

RESOLUTION NO. 21-10 IN SUPPORT OF REPEALING THE GALLAGHER AMENDMENT

WHEREAS, all property tax revenues remain at the local level and go to pay for schools, roads, fire protection, libraries, police, and other local services; and

WHEREAS, local property tax serves as the foundation of the Total Program Funding calculation, called 'local share,' in support of our schools; and

WHEREAS, local property tax is the basis of additional voter-approved mill levy overrides and bonds in support of our schools; and

WHEREAS, the Gallagher Amendment in the Colorado Constitution mandates that property taxes assessed on personal residences can only make up 45% of the total property taxes the state collects, with business property taxes making up the remaining 55%; and

WHEREAS, the Colorado tax code calls for a calculation called the Residential Assessment Rate (RAR) in order to keep this 45/55 ratio between residential and nonresidential property taxes. When the Gallagher Amendment was passed, residential property taxes were calculated at 21% of the assessed value and nonresidential was 29% of assessed value; and

WHEREAS, the residential assessment rate has dropped from 21% in 1982 to 7.15% in 2020, while the non-residential rate has stayed at 29%. The non-residential assessment rate impacts business property owners, farmers, ranchers, and landowners; and

WHEREAS, every time the residential assessment rate drops, the state must backfill the loss in local revenue for schools. The continual drop in the residential assessment rate creates significant pressure on the General Fund and other areas of the state budget, and the state has not been able to meet its obligation as tracked through the Budget Stabilization Factor; and

WHEREAS, analysts are forecasting additional shortfalls in FY 2021-22 and FY 2022-23 due to the prolonged loss of revenue to the state during the health emergency and lag in collection of sales and income taxes; and

WHEREAS, the next assessment cycle is 2021-22, with 2021 as the reassessment year, with the cutoff date for valuing properties for that cycle being June 30, 2020; and

WHEREAS, the Division of Property Taxation estimates a 33% drop in value for oil and gas and a 20% drop in commercial, while estimating that residential will go up 10% in value; and

WHEREAS, the residential assessment rate is projected to drop next year from 7.15 to 5.88%, resulting in a \$246 million drop in district Total Program Funding revenues and a \$203 million drop in revenues for counties; and

WHEREAS, the state will have to backfill in 2021-22 a projected \$490 million drop in all district revenues, which will likely force an increase in the Budget Stabilization Factor; and

WHEREAS, Lake County School District is already operating on \$1.4 million less in state share in FY 2019-20 due to the Budget Stabilization Factor, the amount of revenue withheld from the state share based on full funding of the School Finance Act; and

WHEREAS, Lake County School District is preparing to reopen schools for in-person learning, which will likely require additional resources to ensure compliance with guidance from local health agencies due to the health emergency; and

WHEREAS, repealing the Gallagher Amendment will prevent a loss in desperately needed funding to help support schools as they weather the economic toll of the global pandemic by mitigating the effects of the cuts and allowing schools to maintain essential services to students, families, and the community.

WHEREAS, the Board declares that *Repealing the Gallagher Amendment* is a matter of official concern.

NOW THEREFORE, BE IT RESOLVED that the Lake County Board of Education officially declares its support for *Repealing the Gallagher Amendment* for the purpose of increasing funding of public education in the State of Colorado.

The Board authorizes the expenditure of District funds to distribute a factual summary regarding *Repealing the Gallagher Amendment*, in accordance with the Fair Campaign Practices Act, C.R.S. 1-45-117.

ADOPTED AND APPROVED THIS 16th day of October, 2020.

President, on behalf of
the Lake County Board of Education

Date