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Seventy-second General Assembly  
STATE OF COLORADO

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BILL 7

LLS NO. 19-0217.02 Ed DeCecco x4216

INTERIM COMMITTEE BILL

**Alternatives to the Gallagher Amendment Interim Study Committee**

**BILL TOPIC: "Regional Residential Assessment Rates For Prop Tax"**

**A BILL FOR AN ACT**

101 **CONCERNING THE ESTABLISHMENT OF REGIONAL RESIDENTIAL**  
102 **ASSESSMENT RATES.**

**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.** Contingent on the passage of a concurrent resolution that repeals the constitutional requirement that the general assembly adjust the residential assessment rate based on the percentage of the aggregate value of residential real property (Gallagher Amendment), the bill creates regional residential assessment rates. The bill establishes 8 regions in the

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

state, which are the same as the regions managed by regional offices within the division of local government in the department of local affairs as of January 1, 2019. A local government that is located in more than one region is part of each of the regions, and the respective regional residential assessment rates apply to residential real property depending on which region the property is located.

The property tax administrator (administrator) is required to determine the regional target percentage for each region and, for each year in which there is a change in the level of value used in determining actual value beginning with the 2021 property tax year, the administrator shall calculate the estimated residential assessment rate necessary to insure that the percentage of the aggregate valuation for assessment within a region that is attributable to residential real property remains the same as it was in the year immediately preceding the year in which the change occurs. The estimated regional assessment rate will be the regional residential assessment rate; except that:

- A regional residential assessment rate shall not decrease by more than 5% from the prior reassessment cycle;
- A regional residential assessment rate shall not drop below 5%; and
- An increase in the regional residential assessment rate shall not take effect unless voters of the region approve the increase, the ballot issue for which will automatically be referred to the voters of the region at a coordinated election. If the ballot issue is not approved by a majority of the electors voting thereon, then the reassessment rate stays the same as it was in the prior reassessment cycle.

On or before January 15, 2021, and January 15 of each odd-numbered year thereafter, the administrator shall prepare a preliminary report related to regional residential assessment rates. On or before April 30, 2021, and April 30 of each odd-numbered year thereafter, the administrator shall prepare a final report related to regional residential assessment rates.

The bill also repeals statutory provisions that implemented the Gallagher Amendment, which would be inconsistent with the regional rates.

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

2           **SECTION 1.** In Colorado Revised Statutes, 39-1-104.2, **amend**  
3 (3)(p); and **repeal** (2), (4), (5), and (6) as follows:

4           **39-1-104.2. Legislative declaration - adjustment of residential**

1 ~~rate. (2) After careful consideration of all available information, the~~  
2 ~~general assembly hereby finds and declares that the action of the first~~  
3 ~~session of the fifty-sixth general assembly which set the ratio of valuation~~  
4 ~~for assessment for residential real property at eighteen percent has~~  
5 ~~produced a deviation from the intent of section 3 of article X of the state~~  
6 ~~constitution which ensures that the percentage of the aggregate statewide~~  
7 ~~valuation for assessment which is attributable to residential real property~~  
8 ~~shall remain the same as it was in the year immediately preceding the year~~  
9 ~~in which a change occurs in the level of value used in determining actual~~  
10 ~~value. Therefore, the general assembly finds that legislation is necessary~~  
11 ~~for the following purposes: To adjust the residential rate for 1988; to~~  
12 ~~ensure that deviations from the constitutional mandate set forth in section~~  
13 ~~3 of article X of the state constitution shall not be perpetuated into this or~~  
14 ~~any future year; and to provide a process for future adjustments in the~~  
15 ~~ratio of valuation for assessment for residential real property.~~

16 (3) (p) Based on the determination by the administrator that the  
17 target percentage is 45.76 percent, the ratio of valuation for assessment  
18 for residential real property is 7.2 percent of actual value for property tax  
19 years commencing on or after January 1, 2017, ~~until the next property tax~~  
20 ~~year that the general assembly adjusts the ratio of valuation for~~  
21 ~~assessment for residential real property~~ BUT PRIOR TO JANUARY 1, 2021.

