



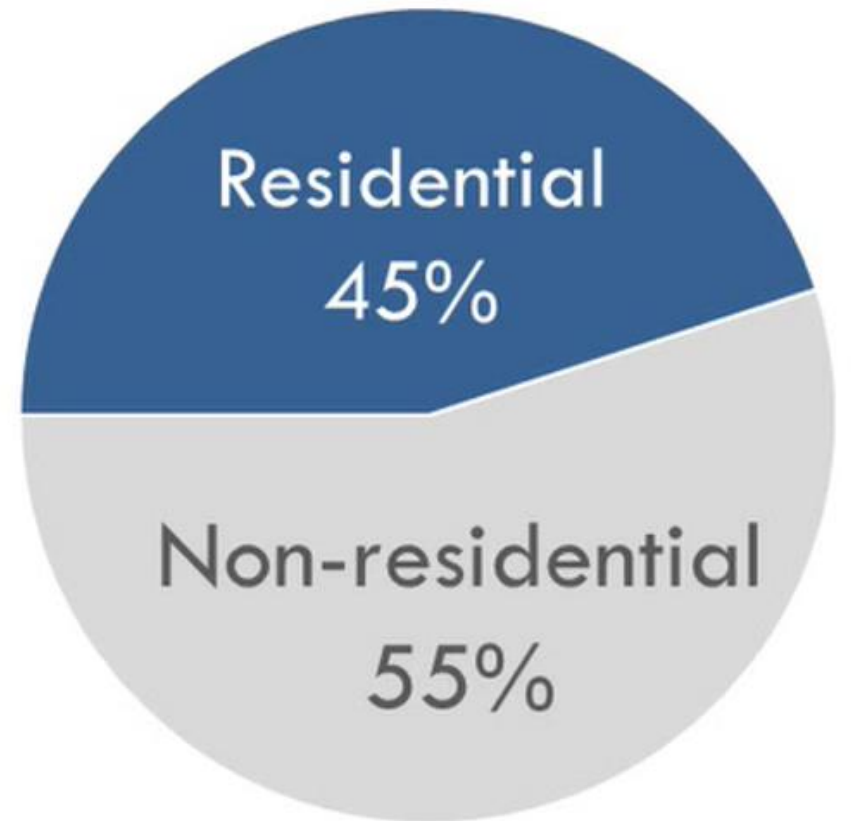
GALLAGHER AMENDMENT: IMPACTS ON SCHOOLS & LOCAL SERVICES AND WHY NOW IS THE TIME TO REPEAL IT

SENATOR CHRIS HANSEN

(D-DENVER, CO – SD31)

WHAT IS THE GALLAGHER AMENDMENT?

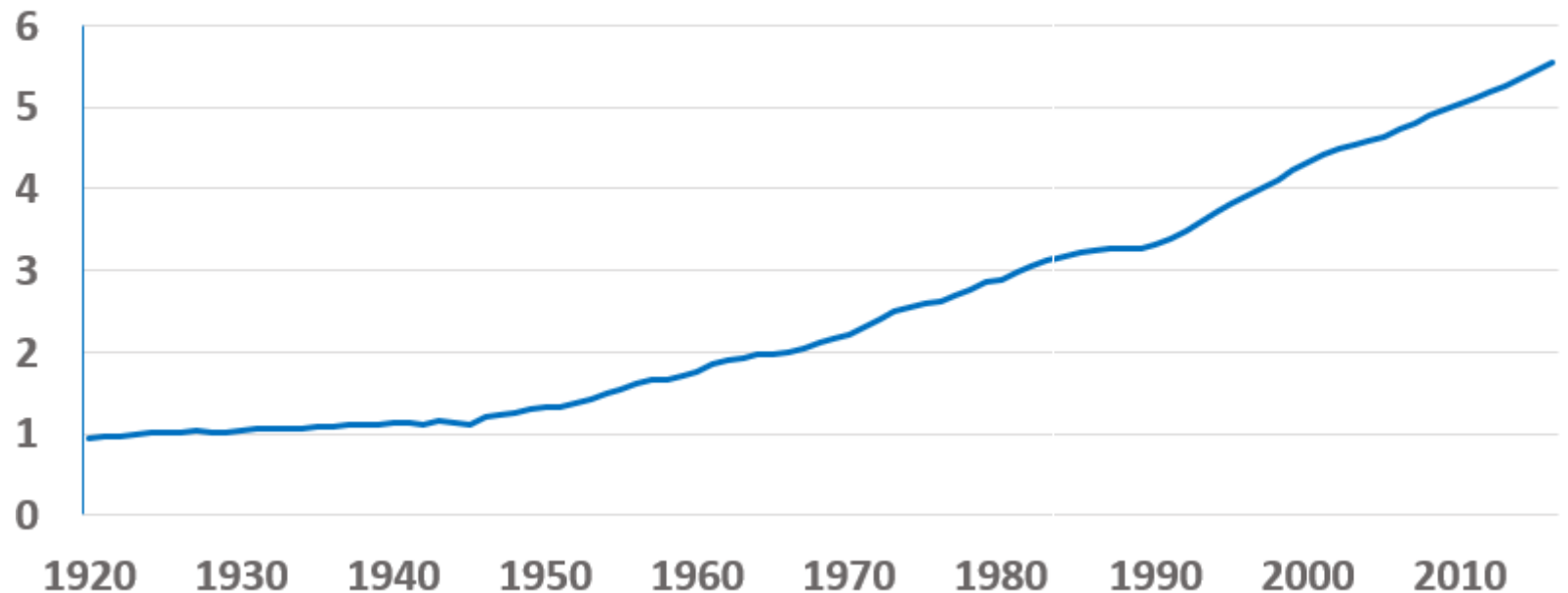
- **The Gallagher Amendment changed the assessed rates on homes**
- The amount of residential property taxes collected statewide must always be lower than the amount of non-residential property taxes collected statewide
- The assessment rate of non-residential property is fixed at 29% and the assessment rate on residential property is reduced on a statewide level to maintain a 45-55 split



