

MEMORANDUM

**TO: BOARD OF TRUSTEES
PUEBLO CITY-COUNTY LIBRARY DISTRICT**
FROM: NICHOLAS GRADISAR
DATE: SEPTEMBER 18, 2017

The Gallagher amendment is Article X, Section 3 (1)(b) of the Colorado Constitution which was adopted by the voters in 1982. It was adopted by the voters in response to rising residential property taxes. Essentially, it requires that residential assessed values comprise no more than 45% of the state's overall assessed value. When the amendment was first adopted the assessment rate for commercial property was 29%, and the residential rate was 21%. Today, the commercial rate is still 29% but the residential rate has plummeted to 7.96%.

Recently, some entities that rely primarily on property tax for their revenue have begun to discuss "DeGallagherizing" their revenue. An attorney representing one of the fire districts, Jim Collins, has provided me with sample ballot language as follows:

"Mill levy shall be adjusted up or down to account for changes in the law or the method by which assessed valuation is calculated occurring after (date) so that to the extent possible, the actual tax revenues generated by the Mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes in the law or method of assessed valuation."

Colorado Mountain College which relies to a large extent on property tax revenue has decided to place the question of "DeGallagherizing" on the November 2017 ballot. The language adopted by the Board of Trustees for Colorado Mountain College to place the issue on the ballot is as follows:

"SHALL COLORADO MOUNTAIN COLLEGE DISTRICT'S TAXES BE INCREASED BY AN AMOUNT NOT TO EXCEED \$50,000 IN DISTRICT-WIDE TAXES LEVIED IN 2017 AND COLLECTED IN 2018, AND BY SUCH ADDITIONAL AMOUNTS AS MAY BE COLLECTED ANNUALLY THEREAFTER, BY INCREASING THE DISTRICT'S MILL LEVY TO RECOVER TAX REVENUE REDUCTIONS CAUSED BY DECREASES IN THE STATE-WIDE RESIDENTIAL ASSESSMENT RATIO (ARTICLE X, SECTION 3 OF THE COLORADO CONSTITUTION, COMMONLY KNOWN AS THE "GALLAGHER AMENDMENT") OCCURRING AFTER JANUARY 1, 2017, SO LONG AS THE DISTRICT'S BOARD OF

TRUSTEES DETERMINES FOR ANY FISCAL YEAR THAT RECOVERY OF TAX REVENUE REDUCTIONS IS NECESSARY FOR THE MAINTENANCE OF COLLEGE SERVICES, AND SHALL THE REVENUES GENERATED BY ANY SUCH MILL LEVY INCREASE BE COLLECTED, RETAINED AND SPENT NOTWITHSTANDING ANY LIMITS PROVIDED BYLAW?"

There is obviously quite a difference in the language of the two ballot proposals. Mr. Collins, the author of the first proposal, suggested that we might want to wait before putting our own ballot issue forward until some of the issues have been clarified. The language in the first ballot issue troubles me because it appears that the revenue could go down under some circumstances which probably is a situation that we should avoid if possible.

As a practical matter it is too late to have an issue placed on the ballot this year. We should follow the Colorado Mountain College ballot issue and see how that fares as that is the language that appears to me to be most advantageous to the Library District.

END OF MEMO

RESOLUTION

WHEREAS, Colorado Mountain College is a Local College District (the "District") located in all or part of Pitkin, Garfield, Eagle, Routt, Lake and Summit counties in the State of Colorado; and

WHEREAS, the members of the District's Board of Trustees (the "Board") have been duly elected, chosen, and qualified; and

WHEREAS, the Board has determined that it is in the District's best interests to protect future college operations from property tax revenue reductions caused by rapid escalation of residential property values and sales volumes in other areas of Colorado;

WHEREAS, the Board therefore will request the authority to increase the District's mill levy in the future if the Board determines that, after reducing college expenses and setting tuition, a mill levy increase is necessary to recover tax revenue reductions in order for the college to maintain its level of educational services; and

WHEREAS, Article X, Section 20 of the Colorado Constitution ("TABOR") requires voter approval for any new tax, the creation of any debt, and for spending certain moneys above limits established by TABOR; and

WHEREAS, TABOR further requires the District to submit ballot issues (as defined in TABOR) to the District's electors on limited election days before action can be taken on such ballot issues; and

WHEREAS, November 7, 2017 is one of the election dates at which ballot issues may be submitted to the eligible electors of the District pursuant to TABOR; and

WHEREAS, each County Clerk and Recorder (the "County Clerk") in the Counties of Pitkin, Garfield, Eagle, Routt, Lake and Summit (the "Counties"), and the State of Colorado, will conduct the election on November 7, 2017, as a coordinated election (the "election"); and

WHEREAS, it is necessary to submit to the eligible electors of the District, at the election, the proposition of authorizing future mill levy increases for the purposes described in Section 3 below.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF COLORADO MOUNTAIN COLLEGE, A LOCAL COLLEGE DISTRICT IN THE COUNTIES AND IN THE STATE OF COLORADO:

Section 1. All action heretofore taken (not inconsistent with the provisions of this resolution) by the District and the officers thereof, directed towards the election and the objects and purposes herein stated, are ratified, approved, and confirmed. Unless otherwise defined herein, all terms used herein shall have the meanings specified in Section 1-1-104, C.R.S.