22 (4) ~~To ensure that in present and future years there is no deviation~~  
23 ~~from the intent of section 3 of article X of the state constitution:~~

24 (a) ~~Commencing January 1, 1989, for each year in which there is~~  
25 ~~a change in the level of value, the administrator shall determine the target~~  
26 ~~percentage in order to ensure that the percentage of the aggregate~~  
27 ~~statewide valuation for assessment which is attributable to residential real~~

1 property remains the same as it was in the year immediately preceding the  
2 year in which such change occurs. In determining the target percentage,  
3 ~~the administrator shall use data concerning valuation for assessment~~  
4 ~~which has been adjusted to eliminate the effects of having rounded the~~  
5 ~~then current residential rate to the nearest one-hundredth of one percent.~~  
6 ~~The net increase in valuation for assessment attributable to new~~  
7 ~~construction and to the net increase in the volume of mineral and oil and~~  
8 ~~gas production shall be added to the valuation for assessment, as so~~  
9 ~~adjusted. The sum so determined shall be the basis on which the target~~  
10 ~~percentage is calculated.~~

11 (b) ~~In order to implement the provisions of paragraph (a) of this~~  
12 ~~subsection (4), the administrator shall use data concerning the 1987~~  
13 ~~valuation for assessment when the aggregate statewide valuation for~~  
14 ~~assessment was based on the 1985 aggregate statewide valuation for~~  
15 ~~assessment plus the net increase in valuation for assessment attributable~~  
16 ~~to new construction and to the net increase in the volume of mineral and~~  
17 ~~oil and gas production which occurred during 1986. The administrator~~  
18 ~~shall add the 1988 net increase in valuation for assessment attributable to~~  
19 ~~new construction and the net increase in the volume of mineral and oil~~  
20 ~~and gas production to the 1987 aggregate statewide valuation for~~  
21 ~~assessment, and the resulting amounts shall be the basis for determining~~  
22 ~~the target percentage for 1989.~~

23 (5) (a) ~~Commencing January 1, 1989, for each year in which there~~  
24 ~~is a change in the level of value used in determining actual value, the~~  
25 ~~general assembly, pursuant to the authority granted in section 3 of article~~  
26 ~~X of the state constitution, shall, by law, adjust the residential rate in~~  
27 ~~order that the percentage of aggregate statewide valuation for assessment~~

1 which is attributable to residential real property for such year equals the  
2 target percentage.

3 ~~(b) The residential rate shall be based on a documented estimate~~  
4 ~~of the total valuation for assessment of all taxable property in the state~~  
5 ~~arrived at by projecting the percentage of change in the level of value for~~  
6 ~~each class of taxable property to all taxable property in such class in the~~  
7 ~~state.~~

8 ~~(c) The administrator shall be responsible for ensuring that a~~  
9 ~~documented estimate study is completed by the division of property~~  
10 ~~taxation.~~

11 ~~(6) No later than January 15 of each year in which there is a~~  
12 ~~change in the level of value used in determining actual value, the~~  
13 ~~administrator shall report to the state board of equalization.~~

14 ~~(a) An estimate of the total valuation for assessment of all taxable~~  
15 ~~property in the state;~~

16 ~~(b) An estimate of the percentage of aggregate statewide valuation~~  
17 ~~for assessment which would be attributable to residential real property if~~  
18 ~~the residential rate fixed in current law remained the same. Such estimate~~  
19 ~~shall be based upon the projected valuations as determined by the~~  
20 ~~documented study.~~

21 ~~(c) The target percentage as determined under paragraph (a) of~~  
22 ~~subsection (4) of this section;~~

23 ~~(d) The projected residential rate. The rate shall be rounded to the~~  
24 ~~nearest one-hundredth of one percent, and the rate shall ensure that the~~  
25 ~~percentage of the aggregate statewide valuation for assessment which is~~  
26 ~~attributable to residential real property shall remain as it was in the year~~  
27 ~~immediately preceding the year in which such change occurs.~~

1           **SECTION 2.** In Colorado Revised Statutes, 39-1-104, **repeal**  
2 (1.5) as follows:

3           **39-1-104. Valuation for assessment - definitions.**

4 (1.5) ~~Residential real property shall be valued for assessment at~~  
5 ~~twenty-one percent of its actual value, except as provided in section~~  
6 ~~39-1-104.2.~~

7           **SECTION 3.** In Colorado Revised Statutes, **add** 39-1-104.7 as  
8 follows:

9           **39-1-104.7. Local government - assessment rates - definitions.**

10 (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
11 REQUIRES:

12 (a) "LOCAL GOVERNMENT" MEANS A COUNTY, CITY AND COUNTY,  
13 CITY, TOWN, SPECIAL DISTRICT, OR SCHOOL DISTRICT.

14 (b) "REASSESSMENT CYCLE" MEANS THE TWO-YEAR  
15 REASSESSMENT CYCLE DESCRIBED IN SECTION 39-1-104 (10.2).

16 (c) "REGION" MEANS A REGION CREATED IN SUBSECTION (2) OF  
17 THIS SECTION.

