



Gallagher Amendment Overview

Finance and Governance Committee

August 25, 2020

Gallagher Amendment

- Enacted by voters in 1982, the Gallagher Amendment set forth guidelines in the Colorado Constitution for determining the **actual value** of property and the **valuation for assessment** of such property.
- Requires the statewide property tax base (taxable values) must maintain a proportional relationship between **residential** (45%) and **non-residential** property (55%).



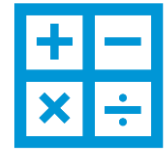
= 45%



= 55%

Gallagher Amendment

- When residential valuation growth outpaces non-residential growth, the residential rate must adjust downward to achieve this ratio.
- The non-residential rate is fixed at 29%. The current residential rate is 7.15%
- The Division of Property Taxation (State agency under DOLA) performs this calculation based on statewide valuation data from Assessors and submits the results to the General Assembly and the State Board of Equalization.
- Per TABOR, an assessment rate cannot be adjusted upward without a statewide vote (has never been performed).



Property Tax Equation

ACTUAL VALUE

Determined by the county assessment process



ASSESSMENT RATE

Determined by the Gallagher Amendment



PROPERTY

TAX



MILL LEVY

Determined by the various taxing authorities

Property Tax Calculation

Residential Example:

Actual Value (determined by Assessment process)	\$460,000
x Residential Assessment Rate (Gallagher)	<u> x 7.15%</u>
= Assessed Value	\$32,890
x Mill Levy (set by taxing authorities)	<u> .072116</u>
= Property Taxes	\$2,371.90

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> .072116</u>
= Property Taxes	\$20,913.64



Questions?