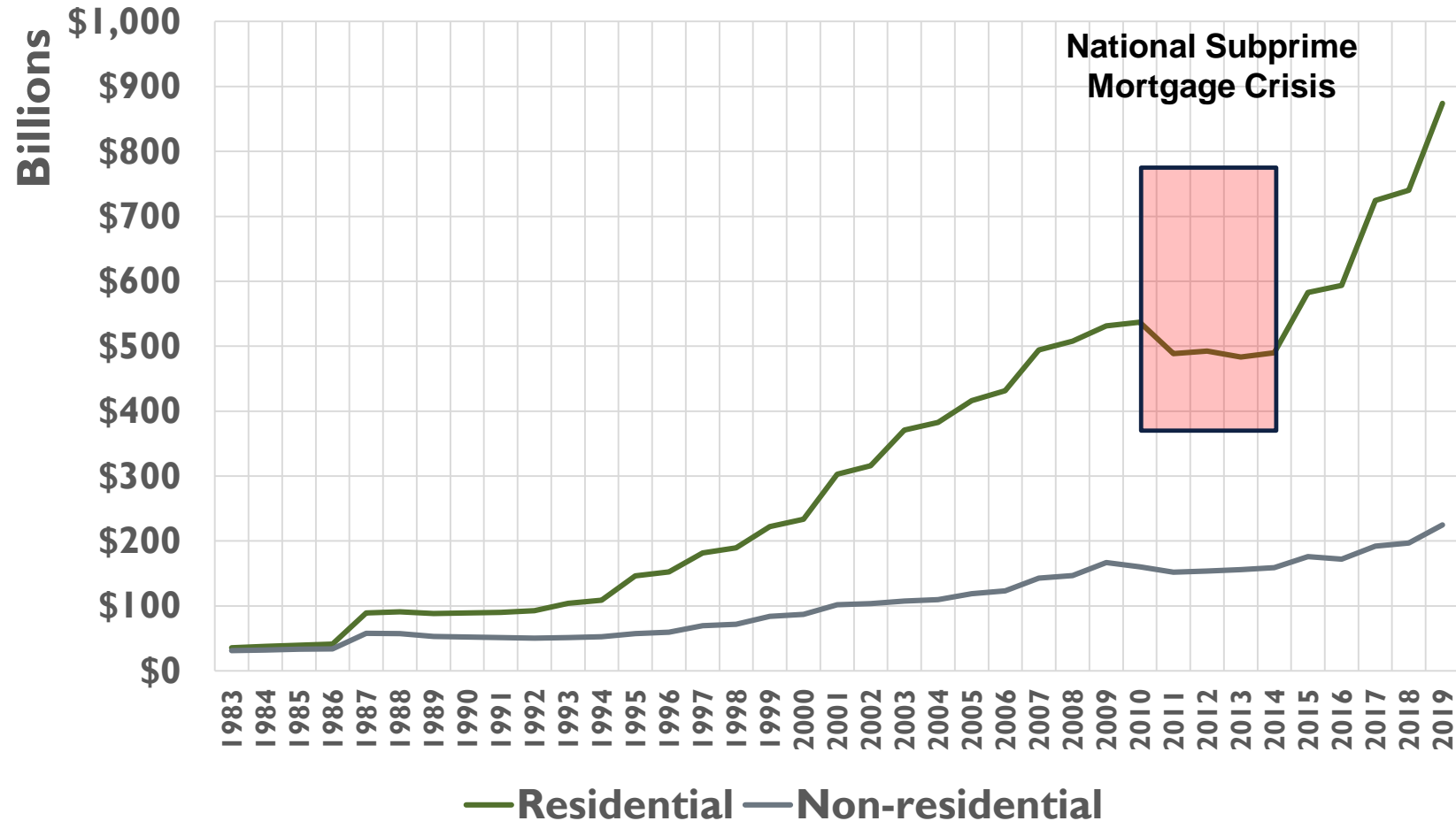
WHAT PROMPTED THE GALLAGHER AMENDMENT?

