

# **Amendment B: Repeal Gallagher Amendment**



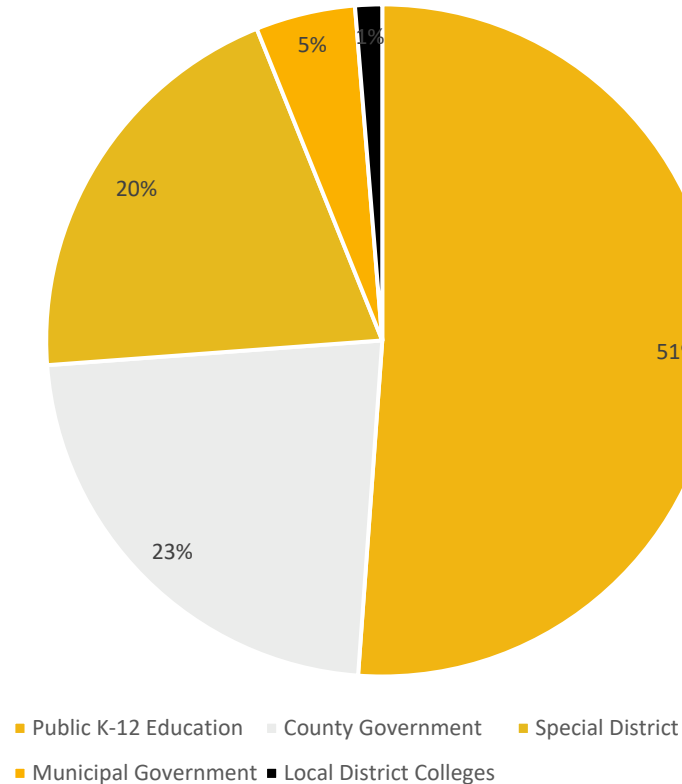
# What is the Gallagher Amendment?

- Passed in 1982
- Response to rising residential property taxes
  - From 1958-1982, residential property went from 28% to 44% of total assessed value
- Froze the ratio of total property assessments between residential and non-residential properties
  - It is 45/55
  - Non-residential includes commercial, mineral interests, agriculture, vacant land
- Keeps non-residential assessment rate at 29%

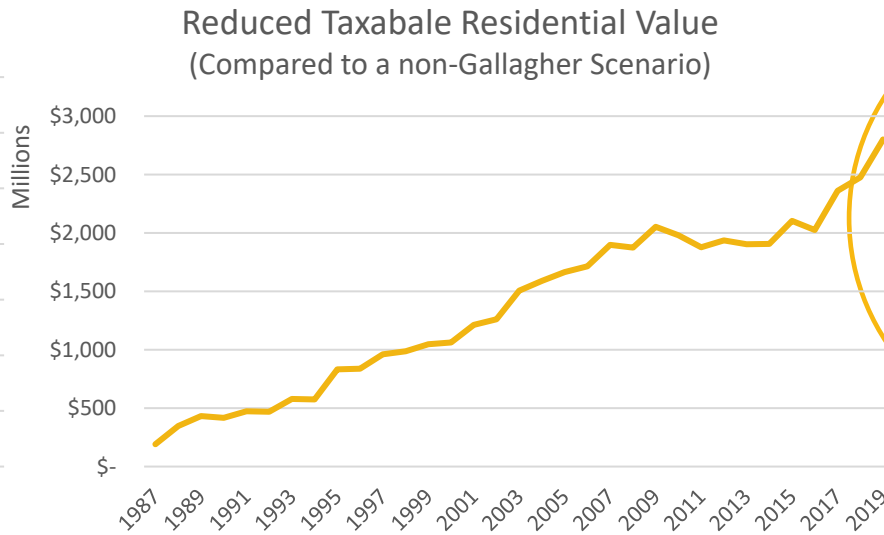
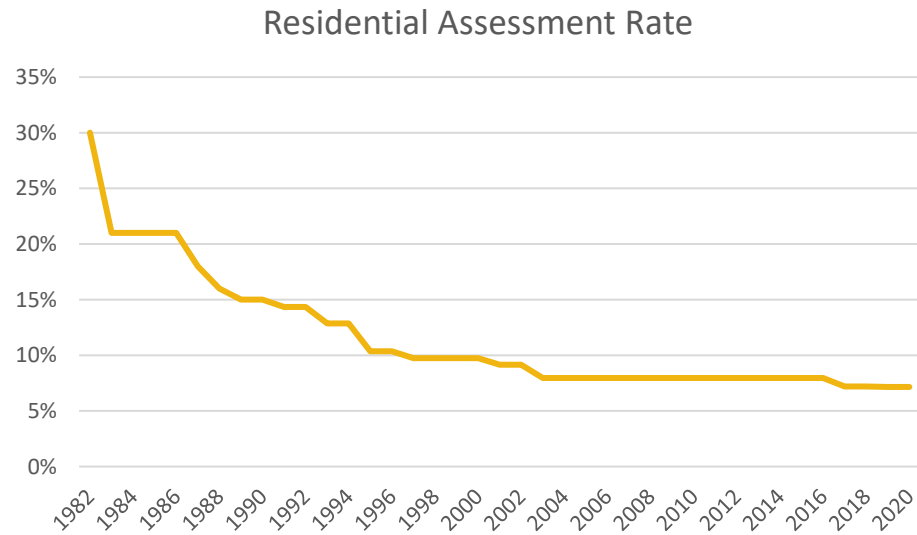


