

# Property Tax, School Finance, and the Gallagher Amendment



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# ROADMAP FOR TODAY

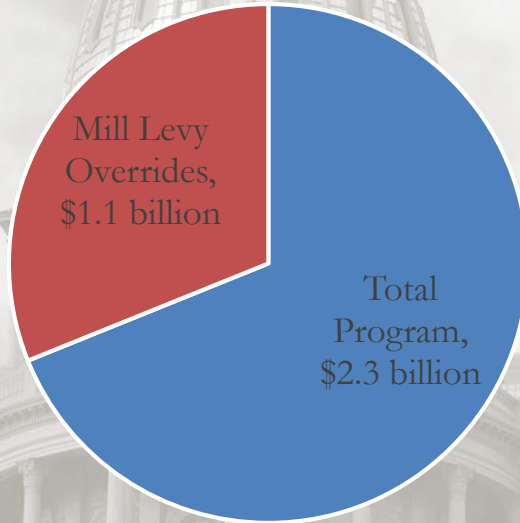


Major points for today's discussion:

- Property taxes and education funding in Colorado.
- How the Gallagher Amendment affects school district property taxes and the state budget for school finance.
- How Gallagher and TABOR interact and affect both the state budget and taxpayer equity.

# SCHOOL DISTRICT PROPERTY TAXES: TWO BASIC TYPES

FY 2017-18 School District Property Tax Revenues  
(\$3.4 billion total)



# IMPLICATIONS OF GALLAGHER

Reducing the residential assessment rate (RAR) decreases the amount of property tax revenue collected (relative to the amount with a constant RAR). For education funding, the impact depends on the type of school district property tax.

- For mill levy overrides, reducing the RAR may reduce the total revenues available to school districts, depending on the specifics of the override question. The State does not backfill declines in override revenues.
- For school finance (total program) property taxes, the State backfills declines in property tax revenues. As a result, decreasing local revenues requires additional state funding and/or increases in the budget stabilization factor.

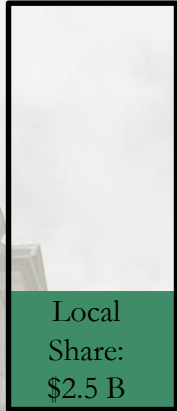
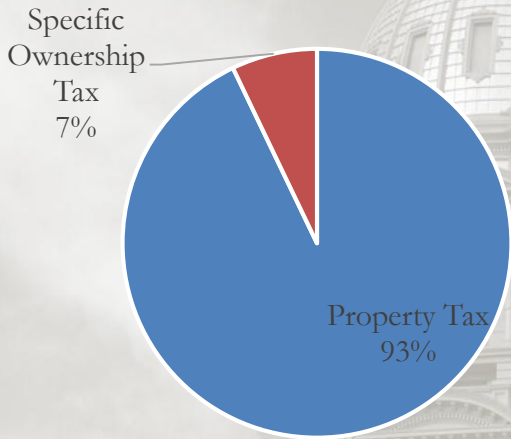


