

First Regular Session
Seventy-second General Assembly
STATE OF COLORADO

DRAFT
9.12.18

BILL 1

LLS NO. R19-0210.01 Ed DeCecco x4216 **INTERIM COMMITTEE RESOLUTION**

Alternatives to the Gallagher Amendment Interim Study Committee

BILL TOPIC: "Repeal Gallagher Amendment"

SENATE CONCURRENT RESOLUTION

101 SUBMITTING TO THE REGISTERED ELECTORS OF THE STATE OF
102 COLORADO AN AMENDMENT TO THE COLORADO CONSTITUTION
103 CONCERNING THE REPEAL OF PROVISIONS RELATED TO
104 PROPERTY TAX ASSESSMENT RATES, AND, IN CONNECTION
105 THEREWITH, REPEALING THE REQUIREMENT THAT THE GENERAL
106 ASSEMBLY ADJUST THE RESIDENTIAL ASSESSMENT RATE IN
107 ACCORDANCE WITH A FORMULA; REPEALING THE HISTORICAL
108 RESIDENTIAL ASSESSMENT RATE OF TWENTY-ONE PERCENT; AND
109 REPEALING THE NONRESIDENTIAL ASSESSMENT RATE OF
110 TWENTY-NINE PERCENT.

Resolution Summary

(Note: This summary applies to this resolution as introduced and

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

does not reflect any amendments that may be subsequently adopted. If this resolution passes third reading in the house of introduction, a resolution summary that applies to the reengrossed version of this resolution will be available at <http://leg.colorado.gov/>.)

Alternatives to the Gallagher Amendment Interim Study Committee. Property tax in Colorado is generally equal to the actual value of property multiplied by an assessment rate, and the resulting assessed value is multiplied by each applicable local government's mill levy. The assessment rate for residential property is established by the general assembly in accordance with a provision of the state constitution that is commonly known as the "Gallagher Amendment" and is limited by section 20 of article X of the state constitution (TABOR). Under the Gallagher Amendment there are two important classes of property for the purposes of determining the residential assessment rate: Residential property and nonresidential property. The assessment rate for most nonresidential property is fixed in the state constitution at 29%. The residential assessment rate was initially set at 21%, but the rate has been adjusted prior to each 2-year reassessment cycle to keep the percentage of aggregate statewide assessed value attributable to residential property the same as it was in the year immediately preceding the new reassessment cycle. For the last reassessment cycle the residential assessment rate was 7.2%.

The concurrent resolution repeals the Gallagher Amendment so that the general assembly will no longer be required to establish the residential assessment rate based on the formula expressed in the Gallagher Amendment. The resolution also repeals the reference to the residential rate of 21%, which last applied in 1986, prior to the first adjustment required by the Gallagher Amendment. Finally, the resolution repeals the 29% assessment rate that applies for all nonresidential property, excluding producing mines and lands or leaseholds producing oil or gas.

1 *Be It Resolved by the Senate of the Seventy-second General*
2 *Assembly of the State of Colorado, the House of Representatives*
3 *concurring herein:*

4 **SECTION 1.** At the election held on November 5, 2019, the
5 secretary of state shall submit to the registered electors of the state the
6 ballot title set forth in section 2 for the following amendment to the state
7 constitution:

1 In the constitution of the state of Colorado, section 3 of article X,
2 **amend** (1)(b) as follows:

3 **Section 3. Uniform taxation - exemptions.** (1) (b) Residential
4 real property which shall include all residential dwelling units and the
5 land, as defined by law, on which such units are located, and mobile
6 home parks, but shall not include hotels and motels. ~~shall be valued for~~
7 ~~assessment at twenty-one percent of its actual value. For the property tax~~
8 ~~year commencing January 1, 1985, the general assembly shall determine~~
9 ~~the percentage of the aggregate statewide valuation for assessment which~~
10 ~~is attributable to residential real property. For each subsequent year, the~~
11 ~~general assembly shall again determine the percentage of the aggregate~~
12 ~~statewide valuation for assessment which is attributable to each class of~~
13 ~~taxable property, after adding in the increased valuation for assessment~~
14 ~~attributable to new construction and to increased volume of mineral and~~
15 ~~oil and gas production. For each year in which there is a change in the~~
16 ~~level of value used in determining actual value, the general assembly shall~~
17 ~~adjust the ratio of valuation for assessment for residential real property~~
18 ~~which is set forth in this paragraph (b) as is necessary to insure that the~~
19 ~~percentage of the aggregate statewide valuation for assessment which is~~
20 ~~attributable to residential real property shall remain the same as it was in~~
21 ~~the year immediately preceding the year in which such change occurs.~~
22 ~~Such adjusted ratio shall be the ratio of valuation for assessment for~~
23 ~~residential real property for those years for which such new level of value~~
24 ~~is used. In determining the adjustment to be made in the ratio of valuation~~
25 ~~for assessment for residential real property, the aggregate statewide~~
26 ~~valuation for assessment that is attributable to residential real property~~
27 ~~shall be calculated as if the full actual value of all owner-occupied~~

1 ~~primary residences that are partially exempt from taxation pursuant to~~
2 ~~section 3.5 of this article was subject to taxation. All other taxable~~
3 ~~property shall be valued for assessment at twenty-nine percent of its~~
4 ~~actual value. However, The valuation for assessment for producing mines,~~
5 ~~as defined by law, and lands or leaseholds producing oil or gas, as defined~~
6 ~~by law, shall be a portion of the actual annual or actual average annual~~
7 ~~production therefrom, based upon the value of the unprocessed material,~~
8 ~~according to procedures prescribed by law for different types of minerals.~~
9 Non-producing unpatented mining claims, which are possessory interests
10 in real property by virtue of leases from the United States of America,
11 shall be exempt from property taxation.

12 **SECTION 2.** Each elector voting at the election may cast a vote
13 either "Yes/For" or "No/Against" on the following ballot title: "Shall
14 there be an amendment to the Colorado constitution concerning the repeal
15 of provisions related to property tax assessment rates, and, in connection
16 therewith, repealing the requirement that the general assembly adjust the
17 residential assessment rate in accordance with a formula; repealing the
18 historical residential assessment rate of twenty-one percent; and repealing
19 the nonresidential assessment rate of twenty-nine percent?"

20 **SECTION 3.** Except as otherwise provided in section 1-40-123,
21 Colorado Revised Statutes, if a majority of the electors voting on the
22 ballot title vote "Yes/For", then the amendment will become part of the
23 state constitution.