

**OFFICE OF THE WELD COUNTY ASSESSOR**

PHONE (970) 400-3650

FAX (970) 304-6433

WEBSITE: www.weldgov.com

WELD COUNTY ADMINISTRATIVE OFFICES

1400 N 17 AVE

GREELEY CO 80631

Dear Senators Court, Lee, Gonzales, Lundeen, Tate, Todd and Woodward,

I write to you today to bring to your attention an unintended consequence of SB 19-181.

I am certain you are aware of the impact to local property tax revenue in counties like Weld County as a result of limitations on the oil and gas industry but a consequence that you might not be aware of is the impact to the Gallagher amendment calculation of the residential assessment rate which has a statewide fiscal impact.

The calculation of the residential rate is a complicated formula that requires the statewide assessed value of residential property to represent 45% of the value and the statewide non-residential assessed value to represent 55% of the value. With the robust economy on the front range, there is wide-spread concern that the residential assessment rate will drop below the current 7.2% thereby negatively impacting local governments across the state. Multiple fire authorities across the state went to the voters this past November to request protection from the loss of revenue from a drop in the residential rate and many counties that are primarily residential are fearful of the impact to service because of the reduction in property taxes.

Oil and gas valuation resides on the non-residential side of the pie and is part of the 55% value. Early this year the residential rate was predicted to go as low as 6.1%. The Colorado Division of Property Taxation has recently completed their preliminary study and, due to the thriving oil and gas industry in Weld County, the residential rate is predicted to be no lower than 6.95%. That prediction is calculated with a conservative value estimate for oil and gas in Weld County. If the oil and gas value is higher in Weld County then the rate might even calculate to the current 7.2%.

The passage of this bill will effectively slow down or stop oil and gas growth in Weld County. Industry representatives state that the production of a well declines 33% in one year. If this bill would have gone into effect last year and the oil and gas value in Weld County would have been reduced by 33% then, even with everything else remaining the same, the residential rate would be calculating at approximately 6.56% instead of the current 6.95% or possible 7.2%. That means that governments across the state, not just in Weld County, would lose 9% of their revenue because of the decline in production in Weld County.

I understand your goal is to look out for the health of Colorado but that includes the financial health of this state. With constant concern regarding the Gallagher amendment and the impact of the residential rate, it would be short-sighted to pass this bill and then watch the financial fallout. I encourage you to stop the passage of SB 19-181 so you have time to address the unintended statewide financial impact.

Sincerely,

Brenda Dones

Weld County Assessor