

First Regular Session
Seventy-second General Assembly
STATE OF COLORADO

DRAFT
9.12.18

BILL 4

LLS NO. 19-0213.01 Esther van Mourik x4215

INTERIM COMMITTEE BILL

Alternatives to the Gallagher Amendment Interim Study Committee

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

A BILL FOR AN ACT

101 **CONCERNING A STATE GENERAL FUND BACKFILL TO OFFSET A FIRE**
102 **PROTECTION DISTRICT'S BUDGETARY LOSS INCURRED DUE TO A**
103 **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.

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

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

4 **32-1-1002. Fire protection districts - additional powers and**
5 **duties - legislative declaration - definitions.** (6) (a) THE GENERAL
6 ASSEMBLY HEREBY FINDS AND DECLARES THAT:

7 (I) THE GALLAGHER AMENDMENT ADOPTED BY VOTERS AS AN
8 AMENDMENT TO THE COLORADO CONSTITUTION IN 1982 PREVENTS
9 RESIDENTIAL PROPERTY OWNERS FROM PAYING MORE THAN FORTY-FIVE
10 PERCENT OF THE OVERALL STATE PROPERTY TAX BASE;

11 (II) AS HOME VALUES HAVE INCREASED ALONG THE FRONT RANGE
12 IN RECENT YEARS, OUTPACING COMMERCIAL AND INDUSTRIAL GROWTH,
13 HOMEOWNERS HAVE BEEN FOOTING A GROWING PERCENTAGE OF THE
14 STATEWIDE TAX BILL AND FORCING RESIDENTIAL ASSESSMENT RATES
15 DOWN TO COMPENSATE;

16 (III) UNFORTUNATELY, RESIDENTIAL HOME VALUES HAVE NOT
17 KEPT THE SAME PACE IN RURAL AREAS OF THE STATE, WHICH MEANS A
18 REDUCTION IN A LOCAL GOVERNMENT'S TOTAL PROPERTY TAX REVENUE
19 AND A REDUCTION IN A LOCAL GOVERNMENT'S BUDGET NECESSARY TO
20 PROVIDE CRITICAL SERVICES TO ITS LOCAL COMMUNITY; AND

21 (IV) THE RESIDENTIAL ASSESSMENT RATE DROPPED TO SEVEN AND
22 TWO-TENTHS PERCENT FROM SEVEN AND NINETY-SIX HUNDREDTHS

1 PERCENT OF A PROPERTY'S VALUE. THE RESIDENTIAL ASSESSMENT RATE IS
2 EXPECTED TO FALL AGAIN, PERHAPS AS LOW AS SIX AND ELEVEN
3 HUNDREDTHS PERCENT. THAT WOULD REPRESENT A TWENTY-THREE
4 PERCENT CUT TO THE RESIDENTIAL TAX BASE IN A THREE-YEAR PERIOD,
5 AND WOULD MAKE IT VERY DIFFICULT FOR SPECIAL DISTRICTS PROVIDING
6 CRITICAL SERVICES TO CONTINUE MEETING THE NEEDS OF THE COMMUNITY
7 THEY SERVE.

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

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

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

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

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

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

25 (VI) "MILL LEVY RATE" MEANS THE SUM OF ALL OF THE TAX RATES
26 APPLIED BY THE FIRE PROTECTION DISTRICT TO THE TAXABLE PROPERTY IN
27 ITS DISTRICT.

1 (VII) "NONRESIDENTIAL ASSESSMENT RATE" MEANS THE RATIO OF
2 VALUATION FOR ASSESSMENT OF NONRESIDENTIAL TAXABLE PROPERTY
3 SET FORTH IN SECTION 39-1-104.

4 (VIII) "NONRESIDENTIAL PROPERTY TAX" MEANS THE FIRE
5 PROTECTION DISTRICT'S MILL LEVY RATE MULTIPLIED BY THE PRODUCT OF
6 THE ACTUAL VALUE OF THE DISTRICT'S NONRESIDENTIAL TAXABLE
7 PROPERTY AND THE DISTRICT'S NONRESIDENTIAL ASSESSMENT RATE.

8 (IX) "RESIDENTIAL ASSESSMENT RATE" MEANS THE RATIO OF
9 VALUATION FOR ASSESSMENT FOR RESIDENTIAL REAL PROPERTY SET
10 FORTH IN SECTION 39-1-104.2.

11 (X) "RESIDENTIAL PROPERTY TAX" MEANS THE FIRE PROTECTION
12 DISTRICT'S MILL LEVY RATE MULTIPLIED BY THE PRODUCT OF THE ACTUAL
13 VALUE OF THE DISTRICT'S RESIDENTIAL TAXABLE PROPERTY AND THE
14 DISTRICT'S RESIDENTIAL ASSESSMENT RATE. "RESIDENTIAL PROPERTY
15 TAX" CAN BE CALCULATED BY SUBTRACTING THE DISTRICT'S
16 NONRESIDENTIAL PROPERTY TAX FROM THE DISTRICT'S TOTAL PROPERTY
17 TAX REVENUE.

