

Gallagher Fire: Kiowa Fire Protection District

Colorado's economy is booming and population is growing but fire protection districts all across the state are being forced to make budget cuts because a provision in Colorado's Constitution and it is affecting firefighters and EMTs at Kiowa Fire Protection District.

This provision is the Gallagher Amendment.

In 1982, voters passed the Gallagher Amendment to the constitution that changed the way homes were appraised and it also required that the amount of property taxes collected from homes statewide could never account for more than roughly 45 percent of total property tax collections statewide. The amendment means that the remaining 55% of property taxes must come from non-residential property like businesses and agricultural property. Gallagher also dictated the "assessment rate" for all property.

What's the assessment rate?

It's the percentage of a property's value that is subject to taxation. You don't pay taxes on the entire value of your home - only a portion of it.

For example, if you have a \$400,000 home and the assessment rate is 7.2 percent, you only pay property taxes on \$28,800 of the home's value. That assessed value gets multiplied by your locally approved mills, about half goes to the School District, some for the county, some for the city, and some special districts like Kiowa Fire Protection District.

Gallagher set the assessment rate on most nonresidential property, in the constitution, at 29 percent. That set rate means that the assessment rate for residential property must fluctuate to maintain the roughly 45-55 ratio.

When Gallagher was added to the constitution, the residential assessment rate was 21 percent. Throughout the 1980s, the growth in value of residential property outpaced increases in nonresidential property values.

With ever-rising residential property values, the assessment rate on homes had to be lowered--

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It fell to 18% then 16% then 15%. It hit 10.36% in 1995 then it fell to 7.96% in 2003, in 2017 it dropped to 7.2%.

That's roughly a 10 percent drop in the rate. This hurt different parts of Colorado differently. Areas of Colorado that have a mix of both residential and non-residential property weren't impacted by the drop in the rate on homes as much as areas of the state whose property tax comes mostly from home property.

The Kiowa Fire Protection District is 80 percent residential property and 20 percent non-residential. And half of the non-residential property is tax exempt. This means the drop in the rate on homes drastically impacts Kiowa Fire Protection's budget.

And Unlike schools, which get more money from the state budget if their local revenue falls, fire districts don't get help from the state. They are totally dependent upon local funding sources.

Kiowa Fire Protection District has benefitted by steady growth in residential property value, but because a lot of that value is negated by Gallagher, it's hard to keep up with increased population, emergency call volume, and inflation.

Kiowa Fire Protection District covers 324 square miles but only has 3 full time staff and it's becoming harder and harder to recruit volunteer staff in the district.

Kiowa FPD was established in 1984 when mills were 8.689 and the assessment rate on home property was 21 percent. Today mills are at the same level but the residential assessment rate is at 7.2 percent. And that rate is scheduled to dropped even further in 2019.

Because residential property value increases continue to out-pace nonresidential value growth statewide, Gallagher will cause another, even bigger drop in property tax collections in 2020 and beyond. Current estimates suggest a 15 percent reduction in the assessment rate on homes to 6.1% in 2019.

A 15 percent Gallagher drop in 2019 would force Kiowa Fire Protection District to delay upgrading emergency equipment and limit the district in hiring more paid staff.

Given the 10% drop in 2017 and another 15% drop in 2019 means the residential assessment rate will have fallen by nearly 25 percent in 4 years at the same time emergency call volume in the Kiowa Fire Protection District continues to grow.

Emergency calls have been growing by 20 percent each year. In 2011, the fire district responded to 210 calls. In 2017, Kiowa FPD responded to 420 emergency calls and in 2018 the district is projected to see 525 emergency calls.

The drops in the residential assessment rate on homes makes it hard for Kiowa Fire Protection District to fund adequate paid emergency staff to respond to increased emergency calls.

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