

**Legislative
Council Staff***Nonpartisan Services for Colorado's Legislature***FINAL
FISCAL NOTE**

Drafting Number:	LLS 19-0795	Date:	August 1, 2019
Prime Sponsors:	Sen. Court; Tate Rep. Herod; Esgar	Bill Status:	Signed into Law
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Bill Topic:	GALLAGHER AMENDMENT RESIDENTIAL ASSESSMENT RATE
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Summary of Fiscal Impact:	No fiscal impact. This bill reduces the residential assessment rate from 7.20 percent to 7.15 percent starting in 2019. This rate reduction is consistent with the constitutional provision commonly known as the Gallagher Amendment and is assessed as having no fiscal impact.
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Appropriation Summary:	No appropriation is required.
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Fiscal Note Status:	This fiscal note reflects the enacted bill.
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Summary of Legislation

This bill reduces the residential assessment rate from 7.20 percent to 7.15 percent beginning in 2019 and continuing until changed in the future by the General Assembly. This rate is consistent with requirements in the state constitution.

Background

The State Constitution requires that the share of assessed values of residential and non-residential property in the state remain constant between reassessment cycles. The General Assembly is required to set the residential assessment rate every two years to maintain these shares. These two constitutional requirements are commonly known as the Gallagher Amendment.

The share of assessed values of residential and non-residential property is defined in statute as the target percentage and is adjusted for any new construction and mineral production that occurs between reassessment years. When the Gallagher Amendment passed, residential property constituted about 45 percent of the tax base. After adjusting for new construction and changes in mineral production, the Division of Property Taxation in the Department of Local Affairs calculated a new target percentage of 45.69 percent for 2019.

The vehicle for achieving the target percentage is the adjustment of the residential assessment rate. Based on estimated 2019 property values, a residential assessment rate of 7.15 percent is necessary so that residential property will constitute 45.69 percent of the statewide property tax base in 2019.

A property's taxable value is determined by multiplying its actual value by the relevant assessment rate. A residential assessment rate of 7.15 percent means that a home worth \$300,000 has a taxable value of \$21,450. If the mill levy, or property tax rate, for that home is 100 mills, the property tax bill would be \$2,145.

Assessment of No Fiscal Impact

Since the bill implements requirements set forth in the State Constitution, it is assessed as having no fiscal impact. The rate reduction from 7.20 percent to 7.15 percent results in lower assessed values for residential property, however the reduction maintains the residential target share in the statewide property tax base required by the constitution.

Effective Date

The bill was signed into law by the Governor and took effect on June 3, 2019.

State and Local Government Contacts

Counties	County Assessors	Education
Fire Chiefs	Municipalities	Property Tax Division - Local Affairs
School Districts	Special Districts	