18 (d) "REGIONAL RESIDENTIAL ASSESSMENT RATE" MEANS THE  
19 RATIO OF VALUATION FOR ASSESSMENT FOR RESIDENTIAL REAL PROPERTY  
20 FOR EACH REGION THAT IS DETERMINED IN ACCORDANCE WITH THIS  
21 SECTION.

22 (e) "TARGET PERCENTAGE" MEANS THE PERCENTAGE OF  
23 AGGREGATE VALUATION FOR ASSESSMENT ATTRIBUTABLE TO RESIDENTIAL  
24 REAL PROPERTY FOR A REGION AS DETERMINED IN ACCORDANCE WITH  
25 SUBSECTION (3)(a) OF THIS SECTION.

26 (2) (a) FOR THE PURPOSE OF ESTABLISHING A REGIONAL  
27 RESIDENTIAL ASSESSMENT RATE, THE STATE IS DIVIDED INTO EIGHT

1 REGIONS THAT ARE THE SAME AS THE REGIONS MANAGED BY REGIONAL  
2 OFFICES WITHIN THE DIVISION OF LOCAL GOVERNMENT IN THE  
3 DEPARTMENT OF LOCAL AFFAIRS AS THEY EXISTED ON JANUARY 1, 2019.

4 (b) A LOCAL GOVERNMENT THAT IS LOCATED IN MORE THAN ONE  
5 REGION IS PART OF EACH OF THE REGIONS, AND THE RESPECTIVE REGIONAL  
6 RESIDENTIAL ASSESSMENT RATES APPLY TO RESIDENTIAL REAL PROPERTY  
7 DEPENDING ON WHICH REGION THE PROPERTY IS LOCATED.

8 (3) (a) FOR THE PROPERTY TAX YEAR COMMENCING JANUARY 1,  
9 2019, THE ADMINISTRATOR SHALL DETERMINE THE PERCENTAGE OF THE  
10 AGGREGATE VALUATION FOR ASSESSMENT THAT IS ATTRIBUTABLE TO  
11 RESIDENTIAL REAL PROPERTY WITHIN EACH REGION. FOR EACH  
12 REASSESSMENT CYCLE THEREAFTER, THE ADMINISTRATOR SHALL AGAIN  
13 DETERMINE THE PERCENTAGE OF THE AGGREGATE VALUATION FOR  
14 ASSESSMENT THAT IS ATTRIBUTABLE TO EACH CLASS OF TAXABLE  
15 PROPERTY WITHIN EACH REGION, AFTER ADDING IN THE INCREASED  
16 VALUATION FOR ASSESSMENT ATTRIBUTABLE TO NEW CONSTRUCTION AND  
17 TO INCREASED VOLUME OF MINERAL AND OIL AND GAS PRODUCTION. FOR  
18 EACH YEAR IN WHICH THERE IS A CHANGE IN THE LEVEL OF VALUE USED IN  
19 DETERMINING ACTUAL VALUE, THE ADMINISTRATOR SHALL CALCULATE  
20 THE ESTIMATED RESIDENTIAL ASSESSMENT RATE NECESSARY TO INSURE  
21 THAT THE PERCENTAGE OF THE AGGREGATE VALUATION FOR ASSESSMENT  
22 WITHIN EACH REGION THAT IS ATTRIBUTABLE TO RESIDENTIAL REAL  
23 PROPERTY REMAINS THE SAME AS IT WAS IN THE YEAR IMMEDIATELY  
24 PRECEDING THE YEAR IN WHICH THE CHANGE OCCURS. BEGINNING WITH  
25 THE PROPERTY TAX YEAR COMMENCING ON JANUARY 1, 2021, THE  
26 ESTIMATED REGIONAL RESIDENTIAL ASSESSMENT RATE DETERMINED BY  
27 THE ADMINISTRATOR FOR A REGION FOR A REASSESSMENT CYCLE IS THE

1 REGIONAL RESIDENTIAL ASSESSMENT RATE THAT APPLIES FOR ALL  
2 PROPERTY WITHIN THE REGION, EXCEPT AS SET FORTH IN SUBSECTION (4)  
3 OF THIS SECTION.

