



Legislative  
Council Staff

Nonpartisan Services for Colorado's Legislature

Bill 7

FISCAL NOTE

**Drafting Number:** LLS 19-0217  
**Prime Sponsors:**

**Date:** September 28, 2018  
**Bill Status:** Alternatives to the Gallagher Amendment Interim Study Committee Bill Request  
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**Bill Topic:** REGIONAL RESIDENTIAL ASSESSMENT RATES FOR PROPERTY TAX

- Summary of Fiscal Impact:**
- State Revenue
  - State Expenditure (*conditional*)
  - State Transfer
  - TABOR Refund
  - Local Government (*conditional*)
  - Statutory Public Entity

For purposes of property taxation, this bill requires regional residential assessment rates instead of a single, statewide residential assessment rate.

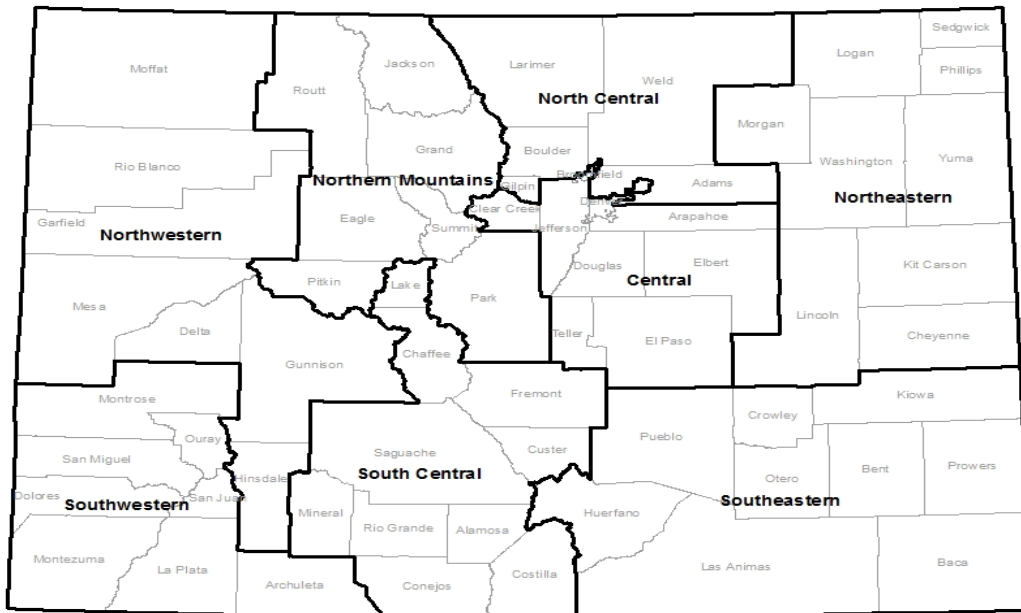
**Appropriation Summary:** None required.

**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 Gallagher Amendment, approved by voters in 1982, requires that the statewide proportion of taxable value for residential and nonresidential property remain constant between each reassessment cycle. This is achieved by adjusting a single statewide residential assessment rate every two years. If voters in the November 2019 election approve a referred measure to repeal the Gallagher Amendment, the bill will create regional assessment rates for residential property. The bill uses the eight DOLA field regions shown in Figure 1 as the basis for the calculations.

**Figure 1**  
**Regions for Target Percentage and Residential Assessment Rate Calculations**



**Regional target percentages.** The DPT is required to estimate the share of residential and nonresidential assessed value for each of the eight regions starting in 2019. After each reassessment cycle beginning in 2021, the share of residential and nonresidential property is adjusted for new construction and new natural resource production by region.

**Regional assessment rates.** The DPT will then calculate the residential assessment rate to achieve the target percentages in each of the eight regions. The DPT will publish a report with the regional target percentage and determine if the regional assessment rate shall increase or decrease.

- *Decreased regional assessment rate.* When DPT estimates that the regional assessment rate required to meet the regional target percentage shall decrease, the assessment rate for each county in the region declines. However, the regional assessment rate cannot fall by more than 5.0 percent between each reassessment cycle and no regional assessment rate can fall below 5.0 percent. Using the current assessment rate as an example, the 7.20 assessment rate could only fall by 5.0 percent to 6.84 percent after the next assessment and could never fall below 5.0 percent in future years.
- *Increased regional assessment rate.* When DPT estimates that the regional assessment rate required to meet the regional target percentage shall increase, an increase in the regional assessment rate is automatically referred to voters in the region. In November following the reassessment, each region shall conduct a coordinated election and ask voters to approve the regional assessment rate estimated by DPT. If voters do not approve the increased regional assessment rate, the rate remains fixed at the last regional assessment rate.

The county assessor is required to apply the regional assessment rate to each property in the county. In a local government (like a school, city, or special district) that crosses regional boundaries, residential properties in separate counties will have different assessment rates.

The bill is conditional on repealing the Gallagher Amendment from the constitution and the first year it can be in effect is 2021.

## State Expenditures

The bill creates a conditional workload increase for the DPT within DOLA. DPT currently estimates the statewide target percentage and residential assessment rate every two years. The bill requires DPT to estimate the target percentage of residential and nonresidential property for each region, estimate the regional assessment rates, and publish a report with regional information every two years.

## Local Government

Local government and school district property tax revenue will be impacted by the bill, however it is not possible to estimate this impact. There is currently no forecast for 2021 property taxes, which is the first year the regional assessment rates could apply. In addition, the actual assessed values for property across the state are dependent on regional target percentages, regional assessment rates, and potential voter approval of increased regional assessment rate that are unknown.

The bill also causes a conditional workload impact for county assessors to estimate the tax base for each local government if voters approve the regional assessment rate or if it fails at the election.

In regions with an estimated increase in the regional assessment rate, county clerks will be required to conduct a coordinated election resulting in a workload increase.

## Effective Date

The bill takes effect August 2, 2019, if the General Assembly adjourns on May 3, 2019, as scheduled, and no referendum petition is filed. The bill is conditional on voter approval of the Gallagher Amendment.

## State Appropriations

No appropriation is required.

## State and Local Government Contacts

Counties  
Municipalities

County Assessors  
Property Tax Division

Fire Chiefs  
Special Districts

