

How does Gallagher effect rural communities more?

1. Inequity in Home Values. Rural communities don't always have the growth in the market value that urban areas do. Many wealthier and growing communities, especially along the Front Range, have felt less impact of Gallagher's reduced residential assessment rates because residential property values have gone up significantly. Many of the state's poorest communities are located in rural areas which have slow growth or even a decline in residential market values, and therefore feel the effects of the Gallagher Amendment much more. Then add the reduced residential assessment rate to produce a more significant revenue loss to needed local services.
2. Less Commercial Property Value. Rural communities have smaller commercial property tax base because of fewer commercial and industrial buildings. Also, because of the relatively small commercial tax base, when communities go to their voters to ask for a mill levy override to counter the cut to local services, they can't raise as many dollars. Often, they have a very limited ability to raise additional dollars when these communities are already hurting from lower property values and other economic hardships.
3. Urban Communities Driving the Impact. The drop in the residential assessment rate is calculated on a statewide basis – so the Front Range is driving the formula which is then applied to all communities across the state. As residential property values go up along the Front Range, it drives down the statewide residential rate, which hits local, less wealthy and rural communities across the state that can't make up the loss with higher property values. Gallagher continues to widen the gap in resources for local services in less wealthy and rural communities as compared to wealthier communities along the Front Range.

Inequity Examples:

- Disproportionate taxes in communities across the state.
 - People in Vail pay less in property taxes than Delta County
- Wealthy school districts are more likely to pass a mill levy override which lessens the impact of Gallagher in those communities.
 - Out of 35 of the wealthiest districts, 89% have passed a mill levy override
 - Out of 35 of the poorest districts, 49% have passed a mill levy override
- The state is required to backfill school districts but is not required to backfill special districts including our fire, ambulatory, water, and hospitals.
 - Plateau Valley Health Clinic, a special district hospital, has 70% of its operating budget coming from a mill levy.
- Less property tax means less for county budgets. The anticipated 19% decrease from the RAR drop would result in:
 - 10% budget cut in Chaffee County
 - 13% budget cut in Elbert County
 - 7% budget cut in La Plata County
 - 9% budget cut in Mesa County