



**FACTUAL SUMMARY
NOVEMBER 6, 2018 ELECTION FOR VOTER
AUTHORIZATION TO STABILIZE PROPERTY TAX REVENUE**

THE FIRE DISTRICT. Since 1974 Steamboat Springs Area Fire Protection District has provided 24-hour fire suppression, rescue, extrication, hazardous materials, ambulance, and emergency medical services to approximately 8,000 residents in 428 square miles of unincorporated Routt County that surrounds the City of Steamboat Springs. As the community continues to grow, the volume of calls for help - and the complexity of those calls - steadily increases.

SUMMARY OF THE ISSUE. The Gallagher Amendment to the Colorado Constitution requires residential property owners to pay 45% of the total property taxes paid. In every odd year, the Colorado Legislature is required to set the residential assessment rate (“RAR”) at a level that will maintain the 45% tax share. Due to the steady increase in residential property values across the State, since 1982 the RAR has been reduced from 21% to 7.96%. Then, in 2017, the Colorado Legislature further reduced the RAR to 7.2%, an approximately 9% decrease. Because approximately 85% of the Fire District’s tax revenue comes from residential property, the Fire District lost \$90,000 as a result of the RAR reduction. Preliminary projections indicate the Colorado Legislature will further reduce the RAR to 6.11% in 2019, which will result in another 15% decrease and another approximately \$129,000 loss in property tax revenue.

THE BALLOT ISSUE. During its meeting on August 20, 2018, the Fire District’s Board of Directors adopted a Resolution calling for an election on November 6, 2018 to seek authorization from its eligible electors to stabilize its property tax revenue through the following Ballot Issue:

Ballot Issue – Gallagher Revenue Stabilization

SHALL STEAMBOAT SPRINGS AREA FIRE PROTECTION DISTRICT BE AUTHORIZED TO INCREASE OR DECREASE ITS CURRENT AND ALL FUTURE MILL LEVIES ONLY IF, ON OR AFTER NOVEMBER 6, 2018, THERE ARE CHANGES IN THE METHOD OF CALCULATING ASSESSED VALUATION, INCLUDING BUT NOT LIMITED TO A CHANGE IN THE PERCENTAGE OF ACTUAL VALUATION USED TO DETERMINE RESIDENTIAL ASSESSED VALUATION DUE TO ARTICLE X SECTION 3 OF THE COLORADO CONSTITUTION (COMMONLY KNOWN AS THE GALLAGHER AMENDMENT), SO THAT, TO THE EXTENT POSSIBLE, THE ACTUAL TAX REVENUES GENERATED BY SUCH MILL LEVIES ARE THE SAME AS THE ACTUAL TAX REVENUES THAT WOULD HAVE BEEN GENERATED HAD SUCH CHANGES NOT OCCURRED?

ARGUMENTS AGAINST THE PROPOSAL. Homeowners in the Fire District would not enjoy the potential financial benefit of any further reductions in the residential assessment rate that may occur in the future. Non-residential property owners may see a net increase in property taxes, as they will not see a corresponding decrease in the assessment rate for their property. Further reductions in the residential assessment rate required by the Gallagher Amendment will reduce the tax revenue the Fire District receives and may result in a reduction in services, which may be preferred by individuals who wish to reduce the size of government.

ARGUMENTS FOR THE PROPOSAL. The Fire District is not seeking a tax increase. It is seeking authorization to adjust its mill levy to keep property tax revenue it will otherwise lose as a result of further reductions in the residential assessment rate. In order to avoid collecting too much tax revenue, the Fire District would be required to reduce its mill levy if the Gallagher Amendment ever requires the residential assessment rate to increase. Call volume has increased by approximately 68% since 2001. Increasing costs and service demands, and the loss of revenue caused by the Gallagher Amendment, will make it difficult for the Fire District to keep up with increased population, emergency call volume, and inflation, and may adversely affect future staffing, and construction and maintenance of fire trucks and stations. ISO ratings for the Fire District may increase and cause homeowners’ and business owners’ property insurance rates to increase.