# STATUTORY END GOAL: SCHOOL FINANCE FORMULA

Statutory  
Total  
Program  
Goal:  
\$7.5 B  
in FY  
2017-18

# LOCAL SHARE: THE FOUNDATION

FY 2017-18 Local Share



Statutory  
Total  
Program  
Goal:  
\$7.5 B

# HOW WE GET THERE: TOTAL PROGRAM FUNDING

Local  
Share:  
\$2.5 B



Actual  
State  
Share:  
\$4.1 B



Actual  
State  
Share:  
\$4.1 B

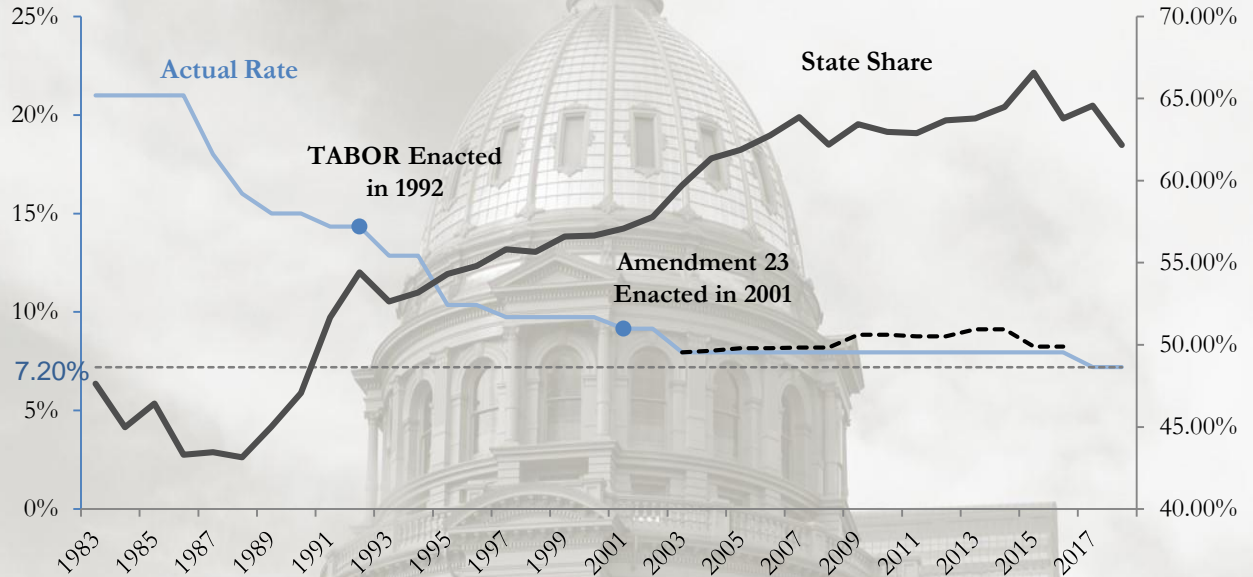
Local  
Share:  
\$2.5 B

BSF:  
\$0.8 B

Statutory  
Total  
Program  
Goal:  
\$7.5 B

Actual  
Funding:  
\$6.6 B

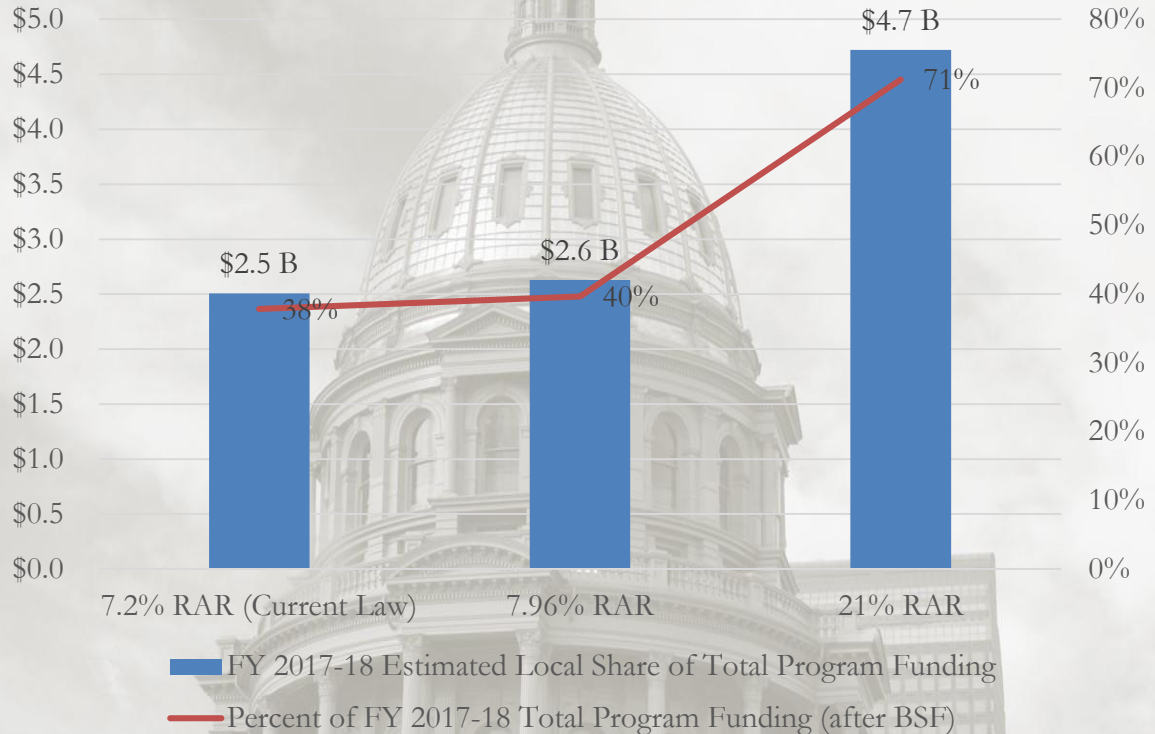
# RESIDENTIAL ASSESSMENT RATES AND THE STATE SHARE OF TOTAL PROGRAM



Source: Colorado Division of Property Taxation, Department of Local Affairs; Legislative Council Staff



