



**Colorado  
Legislative  
Council  
Staff**

**HB17-1349**

**FISCAL NOTE**

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**FISCAL IMPACT:**  State  Local  Statutory Public Entity  Conditional  No Fiscal Impact

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**Drafting Number:** LLS 17-1205

**Date:** April 21, 2017

**Prime Sponsor(s):** Rep. Pabon; Van Winkle  
Sen. Neville T.; Court

**Bill Status:** House Finance

**Fiscal Analyst:** Larson Silbaugh (303-866-4720)

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**BILL TOPIC:** ASSESSMENT RATIO FOR RESIDENTIAL REAL PROPERTY

**Summary of Legislation**

Section 3 (1) (b) of Article X of the State Constitution requires that the share of assessed values of residential and non-residential property in the state remain constant between reassessment cycles. The General Assembly is required to set the residential assessment rate every two years to maintain these shares. These two constitutional requirements are commonly known as the Gallagher Amendment. This bill establishes the residential assessment rate at **7.20 percent** for tax years 2017 and 2018, the first change in the rate since 2003.

**Background**

The Gallagher Amendment, approved by voters in 1982, requires that the proportion of taxable value for residential and nonresidential remain constant between each reassessment cycle. This proportion is known as the target percentage, and is adjusted for any new construction and mineral production that occurs during the reassessment cycle. When the amendment passed, residential property constituted about 45 percent of the tax base. After adjusting for new construction and changes in mineral production, the Division of Property Taxation calculated a new target percentage of 45.67 percent.

The vehicle for achieving the target percentage is the adjustment of the residential assessment rate. Based on estimated 2017 property values, a residential assessment rate of 7.20 percent is necessary so that residential property will constitute 45.67 percent of the statewide property tax base in 2017.

A property's taxable value is determined by multiplying its actual value by the relevant assessment rate. A residential assessment rate of 7.20 percent means that a home worth \$100,000 has a taxable value of \$7,200. If the mill levy, or property tax rate, for that home is 100 mills, the property tax bill would be \$720.

**Assessment**

Since the bill implements requirements set forth in the State Constitution, it is assessed as having no fiscal impact. There is no residential assessment rate specified for 2017 and 2018 in current law. The rate reduction from 7.96 percent to 7.20 percent results in lower assessed values for residential property, however the reduction maintains the residential target share in the statewide property tax base required by the constitution.

## Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## State and Local Government Contacts

Local Affairs  
Municipalities

Property Taxation  
Counties

Assessors