

Installments Delinquent Land
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EVERYTHING YOU WANTED TO
KNOW ABOUT THE
GALLAGHER AMENDMENT
“BUT AFRAID TO ASK!!!”

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When was the Gallagher Amendment Adopted?

- The Gallagher Amendment was adopted in 1982 when Colorado voters approved the measure. The Amendment is named for former State Senator Dennis Gallagher, who was one of the primary sponsors of the measure...



Property Tax

Why was the Gallagher Amendment passed???

- Because of a property tax revolt???
- Skyrocketing residential property taxes???

What does the Gallagher Amendment do???

- Divides the state's total property tax burden between residential and nonresidential (commercial) property.
- Further, the Amendment mandates that the assessment rate for commercial property, which is responsible for 55% of the total state property tax burden, be fixed at 29%. The residential rate, on the other hand, is annually adjusted to hold the 45% / 55% split constant.





How was the 45% / 55% split set by the Gallagher Amendment determined?

- In 1982, residential property was responsible for 45% of the state's total property value, and the commercial property was responsible for 55% of the state's total property value.





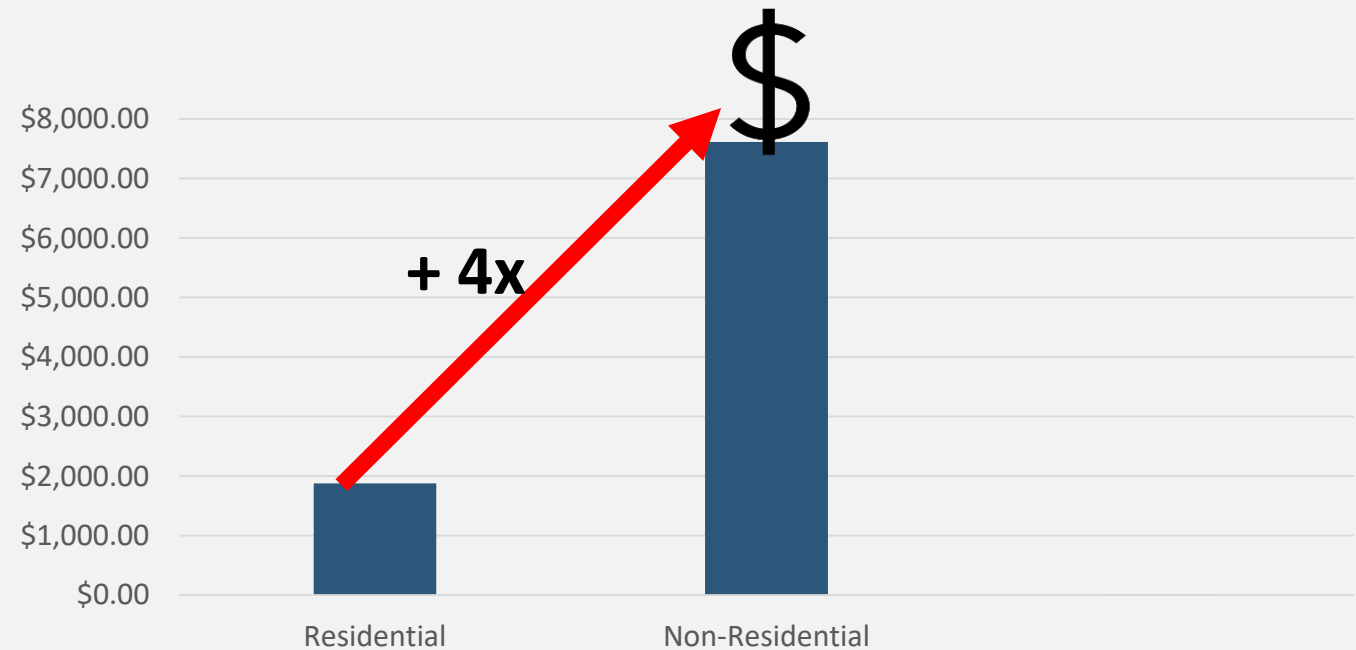
How is property tax calculated???

