

# The Gallagher Amendment and Legislative Update: PEBC Board Breakfast

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Colorado School Finance Committee  
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# Colorado School Finance Project

- Non-profit, non-partisan- Supported by school district contributions- School finance analysis for local and state policy makers since 1995- Governed by a board comprised of national and state experts on school finance
- **Our Mission:** *To compile, collect and distribute research-based, non-partisan information and data on topics related to school finance for state and local policymakers.*

# Today's Topics

- Amendment B
- 2021 Legislative update



# Intent of Gallagher

- From 1969 through much of 1970's residential values were increasing at 1% per month.
- Consistency for residential and commercial property tax support and create uniform valuations statewide.
- Created formula that could fluctuate mill levies up and down to generate a consistent local revenue.
- ~45% Residential / Nonresidential ~55%
- Gallagher worked for 10 years - Floating up and down when valuation changed to generate consistent revenue

# Gallagher: Impact on K-12

- **After TABOR:** Pressure on state resources for K-12 as balancing could only reduce residential assessment rate and reduced funding for other local governments
  - Reduces local share as residential values grew faster than non-residential
  - Which increases state share for K-12
- Led to creation of Amendment B



## AMENDMENT B

Referred by the legislature to the voters

Repeals the 29 percent assessment rate in the constitution for nonresidential property. Therefore the calculation of the percentage for residential assessment rate no longer applied.

## **AMENDMENT B: Potential Impacts**

Over time local share will increase.

## 2021 Legislative Update

- HB21-1164- Total Program Mill Levy Tax Credit
- Seeks to correct a mistake made by Colorado Department of Education
- Interrogatory at the Supreme Court – hearing April 20th



# 2021 Legislative Update

- SB21-205- Long Bill
  - Aims to lower the Budget Stabilization Factor back to 2019-20 level of \$572,000,000 (will cost \$480,000,000)

# QUESTIONS

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