- Gallagher was the culmination of a property tax revolt that began in Colorado in the late 1970's as a result of Colorado's robust population growth

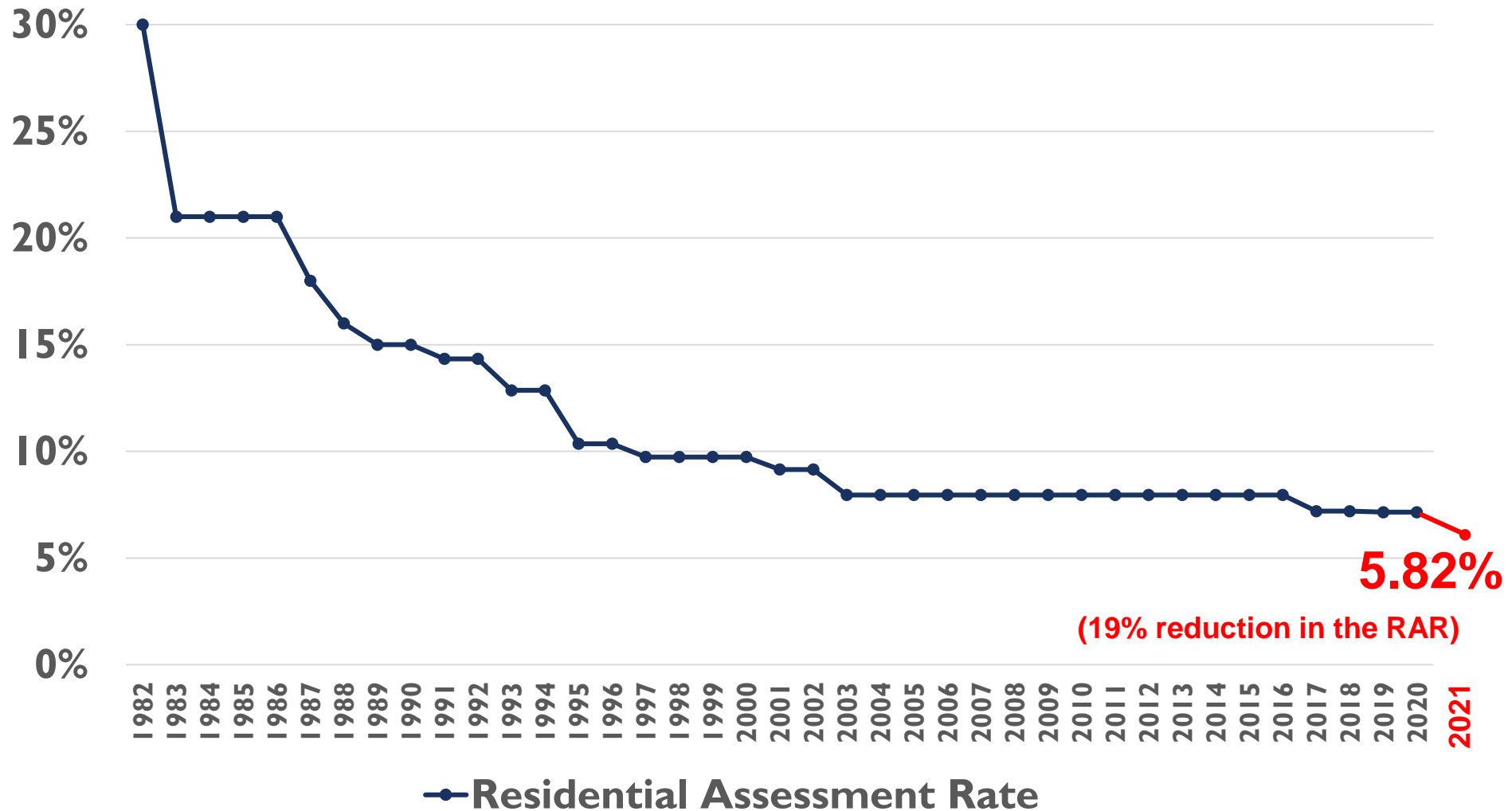
Colorado Population Growth (in millions)