Section 2. The election shall be conducted as a coordinated election in the Counties pursuant to TABOR and the Uniform Election Code of 1992, and all laws amendatory thereof.

The election shall also be conducted by the County Clerk of each County. The District hereby determines that the election shall be held on November 7, 2017, and that there shall be submitted to the eligible electors of the District the question set forth herein. Because the election will be held as part of the coordinated election, the Board hereby determines that the County Clerk shall conduct the election on behalf of the District pursuant to the Uniform Election Code of 1992.

Section 3. The Board hereby authorizes and directs the officers of the District to certify on or before September 8, 2017, the following question in substantially the form hereinafter set forth to each County Clerk. Such question shall be submitted to the eligible electors of the District at the election.

COLORADO MOUNTAIN COLLEGE LOCAL COLLEGE DISTRICT BALLOT ISSUE
NO. []

SHALL COLORADO MOUNTAIN COLLEGE DISTRICT'S TAXES BE INCREASED BY AN AMOUNT NOT TO EXCEED \$50,000 IN DISTRICT-WIDE TAXES LEVIED IN 2017 AND COLLECTED IN 2018, AND BY SUCH ADDITIONAL AMOUNTS AS MAY BE COLLECTED ANNUALLY THEREAFTER, BY INCREASING THE DISTRICT'S MILL LEVY TO RECOVER TAX REVENUE REDUCTIONS CAUSED BY DECREASES IN THE STATE-WIDE RESIDENTIAL ASSESSMENT RATIO (ARTICLE X, SECTION 3 OF THE COLORADO CONSTITUTION, COMMONLY KNOWN AS THE "GALLAGHER AMENDMENT") OCCURRING AFTER JANUARY 1, 2017, SO LONG AS THE DISTRICT'S BOARD OF TRUSTEES DETERMINES FOR ANY FISCAL YEAR THAT RECOVERY OF TAX REVENUE REDUCTIONS IS NECESSARY FOR THE MAINTENANCE OF COLLEGE SERVICES, AND SHALL THE REVENUES GENERATED BY ANY SUCH MILL LEVY INCREASE BE COLLECTED, RETAINED AND SPENT NOTWITHSTANDING ANY LIMITS PROVIDED BY LAW?

Section 4. Pat Chlouber, Secretary of the Board of Trustees, has been appointed as the designated election official of the District for purposes of performing acts required or permitted by law in connection with the election.

Section 5. If a majority of the votes cast on the question to levy additional ad valorem property taxes submitted at the election shall be in favor of levying additional ad valorem property taxes as provided in such question, the District, acting through the Board, shall be authorized to proceed with the necessary action to levy additional ad valorem property taxes in accordance with such question.

Any authority to levy additional ad valorem property taxes, if conferred by the results of the election, shall be deemed and considered a continuing authority to levy the additional ad valorem taxes so authorized at any one time, or from time to time, and neither the partial exercise of the authority so conferred, nor any lapse of time, shall be considered as exhausting or limiting the full authority so conferred.

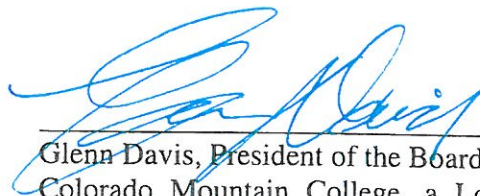
Section 6. Pursuant to Section 1-11-203.5, C.R.S., any election contest arising out of a ballot issue or ballot question election concerning the order of the ballot or the form or content of the ballot title shall be commenced by petition filed with the proper court within five days after the title of the ballot issue or ballot question is set.

Section 7. The officers of the District are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this resolution.

Section 8. All orders, bylaws, and resolutions, or parts thereof, in conflict with this resolution, are hereby repealed.

Section 9. If any section, paragraph, clause, or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this resolution.

ADOPTED AND APPROVED this August 30, 2017.



Glenn Davis, President of the Board of Trustees
Colorado Mountain College, a Local College
District

ATTEST:



Pat Chlouber, Secretary of the Board of Trustees
Colorado Mountain College, a Local College District