Property Tax = (ASR Market Value of property value) X (Assessment Rate) X (Mill Levy)

Residential vs. Non-Residential Property Tax...

Market Value:	Assessment Rate:	Assessed Value:	Mill Levy:	Est Taxes:
\$350,000.00	7.15% (Residential)	\$25,020.00	75.000	\$1,876.50

Market Value:	Assessment Rate:	Assessed Value:	Mill Levy:	Est Taxes:
\$350,000.00	29% (Non-Residential)	\$101,500.00 (+ \$76,480.00)	75.000	\$7,612.50 (+ \$5,736.00)





How is market value of a property determined for purposes of property taxes???

- Under the Gallagher Amendment, properties must be reassessed every 2 years by the county assessor of the county in which they are located. Market values are determined based on recent sales of similar property in the area.

ASSESSMENT



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What is the assessment rate?

- The assessment rate is the percentage of the property's assessed value that is taxed.

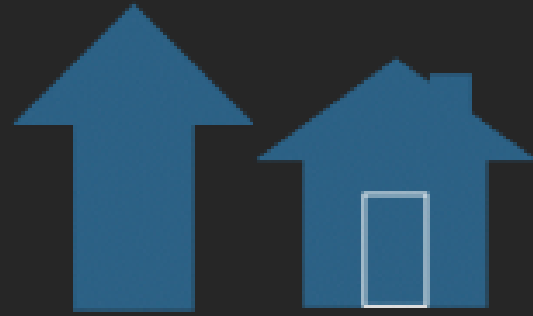
What is a Mill Levy???

- A Mill Levy is a property tax rate based on dollars per thousand of assessed valuation. For example, a mill levy of 50 means \$50 of tax per \$1,000 in assessed value.

Why has the residential assessment rate gone down since 1982???

- Rapid escalation in residential property values???
- To maintain the 45% / 55% split???





Residential
Market Value

Does residential property still
account for 45% and commercial
property 55% of the state's total
property value???

Residential
Assessment Rate

% ↓

—
No.....

What impact has the TABOR Amendment had on Gallagher?

- Traditionally mill levies could float....
- Ratchet down affect....
- COLLISION...



What is the interaction between Gallagher and Amendment 23???

- Property taxes USED TO BE the primary funding source for K-12 education.
- BACKFILL... &
- REQUIREMENT



