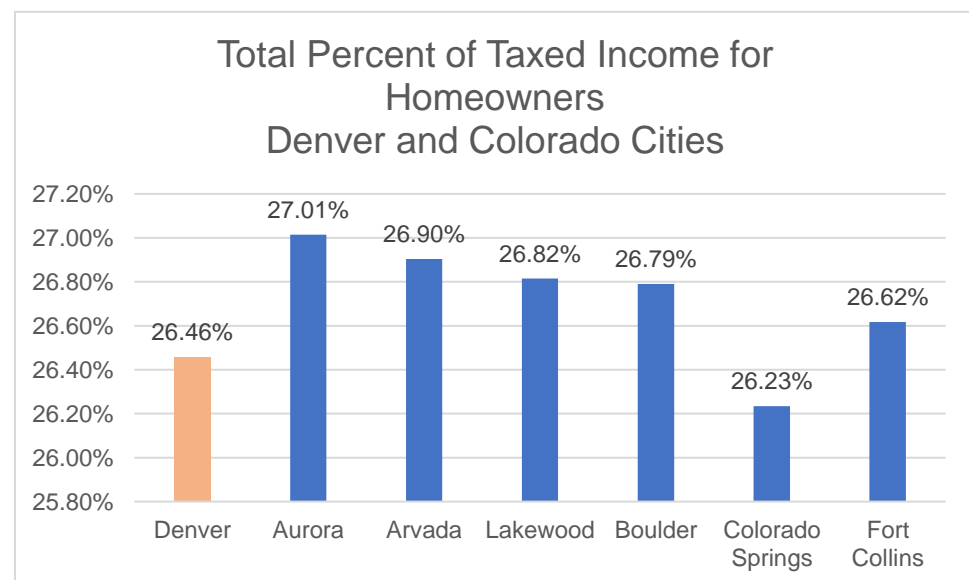
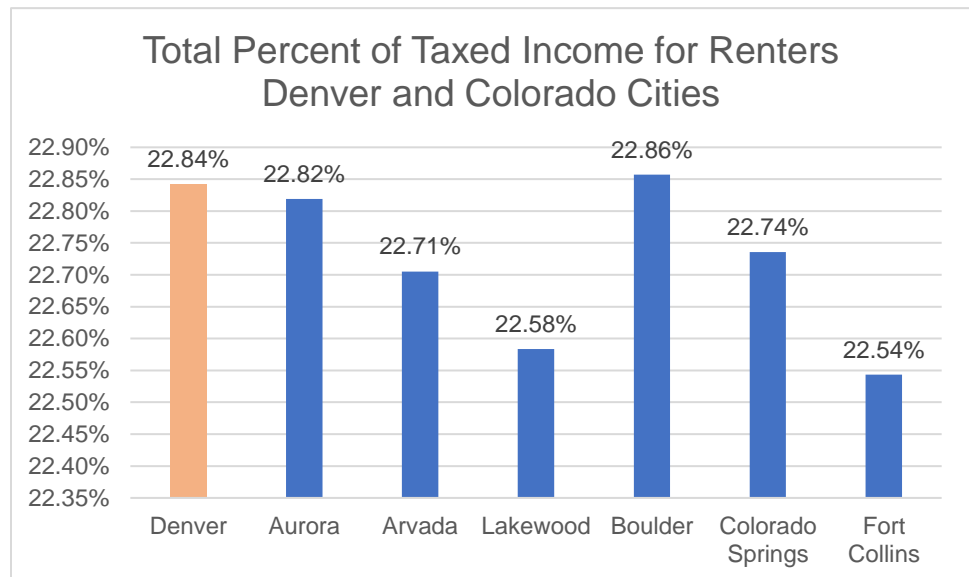
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See Figures 1 and 2 for how Denver compares to other municipalities in the Front Range.