# FY 2017-18 LOCAL SHARE AT EXAMPLE RAR LEVELS



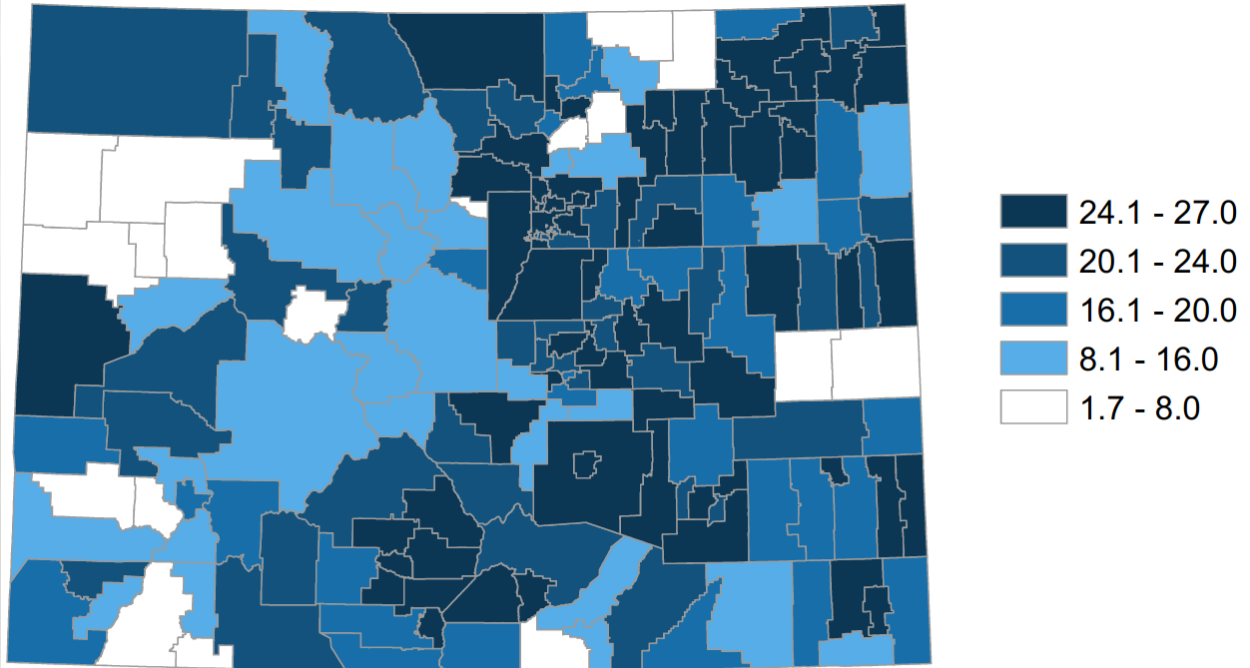
# INTERACTION OF GALLAGHER AND TABOR

Assessed Property  
Value  
(Gallagher)



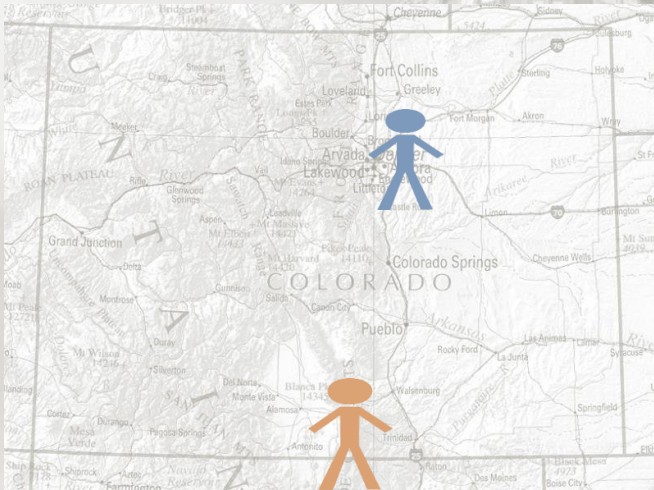
Mill Levy (Tax Rate)  
(TABOR)

# FY 2017-18 TOTAL PROGRAM MILL LEVIES



Source: Legislative Council Staff.