Amendment B – Ballot Title

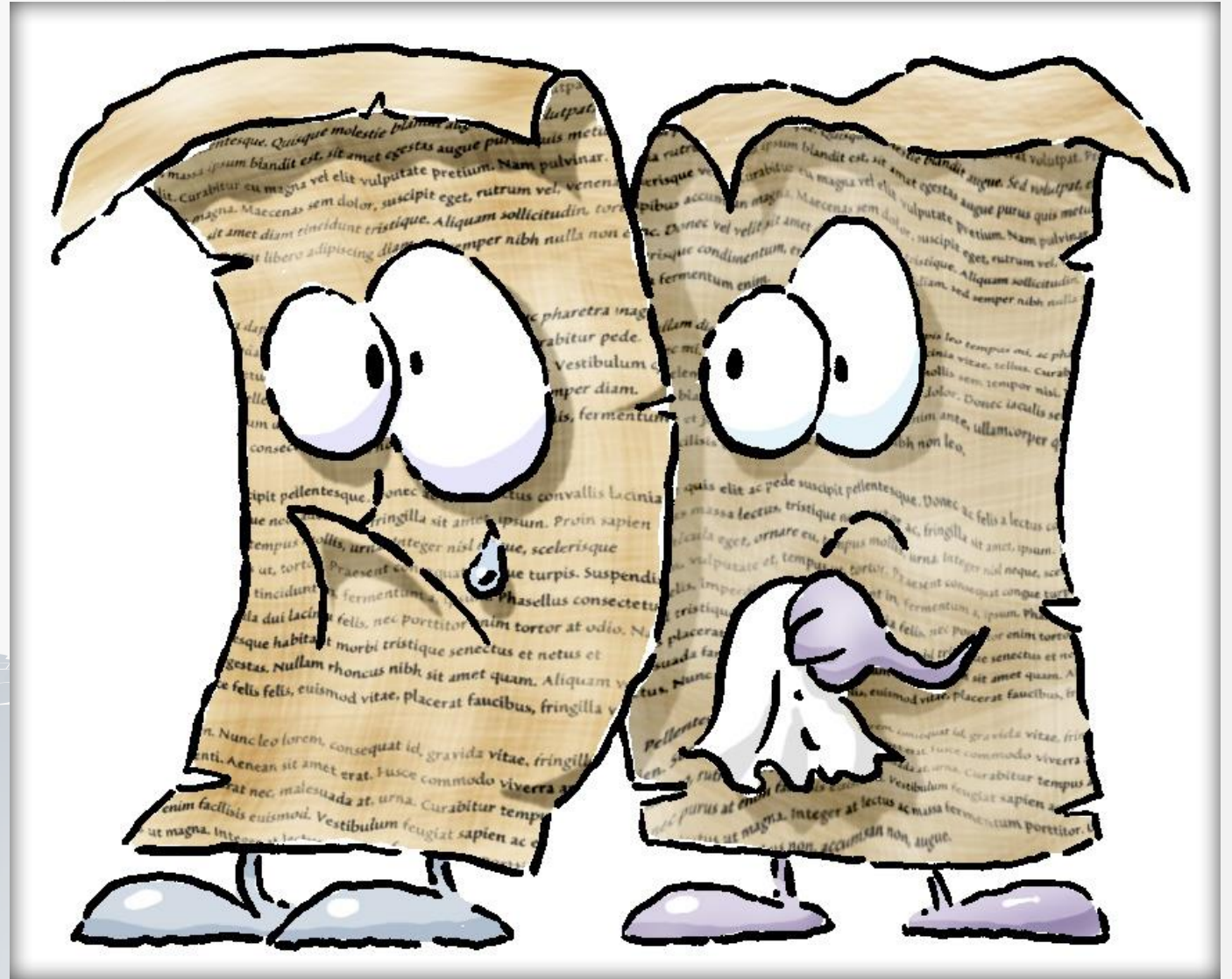


- The ballot title for Amendment B is as follows:

“Without increasing property tax rates, to help preserve funding for local districts that provide fire protection, police, ambulance, hospital, kindergarten through twelfth grade education, and other services, and to avoid automatic mill levy increases, shall there be an amendment to the Colorado constitution to repeal the requirement that the general assembly periodically change the residential assessment rate in order to maintain the statewide proportion of residential property as compared to all other taxable property valued for property tax purposes and repeal the nonresidential property tax assessment rate of twenty-nine percent?”

What would Amendment B do???

Amendment B would repeal the Gallagher Amendment of 1982, which limits the residential and non-residential property tax assessment rates so that residential property taxes equal 45% of the total share of state property taxes and non-residential property taxes equal 55% of the total share of state property taxes.





A **"YES"** vote supports the following:

- Repealing the Gallagher Amendment, which set residential and non-residential property tax assessment rates in the state constitution;
- Allowing the Colorado State Legislature to freeze property tax assessment rates at the current rates (7.15% for residential property and 29% for non-residential property); and
- Allowing the state legislature to provide for future property tax assessment rate adjustments through state law.

<input checked="" type="checkbox"/>	YES
<input type="checkbox"/>	NO



A **"NO"** vote supports the following:

- Maintaining the Gallagher Amendment, which requires a residential to non-residential property tax ratio of 45% to 55% and requires the state legislature to adjust the residential assessment rate to maintain the required ratio. Since 1982, the residential property tax assessment rate has dropped from 21% to 7.15% under the Gallagher Amendment.





SUMMARY

GALLAGHER AMENDMENT

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