ACTUAL RESIDENTIAL & NON-RESIDENTIAL VALUES



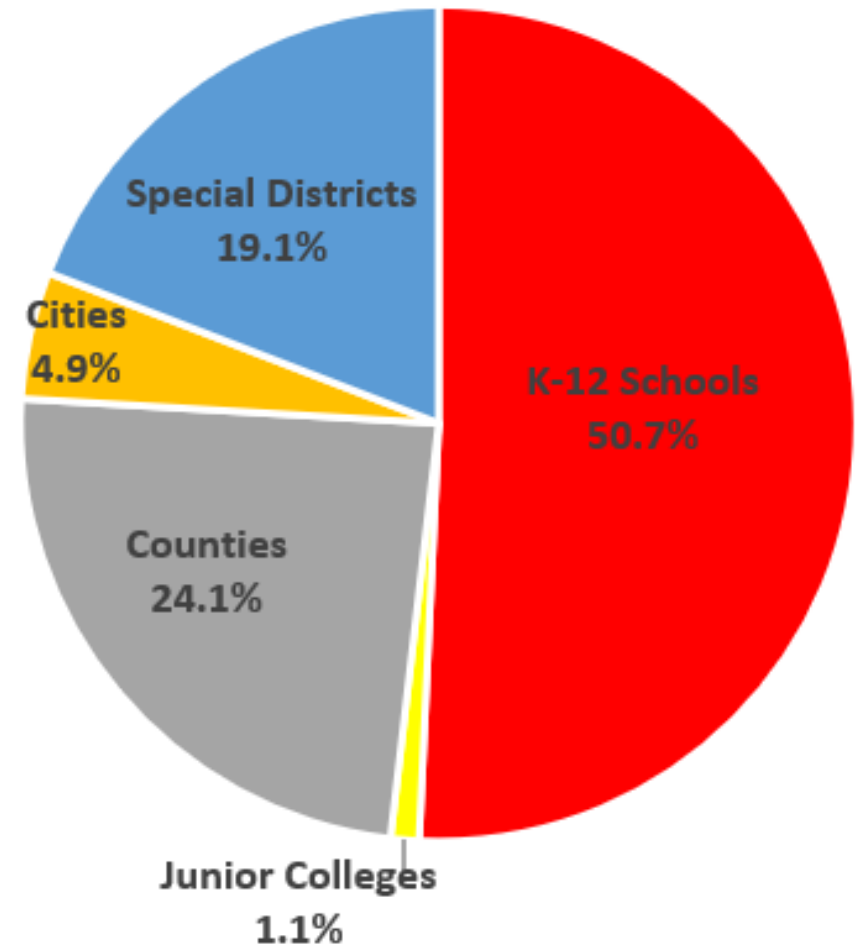
HOW WILL GALLAGHER IMPACT THE NEXT RESIDENTIAL PROPERTY TAX ASSESSMENT RATE CALCULATION IN 2021?



AND HOW DOES A POTENTIAL 19% DROP IN THE RESIDENTIAL ASSESSMENT RATE AFFECT YOU?

...it depends on what county you live in, and how much your county's tax base is residential property that pays for local services

But statewide the impact is estimated to be **\$900 million**



A REDUCTION IN RAR IS A PERMANENT CUT

This reduction in the Residential Assessment Rate is effectively a **PERMANENT** cut because TABOR requires a statewide vote to ever raise the RAR...which means it will never happen

State & Local governments will be faced with 3 options:



1) Permanently reduce services accordingly to balance their budget.



2) Request voters to raise the mill levy enough to offset the reduction in the RAR.



3) Hope that residential property values in their county rise faster than the continued reduction in the Assessment Rate by which each property is taxed.

CONCLUSIONS

- The Gallagher Amendment will continue to erode the residential tax assessment rate and corresponding tax base which funds local public services & schools.
- Rural communities and residential metro communities will suffer the most loss of local revenues and state budget backfill is now unlikely
- Repeal of the amendment would freeze rates at their current level and stabilize funding for schools and vital services.
- Because Gallagher is embedded into our state constitution, **ONLY THE VOTERS** can change this policy

CONTACT INFORMATION



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PROPERTY TAX CALCULATION

Residential Example:

Actual Value (determined by Assessment process)	\$1,000,000
x Residential Assessment Rate (Gallagher)	<u>x 7.15%</u>
= Assessed Value	\$71,500
x Mill Levy (set by taxing authorities)	<u>x .072116</u>
= Property Taxes	\$5,156

Non-Residential Example:

Actual Value (determined by Assessment process)	\$1,000,000
x Residential Assessment Rate (Gallagher)	<u>x 29%</u>
= Assessed Value	\$290,000
x Mill Levy (set by taxing authorities)	<u>x .072116</u>
= Property Taxes	\$20,913