4 (b) ON OR BEFORE JANUARY 15, 2021, AND JANUARY 15 OF EACH  
5 ODD-NUMBERED YEAR THEREAFTER, THE ADMINISTRATOR SHALL PREPARE  
6 A PRELIMINARY REPORT RELATED TO THE REGIONAL RESIDENTIAL  
7 ASSESSMENT RATES. ON OR BEFORE APRIL 30, 2021, AND APRIL 30 OF  
8 EACH ODD-NUMBERED YEAR THEREAFTER, THE ADMINISTRATOR SHALL  
9 PREPARE A FINAL REPORT RELATED TO THE REGIONAL RESIDENTIAL  
10 ASSESSMENT RATES. THE PRELIMINARY AND FINAL REPORTS RELATED TO  
11 THE REGIONAL RESIDENTIAL ASSESSMENT RATE MUST INCLUDE THE  
12 FOLLOWING INFORMATION FOR EACH REGION:

13 (I) THE TARGET PERCENTAGE FOR EACH REGION;

14 (II) THE ESTIMATED REGIONAL RESIDENTIAL ASSESSMENT RATE  
15 CALCULATED UNDER SUBSECTION (3)(a) OF THIS SECTION; AND

16 (III) THE REGIONAL RESIDENTIAL ASSESSMENT RATE THAT APPLIES  
17 FOR EACH REGION IN LIGHT OF THE LIMITATIONS SET FORTH IN SUBSECTION  
18 (4) OF THIS SECTION. IF THE REGIONAL RESIDENTIAL ASSESSMENT RATE IS  
19 CONTINGENT ON VOTER APPROVAL, THEN THE ADMINISTRATOR MUST  
20 IDENTIFY THE REGIONAL RESIDENTIAL ASSESSMENT RATE THAT WILL BE  
21 REFERRED TO THE VOTERS AND THE REGIONAL RESIDENTIAL ASSESSMENT  
22 RATE FOR THE CURRENT REASSESSMENT CYCLE.

23 (4) (a) (I) A REGIONAL ASSESSMENT RATE FOR A REASSESSMENT  
24 CYCLE SHALL NOT DECREASE BY MORE THAN FIVE PERCENT OF THE  
25 REGIONAL REASSESSMENT RATE FROM THE PRIOR REASSESSMENT CYCLE.

26 (II) THE MINIMUM REGIONAL ASSESSMENT RATE IS EQUAL TO FIVE  
27 PERCENT.



1 (b) IF THE ADMINISTRATOR'S CALCULATION INDICATES THAT A  
2 REGIONAL ASSESSMENT RATE SHOULD INCREASE, THE LOCAL  
3 GOVERNMENTS WITHIN THE REGION SHALL CONDUCT A COORDINATED  
4 ELECTION AT THE ELECTION HELD ON THE FIRST TUESDAY IN NOVEMBER  
5 OF THE FIRST YEAR OF THE REASSESSMENT CYCLE TO SEEK VOTER  
6 APPROVAL TO INCREASE THE REGIONAL ASSESSMENT RATE AS SET FORTH  
7 IN THIS SECTION. IF THE BALLOT MEASURE IS APPROVED BY A MAJORITY OF  
8 THE ELECTORS IN THE REGION VOTING THEREON, THEN THE REGIONAL  
9 ASSESSMENT RATE FOR THE REGION IS THE RATE APPROVED BY THE  
10 VOTERS OF THE REGION. IF THE BALLOT MEASURE IS NOT APPROVED BY A  
11 MAJORITY OF THE ELECTORS VOTING THEREON, THEN THE REASSESSMENT  
12 RATE STAYS THE SAME AS IT WAS IN THE PRIOR REASSESSMENT CYCLE.

13 (5) THE REGIONAL RESIDENTIAL ASSESSMENT RATE DETERMINED  
14 UNDER THIS SECTION IS ROUNDED TO THE NEAREST ONE-HUNDREDTH OF  
15 ONE PERCENT.

16 **SECTION 4. Act subject to petition - effective date.** (1) Except  
17 as otherwise provided in subsection (2), this act takes effect at 12:01 a.m.  
18 on the day following the expiration of the ninety-day period after final  
19 adjournment of the general assembly (August 2, 2019, if adjournment  
20 sine die is on May 3, 2019); except that, if a referendum petition is filed  
21 pursuant to section 1 (3) of article V of the state constitution against this  
22 act or an item, section, or part of this act within such period, then the act,  
23 item, section, or part will not take effect unless approved by the people  
24 at the general election to be held in November 2020 and, in such case,  
25 will take effect on the date of the official declaration of the vote thereon  
26 by the governor.

27 (2) This act takes effect only if House/Senate Concurrent

1 Resolution [REDACTED] is approved by the people at the November 2019  
2 statewide election and becomes law, and, in such case, this act takes  
3 effect on the date of the official declaration of the vote thereon by the  
4 governor.