# LOCAL SHARE: RURAL RESIDENTIAL DIFFERENCES

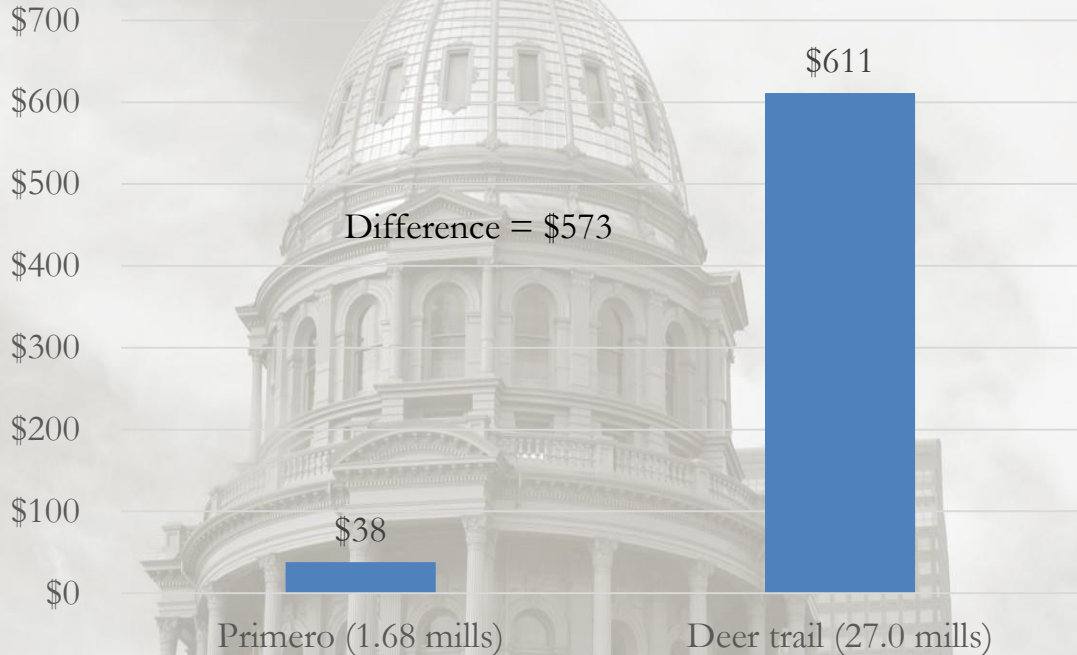


Deer Trail  
173 pupils/\$13,554 per pupil

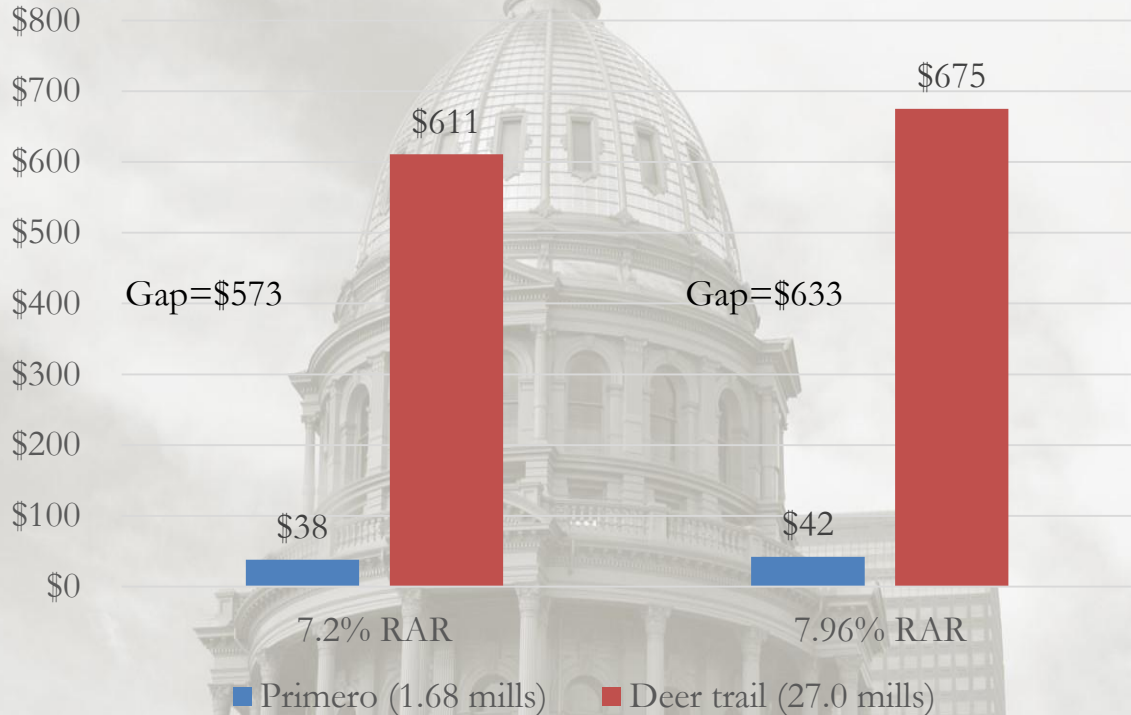


Primero  
187 pupils/\$12,278 per pupil

