



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

Bill 1

FISCAL NOTE

Drafting Number: LLS 19-0210
Prime Sponsors:

Date: September 28, 2018
Bill Status: Alternatives to the Gallagher
Amendment Interim Study
Committee Bill Request
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Bill Topic: REPEAL THE GALLAGHER AMENDMENT

Summary of Fiscal Impact: **No fiscal impact.** This concurrent resolution submits a question to voters to repeal from the constitution the nonresidential assessment rate of 29 percent, the calculation of the target percentage, and the requirement that the residential assessment rate be set to achieve the target percentage. The measure will be on the 2019 ballot.

Appropriation Summary: None required.

Fiscal Note Status: The fiscal note reflects the bill draft requested by the Alternatives to the Gallagher Amendment Interim Study Committee.

Summary of Legislation

The measure submits a question to voters in November 2019 repealing several constitutional provisions regarding property taxes, commonly referred to as the Gallagher Amendment. Specifically, it repeals the 29 percent assessment rate in the constitution for most nonresidential property, the calculation of the target percentage, and references to the residential assessment rate.

The statutes implementing these constitutional provisions are unaffected by the vote, therefore the bill has no fiscal impact.

Background

In 1982, voters approved a constitutional measure determining how property taxes are assessed which included a provision commonly referred to as the Gallagher Amendment. The Gallagher Amendment requires that the proportion of taxable value for residential and nonresidential property remain constant between each reassessment cycle. This proportion is known as the target percentage, and is adjusted for any new construction and mineral production that occurs during the reassessment cycle. When the amendment passed, residential property constituted about 45 percent of the tax base. The residential assessment rate is adjusted to achieve the target percentage.

In addition to the formula for determining the residential assessment rate, the constitution includes an assessment rate of 29 percent for most nonresidential property.

Assessment

Since 1982, the General Assembly has passed legislation implementing the Gallagher Amendment. Repealing these provisions from the constitution will not change the implementing legislation, therefore this measure is assessed as having no fiscal impact.

State Expenditures

Election expenditure impact — existing appropriations. This bill includes a referred measure that will appear before voters at the November 2019 general election. While no additional appropriation is required in this bill, certain election costs are incurred by the state when ballot measures are referred to voters. These costs, paid using existing appropriations, are in two areas. First, current law requires the state to reimburse counties for costs incurred conducting a ballot measure election, paid from the Department of State Cash Fund in the Secretary of State's Office, estimated at \$3.2 million in FY 2019-20. Second, the text and title of the measure must be published in one legal newspaper per county and an analysis of the measure must be included in the Ballot Information Booklet mailed to all registered voter households, paid from the Ballot Analysis Revolving Fund in the Legislative Department, which is estimated to cost \$2.1 million in FY 2019-20. Publication costs will increase by approximately \$115,000 per measure beyond this base amount for any additional referred or initiated measures placed on the ballot.

Effective Date

If approved by 50 percent of voters at the November 2019 election, this measure takes effect upon proclamation of the Governor, no later than 30 days after the official canvas of the vote is completed.

State Appropriations

No appropriation is required.

State and Local Government Contacts

Property Tax Division
Fire Chiefs
Special Districts

Counties
Municipalities

County Assessors
School Districts