18 (XI) "TOTAL PROPERTY TAX REVENUE" MEANS THE SUM OF THE
19 FIRE PROTECTION DISTRICT'S RESIDENTIAL PROPERTY TAX AND THE
20 DISTRICT'S NONRESIDENTIAL PROPERTY TAX.

21 (c) (I) EXCEPT AS PROVIDED IN SUBSECTION (6)(c)(II) OF THIS
22 SECTION, NO LATER THAN DECEMBER 15, 2019, EACH FIRE PROTECTION
23 DISTRICT BOARD SHALL CALCULATE ITS 2018 AND 2019 RESIDENTIAL
24 PROPERTY TAX AND ITS 2019 ADJUSTED RESIDENTIAL PROPERTY TAX. IF
25 THE DISTRICT HAS NOT INCREASED ITS MILL LEVY RATE FROM THE 2018
26 PROPERTY TAX YEAR AND IF THE DISTRICT'S 2019 ADJUSTED RESIDENTIAL
27 PROPERTY TAX HAS DECREASED BY FIVE PERCENT OR MORE COMPARED TO

1 THE DISTRICT'S 2018 RESIDENTIAL PROPERTY TAX, THEN THE DISTRICT
2 SHALL REPORT ITS BACKFILL AMOUNT TO THE DIVISION.

3 (II) THE FIRE PROTECTION DISTRICT SHALL NOT MAKE THE
4 CALCULATIONS AND SHALL NOT REPORT ITS BACKFILL AMOUNT TO THE
5 DIVISION AS REQUIRED IN SUBSECTION (6)(c)(I) OF THIS SECTION IF A
6 BALLOT MEASURE TO REPEAL THE CONSTITUTIONAL FORMULA THAT
7 REQUIRES THE GENERAL ASSEMBLY TO ADJUST THE RESIDENTIAL
8 ASSESSMENT RATE IS INCLUDED ON THE NOVEMBER 2019 BALLOT AND THE
9 OFFICIAL ABSTRACT OF VOTES CAST, REQUIRED IN SECTION 1-10-102,
10 SHOW THAT THE BALLOT MEASURE PASSED.

11 (d) THE DIVISION SHALL CROSS-CHECK ALL CALCULATIONS
12 SUBMITTED BY EACH DISTRICT BOARD AND, NO LATER THAN DECEMBER
13 31, 2019, SHALL REPORT THE BACKFILL AMOUNT TO THE STATE
14 TREASURER IF THE DEPARTMENT CONFIRMS THAT:

15 (I) THE DISTRICT'S 2019 ADJUSTED RESIDENTIAL PROPERTY TAX
16 HAS DECREASED BY FIVE PERCENT OR MORE COMPARED TO THE DISTRICT'S
17 2018 RESIDENTIAL PROPERTY TAX; AND

18 (II) THE DISTRICT HAS NOT INCREASED ITS MILL LEVY FROM THE
19 2018 PROPERTY TAX YEAR.

20 (e) ON JANUARY 15, 2020, THE STATE TREASURER SHALL ISSUE A
21 WARRANT TO EACH FIRE PROTECTION DISTRICT THAT SUBMITTED
22 CALCULATIONS TO THE DIVISION PURSUANT TO THIS SUBSECTION (6). THE
23 WARRANT MUST EQUAL NINETY-FIVE PERCENT OF THE DISTRICT'S
24 BACKFILL AMOUNT IN ORDER TO OFFSET THE BUDGETARY LOSS THE
25 DISTRICT INCURRED DUE TO A REDUCTION IN THE RESIDENTIAL
26 ASSESSMENT RATE. THE BACKFILL MUST BE PAID FROM THE STATE
27 GENERAL FUND.

1 (f) THE COUNTY PROPERTY TAX ASSESSOR OF EACH COUNTY
2 WHERE A FIRE PROTECTION DISTRICT IS LOCATED SHALL PROVIDE THE
3 BOARD AND THE DIVISION WITH ANY INFORMATION THAT IT MAY NEED IN
4 MAKING THE CALCULATIONS REQUIRED IN THIS SUBSECTION (6).

5 **SECTION 2. Act subject to petition - effective date.** This act
6 takes effect at 12:01 a.m. on the day following the expiration of the
7 ninety-day period after final adjournment of the general assembly (August
8 2, 2019, if adjournment sine die is on May 3, 2019); except that, if a
9 referendum petition is filed pursuant to section 1 (3) of article V of the
10 state constitution against this act or an item, section, or part of this act
11 within such period, then the act, item, section, or part will not take effect
12 unless approved by the people at the general election to be held in
13 November 2020 and, in such case, will take effect on the date of the
14 official declaration of the vote thereon by the governor.