

MEMO



To: Mayor and Board of Trustees
From: Ted Cherry, Town Manager
Cc: Deb Hess, Town Clerk
Date: 7.28.2020
Re: Potential Gallagher Ballot Item

Background: The Council was told at the last meeting that we would be discussing a possible Gallagher item that could be placed on the ballot in November. This issue has to do with property taxes and a possible decrease to those taxes that most likely will be upcoming in the next few years if no action is taken by a public vote. A positive vote on this issue could help stabilize property tax revenues by halting the decrease in residential property taxes. Property taxes are calculated by applying the assessed value multiplied by the mill levy. The revaluation on the state level changes the residential assessment rate (RAR) which keeps going down to meet the property tax allocation rates of 45% residential and 55% commercial. This means for Granby the residential tax rate could decrease from 7.15% on assessed value to 5.88%. This would be a decrease in revenue, for taxes payable in 2022, of approximately \$43,000 per year. The County is anticipating this would be a reduction of approximately \$86 per year per household in property taxes.

Because this is a statewide formula, and our housing does not increase as much as the front range, we are affected more by the formula changes. The only way to change property taxes would be to have a ballot-initiated property tax increase or have a ballot-initiated mill levy increase when the RAR decreases (de-Gallahering). There is no control over the RAR as it is all set by a formula written into law to maintain the 45/55 ratio.

It is our understanding the State, County, and a least one other community in the valley will be taking this measure to the voters. The voters would have to pass our own initiative to allow the Town to do this. There may also be other entities like the fire district or school district that may try to go through this process.

Draft language of a ballot question is below. This is by now means final language as how it would appear. The Town, if wanting to move forward, should coordinate with the other taxing entities to ensure similar language on all ballot questions.

WITHOUT INCREASING TOTAL TAX REVENUES COLLECTED, SHALL THE TOWN OF GRANBY BE AUTHORIZED TO ADJUST ITS MILL LEVY ANNUALLY TO OFFSET REVENUE REDUCTIONS CAUSED BY STATE IMPOSED CHANGES TO THE PERCENTAGE USED TO DETERMINE ASSESSED VALUATION, INCLUDING ANY CHANGES MADE PURSUANT TO THE 1982 GALLAGHER AMENDMENT TO THE COLORADO CONSTITUTION, SO THAT, TO THE EXTENT POSSIBLE;

1. THE REVENUES GENERATED BY SUCH MILL LEVY ARE THE SAME AS THE TAX REVENUES THAT WOULD HAVE BEEN GENERATED HAD SUCH CHANGES IN THE METHOD OF CALCULATING ASSESSED VALUATION NOT OCCURRED, AND;
2. THE TOWN OF GRANBY CAN SUSTAINING ITS ABILITY TO PROVIDE TOWN SERVICES such as/including _____

Financial Impact: A possible decrease in revenue of approximately \$43,000 per year starting in year 2022.

Recommendation: Manager would ask that the Board allow us to bring an official agenda item back to the Board at the next meeting to make a final decision. Because there are property tax dollars involved this is an item that should be given plenty of thought. The sum of money is large enough that it does have an affect on overall budgets in the General Fund.