

Fire districts being squeezed dry

Property-tax-limiting provision in constitution is hurting public services in state's rural areas.

By Brian Eason
Associated Press

In a Colorado resort town 40 miles south of Rocky Mountain National Park, a steady influx of tourists and residents means more fires for Chief Todd Holzworth to fight. His East Grand Fire Protection District in Winter Park has twice as many emergencies as in 2010, but

his budget has been slashed by a quarter since then.

Despite a Colorado economy that has bounced back from the Great Recession to rank among the nation's best, small fire districts such as East Grand are fighting blazes with fewer taxpayer dollars, and things are likely to get worse.

The reason is a property tax-limiting provision of the state Consti-

tution, known as the Gallagher Amendment, that is squeezing public services in small-town Colorado and exacerbating the urban-rural economic divide.

Although state lawmakers acknowledge that Gallagher poses a threat to rural communities, they are just weeks away from ending a second consecutive legislative session without attempting a solution. That leaves fire chiefs like Holzworth anxious as Colorado enters another drought-fueled wildfire

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season.

"The recession knocked the stuffing out of us," Holzworth said. With no action on Gallagher, he added, "We just can't seem to recover now."

Tax-averse Coloradans passed Gallagher in 1982 as a hedge against rising property taxes. One-of-a-kind in the U.S., it limits residential properties to 45 percent of the statewide property tax base.

So when home values rise faster than those of commercial properties, like they have in recent years along the Front Range that includes metropolitan Denver, it can trigger a statewide tax cut for homeowners. Last year, it trig-

gered a 9.5 percent cut to residential property tax assessments. An even deeper drop is expected in 2019.

And, because another constitutional amendment requires voter approval for any tax hike, the Gallagher formula forcing property taxes down can't send them back up, even if property values decline.

Fire chiefs across the state are mounting a late push to introduce legislation that would buy time to work on a more permanent solution. But long odds and a short timeframe stand in the way with the session set to end May 9.

Meanwhile, 42 lawmakers have signed on to a letter requesting an interim committee to study the issue, with eyes toward a 2020 ballot measure. But waiting until 2020 would mean allowing the

residential assessment rate to drop by another 15 percent next year.

Because they rely heavily on property tax revenue, special districts — which include the majority of the state's fire departments — would bear the brunt of those cuts.

School districts stand to lose the most, but they've been somewhat insulated because the state is supposed to backfill their losses. If property tax rates keep falling, other local services, ranging from fire protection to elections, could, soon, require additional state help, leaving less money for statewide needs, such as roads.

In his state of the state address in January, Gov. John Hickenlooper, who is term-limited, urged lawmakers to make Gallagher a top priority for his final year in office.

It's been virtually ignored at the Capitol.

"We haven't talked about it at all as a committee," said Democratic Rep. Millie Hamner, who chairs the Joint Budget Committee. "It's kind of like — oh yeah, Gallagher."

Hamner, who represents the Rocky Mountain town of Dillon, noted that the next tax cut won't happen until next year.

"Throw in everybody running for election and how complicated these things are, and it's easy for Gallagher to fall off the legislative radar," she added.

Politics complicate a solution. While Gallagher's a fiscal headache for rural communities, it's a relief for Front Range homeowners who have seen their home values soar.

"If citizens are asked to effectively raise their taxes, that's a

tough pill to swallow — unless they realize the implications of what could happen to emergency services," said Stuart Mills, chief of the rural Larkspur Fire Protection District.

Fire districts support a last-minute bill that would delay the next property reassessment for two years. Education advocates want a ballot measure that would freeze the assessment rate for school districts — but allow cuts to continue for everyone else. Urban and rural county commissioners are divided on the best approach.

Republican Rep. Bob Rankin, whose district includes rural Carbondale, supports the fire chiefs' proposal. But if that fails?

"Honestly, what can we do?" Rankin said. "We can't get to the ballot this year."