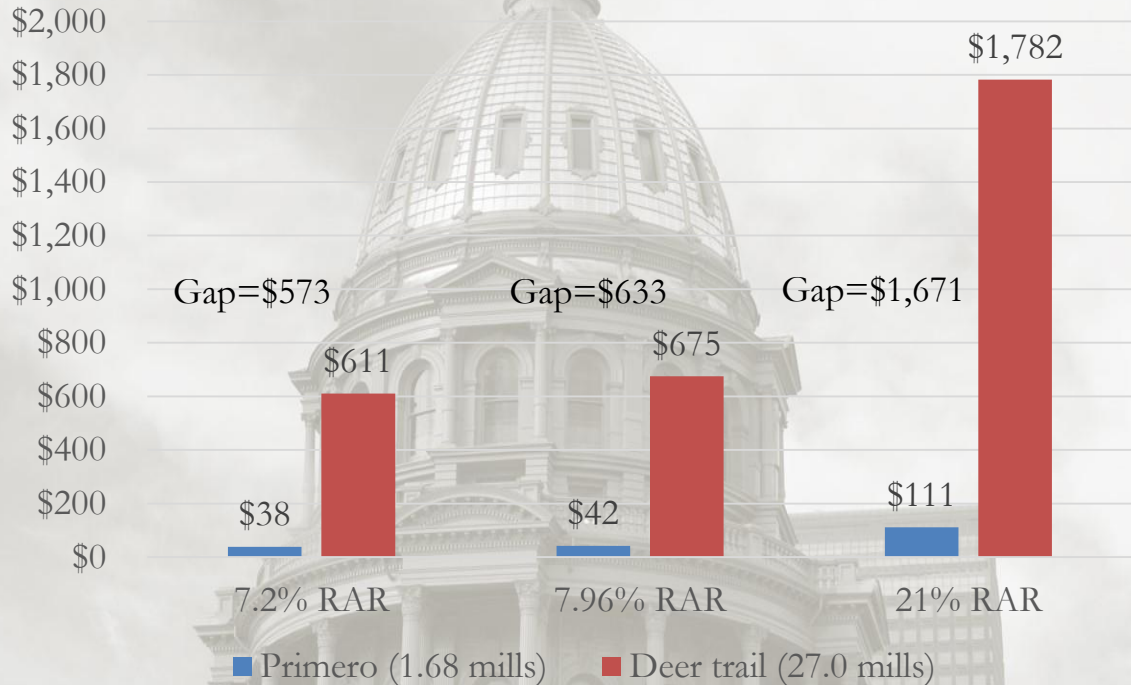
# DIFFERENCES IN PROPERTY TAX: \$314,200 HOME AT 7.2% RAR



# DIFFERENCES IN PROPERTY TAX: INEQUITY INCREASES WITH RAR



# DIFFERENCES IN PROPERTY TAX: INEQUITY INCREASES WITH RAR





Questions?