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Denver and Its Peer Cities

Seattle Sales Tax

According to the Washington Department of Revenue, in 2018 Seattle's sales and use tax is 3.6%, however, when combined with the state sales and use tax (6.5%) it rises to 10.1%. This is one of the highest combined sales tax rates in the state, but it is to be noted, not by much ³. For Q1 2019, there will be no increases in sales tax in Seattle or Washington State.⁴

Seattle Income Tax

There is no income tax in the state of Washington. However, in 2017 Seattle's City Council passed an income tax on wealthy households which would apply a 2.25% tax on total income above \$250,000 for individuals and above \$500,000 for married couples. In November 2017 a county judge ruled this legislation unconstitutional. Seattle City Council appealed this ruling in December 2017.

Seattle Property Tax

Property taxes are calculated by taking the property's assessed value and the total tax rate. Appraisals are conducted ever six years in each county in order to determine the assessed values. Because Washington does not collect a personal income or property tax on vehicles, it has a higher tax rate on property taxes. Property taxes account for approximately 30% of the state's total state and local revenue.

³ [Washington Department of Revenue local sales and use tax rates by city and county](#)

⁴ *Id.*



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In King County property taxes increased 16.92%⁵ adding \$1.01 per thousand dollars of assessed value. In 2018 property tax billings county-wide were \$5.6 billion⁶. In Seattle, the levy rate is approximately \$9.56⁷.

Austin Sales Tax

Texas imposes a 6.25% state sales and use tax on all retail sales, leases and rentals. Local taxing jurisdictions can impose up to 2% sales and use tax⁸. The City of Austin imposes an additional 1% sales tax and a 1% transit tax⁹ for a total sales tax of 8.25%.

Austin Income Tax

The state of Texas does not impose an income tax, and any increase to the income tax must be approved by referendum¹⁰. There is no income tax in Travis County, TX and no income tax in Austin, TX.

Austin Property Tax

Property tax is the primary source of funding for local governments in Texas, and is set by the local Comptroller's office since the state does not have a property tax¹¹. Property is appraised at the full market value, and taxes are assessed on 100% of the appraised value. The total tax rate is the sum of the rates of all applicable taxing units: cities, counties, school, and special districts. In Austin property tax rates range from 1.7562% to 2.9314%¹².

⁵ [King County property tax summary](#)

⁶ *Id.*

⁷ [King County Department of Assets property tax comparison](#)

⁸ [Texas Comptroller sales and use tax](#)

⁹ [Texas Comptroller sales tax calculator](#)

¹⁰ Texas Constitution § 8.24(a)

¹¹ [Texas Comptroller property tax calculator](#)

¹² [Austin Chamber of Commerce tax incentives](#)

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Portland Sales Tax

The State of Oregon does not have a sales tax, therefore Portland does not have a sales tax¹³.

Portland Income Tax

The state of Oregon's income tax rate is 9% for married couples or individuals earning between \$5,000 and \$125,000 and 9.9% for individuals and married couples earning over \$125,000¹⁴. The City of Portland adds an additional \$35 for residents over the age of 18 who are above the federal poverty guidelines¹⁵.

Portland Property Tax

In Oregon the county assesses and taxes the property; however, the Oregon Constitution limits the rate of growth of property value subject to taxation and is limited to 3% each year¹⁶. Multnomah County, Oregon's property tax is based off of the tax rate code for an individual's area and any Special Assessments are added¹⁷. The average property tax rate in Multnomah County is \$10.65 per \$1,000 of real market value for residential homes and land¹⁸.

