BILL TOPIC: "Backfill Property Tax Loss To Fire Protection Dist"

A BILL FOR AN ACT

CONCERNING A STATE GENERAL FUND BACKFILL TO OFFSET A FIRE PROTECTION DISTRICT'S BUDGETARY LOSS INCURRED DUE TO A REDUCTION IN THE RESIDENTIAL PROPERTY ASSESSMENT RATE.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://leg.colorado.gov/.)

Alternatives to the Gallagher Amendment Interim Study Committee. The bill provides that if a fire protection district has not raised its mill levy rate and if the district's 2019 adjusted residential property tax has decreased by 5% or more compared to the district's 2018 residential property tax, then the district is entitled to receive a warrant

Capital letters or bold & italic numbers indicate new material to be added to existing statute. Dashes through the words indicate deletions from existing statute.
from the state treasurer drawn from the general fund in an amount equal to 95% of the amount of the reduction in order to offset the budgetary loss the district incurred due to a reduction in the residential assessment rate.

The division of local government in the department of local affairs is required to confirm all calculations made by the fire protection district board and the county property tax assessor is required to assist the district and the division with any information they may need.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 32-1-1002, add (6) as follows:

32-1-1002. Fire protection districts - additional powers and duties - legislative declaration - definitions. (6) (a) The General Assembly hereby finds and declares that:

(I) The Gallagher Amendment adopted by voters as an amendment to the Colorado Constitution in 1982 prevents residential property owners from paying more than forty-five percent of the overall state property tax base;

(II) As home values have increased along the Front Range in recent years, outpacing commercial and industrial growth, homeowners have been footing a growing percentage of the statewide tax bill and forcing residential assessment rates down to compensate;

(III) Unfortunately, residential home values have not kept the same pace in rural areas of the state, which means a reduction in a local government's total property tax revenue and a reduction in a local government's budget necessary to provide critical services to its local community; and

(IV) The residential assessment rate dropped to seven and two-tenths percent from seven and ninety-six hundredths
PERCENT OF A PROPERTY'S VALUE. THE RESIDENTIAL ASSESSMENT RATE IS
EXPECTED TO FALL AGAIN, PERHAPS AS LOW AS SIX AND ELEVEN
HUNDREDTHS PERCENT. THAT WOULD REPRESENT A TWENTY-THREE
PERCENT CUT TO THE RESIDENTIAL TAX BASE IN A THREE-YEAR PERIOD,
AND WOULD MAKE IT VERY DIFFICULT FOR SPECIAL DISTRICTS PROVIDING
CRITICAL SERVICES TO CONTINUE MEETING THE NEEDS OF THE COMMUNITY
THEY SERVE.

(b) AS USED IN THIS SUBSECTION (6), UNLESS THE CONTEXT
OTHERWISE REQUIRES:

   (I) "ACTUAL VALUE" MEANS THE ACTUAL VALUE OF TAXABLE
       PROPERTY AS DETERMINED BY SECTION 39-1-103.

   (II) "ADJUSTED RESIDENTIAL PROPERTY TAX" MEANS THE AMOUNT
        OF A FIRE PROTECTION DISTRICT'S 2019 RESIDENTIAL PROPERTY TAX MINUS
        THE DISTRICT'S 2019 RESIDENTIAL PROPERTY TAX ATTRIBUTABLE TO ANY
        NEW CONSTRUCTION BUILT IN THE DISTRICT IN THE TAX YEAR AS
        CERTIFIED BY THE COUNTY PROPERTY TAX ASSESSOR IN WHICH THE
        DISTRICT IS LOCATED.

   (III) "BACKFILL AMOUNT" MEANS THE AMOUNT OF A FIRE
         PROTECTION DISTRICT'S 2018 RESIDENTIAL PROPERTY TAX MINUS THE
         ADJUSTED RESIDENTIAL PROPERTY TAX.

   (IV) "DIVISION" MEANS THE DIVISION OF LOCAL GOVERNMENT IN
        THE DEPARTMENT OF LOCAL AFFAIRS.

   (V) "FIRE PROTECTION DISTRICT" OR "DISTRICT" MEANS A FIRE
        PROTECTION DISTRICT GOVERNED BY THIS SECTION.

   (VI) "MILL LEVY RATE" MEANS THE SUM OF ALL OF THE TAX RATES
        APPLIED BY THE FIRE PROTECTION DISTRICT TO THE TAXABLE PROPERTY IN
        ITS DISTRICT.
(VII) "Nonresidential Assessment Rate" means the ratio of valuation for assessment of nonresidential taxable property set forth in Section 39-1-104.

(VIII) "Nonresidential Property Tax" means the fire protection district's mill levy rate multiplied by the product of the actual value of the district's nonresidential taxable property and the district's nonresidential assessment rate.

(IX) "Residential Assessment Rate" means the ratio of valuation for assessment for residential real property set forth in Section 39-1-104.2.

(X) "Residential Property Tax" means the fire protection district's mill levy rate multiplied by the product of the actual value of the district's residential taxable property and the district's residential assessment rate. "Residential Property Tax" can be calculated by subtracting the district's nonresidential property tax from the district's total property tax revenue.

(XI) "Total Property Tax Revenue" means the sum of the fire protection district's residential property tax and the district's nonresidential property tax.

(c) (I) Except as provided in subsection (6)(c)(II) of this section, no later than December 15, 2019, each fire protection district board shall calculate its 2018 and 2019 residential property tax and its 2019 adjusted residential property tax. If the district has not increased its mill levy rate from the 2018 property tax year and if the district's 2019 adjusted residential property tax has decreased by five percent or more compared to
THE DISTRICT'S 2018 RESIDENTIAL PROPERTY TAX, THEN THE DISTRICT
SHALL REPORT ITS BACKFILL AMOUNT TO THE DIVISION.

(II) The fire protection district shall not make the
calculations and shall not report its backfill amount to the
division as required in subsection (6)(c)(I) of this section if a
ballot measure to repeal the constitutional formula that
requires the general assembly to adjust the residential
assessment rate is included on the November 2019 ballot and the
official abstract of votes cast, required in section 1-10-102,
show that the ballot measure passed.

(d) The division shall cross-check all calculations
submitted by each district board and, no later than December
31, 2019, shall report the backfill amount to the state
treasurer if the department confirms that:

(I) The district's 2019 adjusted residential property tax
has decreased by five percent or more compared to the district's
2018 residential property tax; and

(II) The district has not increased its mill levy from the
2018 property tax year.

(e) On January 15, 2020, the state treasurer shall issue a
warrant to each fire protection district that submitted
calculations to the division pursuant to this subsection (6). The
warrant must equal ninety-five percent of the district's
backfill amount in order to offset the budgetary loss the
district incurred due to a reduction in the residential
assessment rate. The backfill must be paid from the state
general fund.
(f) The county property tax assessor of each county where a fire protection district is located shall provide the board and the division with any information that it may need in making the calculations required in this subsection (6).

SECTION 2. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 2, 2019, if adjournment sine die is on May 3, 2019); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2020 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.