

Update on Residential Assessment Rate Issue

1 message

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Gallagher Impact on District Finances Arises Again

During the 2017 legislative session, one of the most alarming and difficult issues was the lowering of the Residential Assessment Rate (RAR), which affects the revenue from property taxes of every local governmental entity in Colorado. After intensive efforts by SDA and its sister local governmental associations, and heroic efforts by the Director of the Division of Property Taxation, the RAR was lowered from 7.96% to 7.22%. This was somewhat of a victory, since all initial indications were that the rate would go down to 6.22 or lower.

We all anticipated that the next property tax appraisal cycle would probably indicate an even lower rate to be enacted for the 2019-20 cycle. And as suspected, the preliminary report from the Office of State Planning and Budgeting was just released, indicating that the new rate will probably need to be reset at 6.11%. A reduction of this magnitude would automatically take over 15% out of the revenue budgets of every special district in Colorado.

Although this rate will not be set by the legislature until the 2019 legislative session, SDA, along with countless other affected entities, are examining every possible avenue to avoid this Draconian action. Since the process of setting this RAR is mandated by the Gallagher Amendment in the State Constitution, with statutorily set implementation procedures, the options are extremely limited. There are so many dead ends when considering solutions to this dilemma, solutions all lead into these dead ends. Many of the possibilities would require amendments to the Constitution, or statutory changes that might delay the impacts for a while, but do not solve the problem over the long haul.

We will follow up soon with more complete descriptions of things that districts might be able to do at the local level as well as statewide fixes if any possibilities arise.

We will also continue to explore all options with a broad coalition of affected stakeholders in an effort to find a solution that can be sold to the voters along with any other possible statutory solutions. Please know your SDA policy team and the SDA Board of Directors have not given up this fight.

Thank you for your time. We will continue to keep you updated as I know this is very much on everyone's mind.

Sincerely,
Ann Terry
Executive Director