



## Local Impacts of the Gallagher Amendment

The Gallagher Amendment to the Colorado Constitution was passed by voters in 1982 and set the ratio of property taxes paid to local governments—such as counties, towns, school districts and fire districts—at 45 percent from residential properties and 55 percent from commercial properties (includes all non-residential properties, i.e. vacant land, commercial, industrial, natural resources, agricultural, etc.). Gallagher also set the commercial assessment rate at 29 percent. To maintain this 45/55 ratio, the assessment rate for residential must decline as residential becomes a larger part of all property in the state.

From 2003-2016, the state-imposed residential assessment rate (RAR) remained steady at 7.96 percent. However, due to the recent explosion of Front Range residential development, the Gallagher adjustments have happened in every reassessment period since 2016, with another decrease projected in 2021. This decline has reduced property taxes collected by local governments, particularly in mountain and rural communities where there is relatively less commercial development. In these areas, new residential development and property values do not keep pace with the decline in the statewide residential assessment rate.

The issues primarily caused by Front Range development are particularly felt on the Western Slope, especially in Eagle County where 89 percent of property is residential and only 11 percent is commercial — compared to 77 percent residential and 23 percent commercial statewide. This leads to local governments either reducing basic services to stay within tax collections or forcing school districts and fire districts to seek voter-approved tax increases to maintain or improve services. Accordingly the Town is seeking a local solution to this issue.

The Town of Eagle looks to join the towns of Avon and Vail, Eagle County, and Eagle River Fire Protection District among other community entities that have already received voter approval for “de-Gallagher” questions, including Colorado Mountain College, Basalt and Rural Fire Protection District, Greater Eagle Fire Protection District, Gypsum Fire Protection District, Eagle County Health Service District (ambulance service) and Eagle Valley Library District. Locally, we seek sustained revenues and service levels regardless of state-imposed adjustments caused by growth impacts outside of the Town.

### Summary:

- Passed in 1982 statewide vote to amend Colorado Constitution.
- Requires the sum total of property taxes collected statewide to maintain a ratio of 45% residential and 55% commercial.
- Fixes the commercial assessment at 29% of total valuation; residential assessments float downward (currently 7.15% of valuation).

RESIDENTIAL ASSESSMENT RATE ENACTED INTO LAW	
Tax Year(s)	Rate
Prior to 1983	30%
1983-1986	21%
1987	18%
1988	16%
1989 - 1990	15%
1991 - 1992	14.34%
1993 - 1994	12.86%
1995 - 1996	10.36%
1997 - 2000	9.74%
2001 - 2002	9.15%
2003 - 2016	7.96%
2017 - 2018	7.20%
2019 - 2020	7.15%



- If tax revenues are ever out of balance (according to the 45/55 rule above), residential assessments are reduced.
- In response, many local governments and districts increase mill levies (including overrides) to offset losses in residential revenues, which shifts local tax burden to businesses.

**Relationship of Statewide Ballot Question on Local Measures:**

The Town of Eagle’s ballot question provides a local solution rather than waiting for the state to address the impacts of the Gallagher Amendment. Even if the statewide repeal of Gallagher is successful on this year’s ballot, our local governments and entities would still be subject to future state-imposed reductions in the assessment rate for residential properties. Instead of being mandated to make such assessment declines because of the Gallagher Amendment, the legislature could still choose to do so. As the Gallagher Amendment has shown, a statewide solution can be problematic as the impacts are felt disproportionately in areas that are not creating the need for the state’s residential assessment rate declines. A local solution would allow the Town of Eagle to mitigate the negative impacts of Front Range growth.

**Currently, the Town of Eagle’s Mill Levy for property in town is 3.853. This represents 3.81% of the total property tax collected.**

**Essential Town of Eagle services funded in part through property taxes:**

- General Administration
- Community Development
- Public Safety
- Streets
- Town Engineering
- Buildings, grounds, parks, and facilities
- Open Space and Recreation
- Municipal Court
- Information Center
- Marketing & Events