¹³ [Oregon Department of Revenue programming for individuals](#)

¹⁴ OSS §316.037(1)(a)

¹⁵ City of Portland Charter & Code §5.73.020

¹⁶ [Oregon Department of Revenue taxation in Oregon](#)

¹⁷ [Multnomah County tax information](#)

¹⁸ [Oregon counties ranked by property tax](#)

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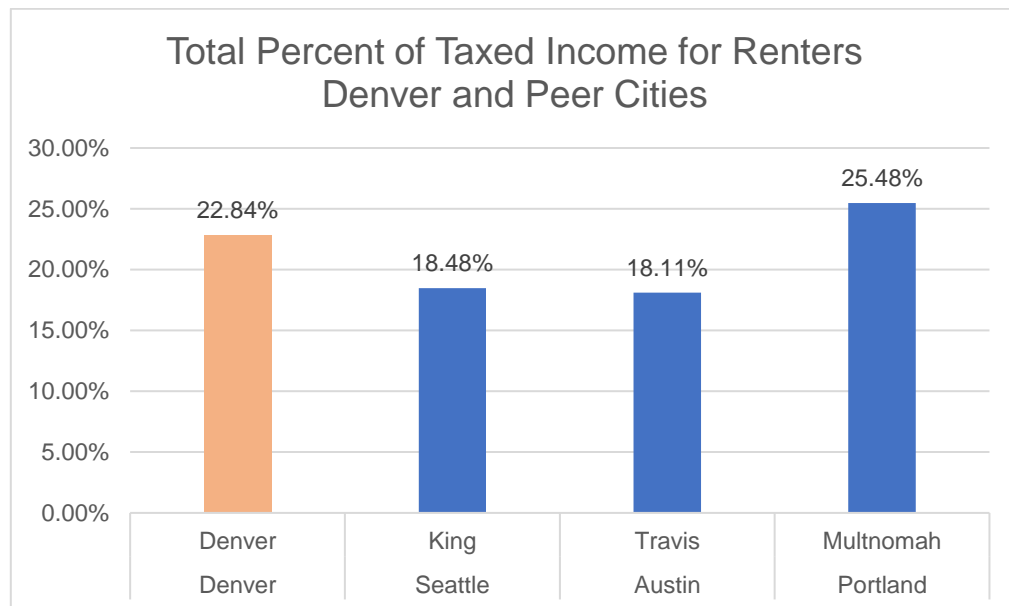


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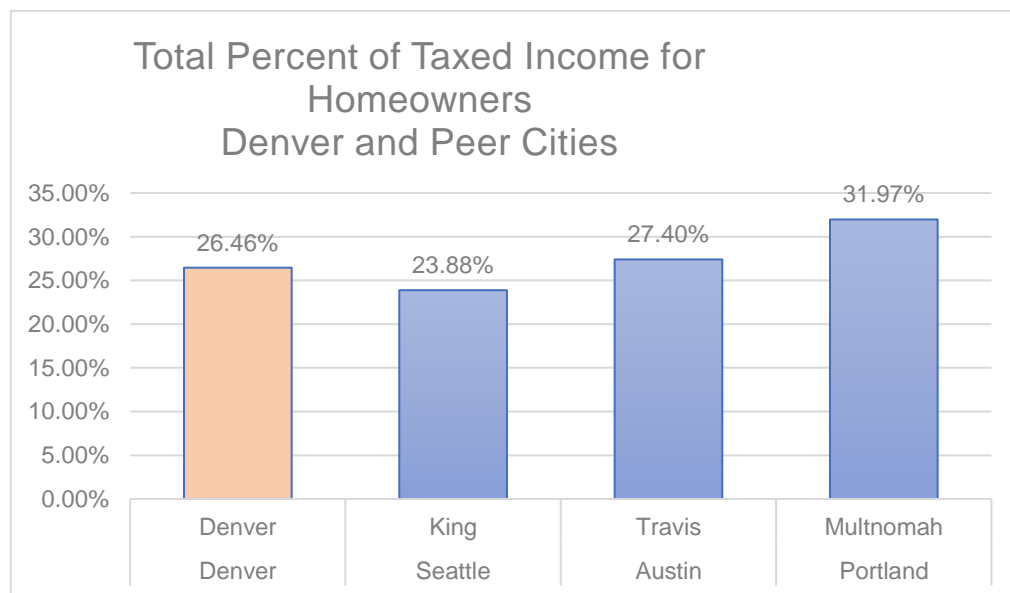
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See Figures 3 and 4 for how Denver compares to other western cities.



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