

## **Effect of Gallagher Amendment, TABOR, Amendment 23, & Negative Factor on Public School Funding**

### **Gallagher Amendment: 1982**

State must adjust the assessment rate of residential real property to ensure the percentage of the assessed value of taxable residential real property relative to the assessed value of all taxable real property remains the same as in 1985.

Statewide Ratio of Assessed Value of Taxable Real Property  
46% - Residential Real Property      54% - All Other Taxable Real Property

- Assessment rate for all non-residential taxable real property constitutionally set at 29%.
- Assessment rate for residential real property adjusted up or down depending on changes in real value of taxable real property.
  - Overall, residential real property assessment rate reduced from 21% in 1985 to 7.96% in 2016.
- In a year in which the assessment rate for residential property decreases, the taxable value of residential real property decreases, so a mill brings in less revenue.
- Before 1994, school districts required to levy a uniform number of mills – 40 mills for FY1992-93.
- *Effect of Gallagher Amendment: Puts pressure on state resources by generally reducing local share, due to decreasing residential assessed valuation rate and uniform mill levy, and increasing state share.*

### **Taxpayer's Bill of Rights (TABOR): 1992**

Residential assessment rate cannot be increased without voter approval.

School district cannot increase mill levy without voter approval.

School district cannot exceed its revenue limits: inflation plus enrollment growth from previous year.

- Because assessment rate for residential real property cannot be increased without a vote, in a year in which the assessment rate would otherwise be increased to maintain the 46-54 split, the assessment rate remains the same and school district collects less in property tax revenues.
- If a school district's assessed value increases, resulting in collection of revenues that exceed the revenue limits, school district's mill levy must go down.
  - Currently applies in only 4 school districts; all others have voter approval to retain excess revenues
- A school district cannot increase its total program mill levy without voter approval – both because of TABOR and because of statutory restrictions.
- *Effect of TABOR: Puts pressure on state resources by generally reducing local share and increasing state share.*

### **Section 17 of article IX of the state constitution (Amendment 23): 2000**

2001-02 through 2010-11: Statewide base per pupil funding must annually increase by at least inflation plus 1%

2011-12 and subsequent years: Statewide base per pupil funding must annually increase by at least inflation

- *Effect of Amendment 23: Puts pressure on state resources by increasing the amount of total program funding.*

### **Negative Factor: 2010**

Nationwide recession results in lower state revenues. Gallagher, TABOR, and Amendment 23 combined results in state share amount that is more than the state can pay and still meet other budgetary demands. General Assembly creates negative factor to reduce the state's share of total program proportionately across school districts.

- *Effect of negative factor: Reduces total program funding for most school districts because of reduced state share.*