# Property Taxes

- Assessment Rates
  - % of property that is taxed (Statewide)
- Mill Levies
  - Represent \$1 per \$1000 of assessed property (county by county)
- 51.2% of property taxes go to local education
- 23% go to county govts
- 20% go to special districts



# Since Gallagher Was Enacted



Source: DOLA, Property Tax Administrator presentation to JBC

# If Gallagher Remains...

- 2021 residential assessment expected to drop to 5.88% (from 7.15%)
  - Second largest drop since Gallagher
- School districts estimated to lose \$491 million in 2022, compared to 2019 assessment rate
- Counties estimated to lose \$204 million in 2022, compared to 2019 assessment rate



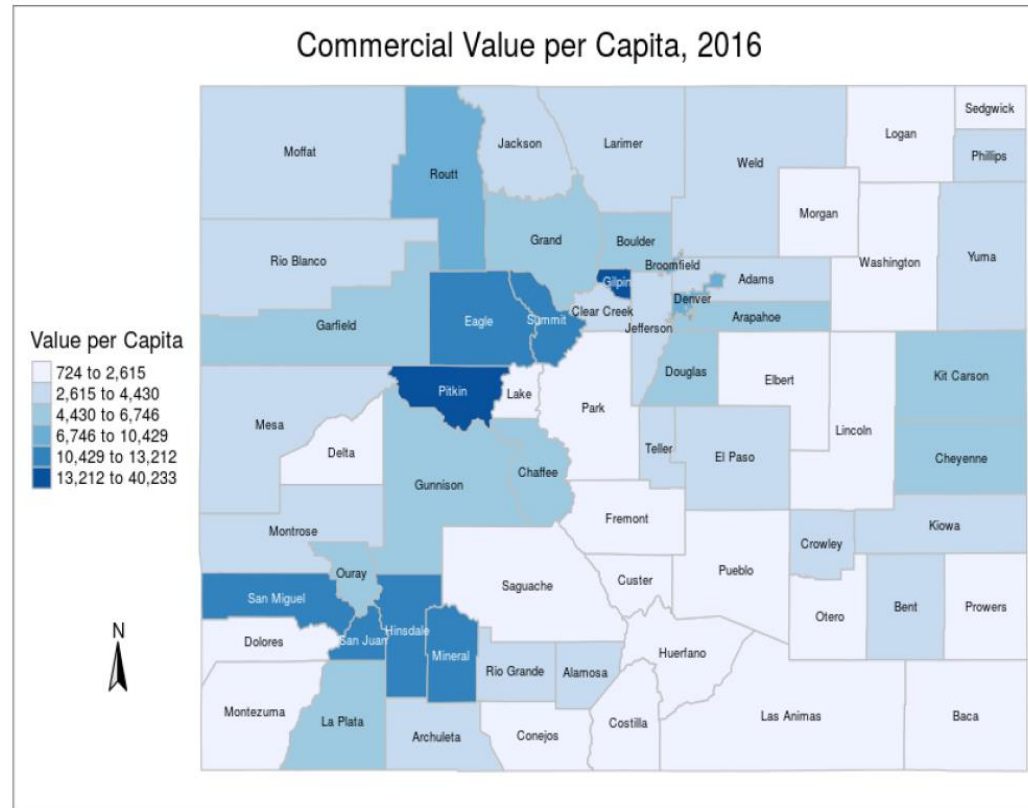
# TABOR?

- Interaction of Gallagher and TABOR creates complicated picture.
- Assessments conducted in 1999, 2005, 2007, 2009, 2011, 2013 determined residential assessment should be raised
  - Was not raised due to inability to raise revenue without vote
- Local gov'ts can ask voters to raise mill levies for revenue, with opposition from commercial interests



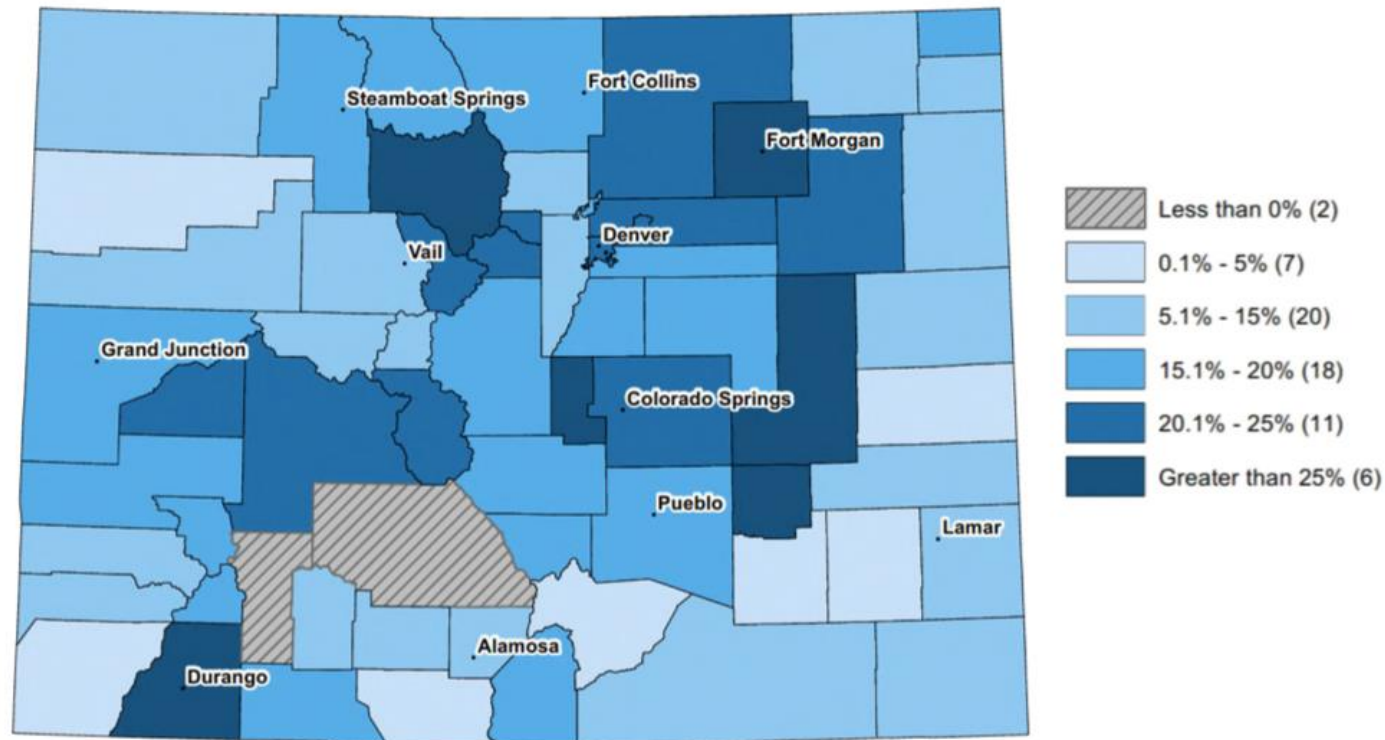
# Property Taxes in Colorado

- Low property tax state: 3<sup>rd</sup> lowest in effective property tax rate
- Forces local governments to raise regressive taxes
- Great disparities between counties in CO



# Property Taxes in Colorado

Change in Residential Assessed Values by County  
2018 to 2019



Source: Colorado Department of Local Affairs, Division of Property Taxation.





# Amendment B

## Supporting & Opposing Arguments

### Support

- Colorado underfunds many critical public services and the current recession has devastated state and local government budgets. Local governments will see even larger cuts to schools and other vital public services.
- Repealing or replacing the Gallagher Amendment is vital to a fair tax code in Colorado, one that does not disproportionately burden low-income and middle-class Coloradans, BIPOC, and rural communities.

### Oppose

- Amendment B eliminates the requirement that non-residential property taxes be assessed at 29 percent. The legislature could decrease the non-residential property assessment rate in future years. Any future decreases to non-residential assessments would have negative impacts on local government.
- Repeal of Gallagher would eliminate a possible property tax reduction.



# Questions?

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