



# FACTUAL SUMMARY

FOR THE  
November 3, 2020 Election

**EAGLE RIVER FIRE PROTECTION DISTRICT**

**Ballot Issue A: “de-Gallagher”**

## **BALLOT ELECTION SCHEDULE**

**BALLOTS MAILED: Week of October 12, 2020**

**BALLOTS Received DEADLINE: November 3, 2020 at 7:00 PM**

**RETURN BY MAIL OR DROP OFF: ERFPD ADMINISTRATIVE  
OFFICES, 1050 Edwards Village Blvd., Edwards**

# Eagle River Fire: de-Gallagher Ballot Issue A

## Gallagher Amendment's Impact on Eagle River Fire Protection District

The Gallagher Amendment to the Colorado Constitution was passed by voters in 1982 and set the ratio of property taxes paid to local governments—including the Eagle River Fire Protection District—at 45 percent from residential properties and 55 percent from commercial properties (includes all non-residential, i.e. vacant land, industrial, natural resources, agricultural, etc.). Gallagher also set the commercial assessment rate at 29 percent. To maintain this 45/55 ratio, the assessment rate for residential has to decline as residential becomes a larger part of all property in the state.

From 2003-2016, the state-imposed residential assessment rate (RAR) remained steady at 7.96 percent. However, due to the recent explosion of Front Range residential development, the Gallagher adjustments have happened in every reassessment period since 2016, with another decrease projected in 2021. This decline has reduced property taxes collected by local governments, particularly in mountain and rural communities where there is relatively less commercial development. In these areas, new residential development and property values do not keep pace with the decline in the statewide residential assessment rate.

The issues primarily caused by Front Range development are particularly felt by the Eagle River Fire Protection District, where the percentage of residential property exceeds 70 percent. This forces ERFPD to reduce basic services to stay within tax collections. Accordingly, ERFPD is seeking a local solution to this issue.

RESIDENTIAL ASSESSMENT RATE ENACTED INTO LAW ENACT	
Tax Year(s)	Rate
Prior to 1983	30%
1983 to 1986	21%
1987	18%
1988	16%
1989 – 1990	15%
1991 – 1992	14.34%
1993 – 1994	12.86%
1995 – 1996	10.36%
1997 – 2000	9.74%
2001 – 2002	9.15%
2003 – 2016	7.96%
2017 – 2018	7.20%
2019 – 2020	7.15%

## Similar de-Gallagher Questions Approved by Eagle County Voters

The Eagle River Fire Protection District – along with Avon, Vail, Eagle and Eagle County – seek to join other entities that have already received voter approval for “de-Gallagher” questions. The previous elections include Colorado Mountain College, Basalt and Rural Fire Protection District, Greater Eagle Fire Protection District, Gypsum Fire Protection District, Eagle County Health Service District (ambulance) and Eagle Valley Library District. ERFPD seeks sustained revenues and service levels regardless of state-imposed adjustments caused by growth impacts outside Eagle County.

## Impact of Declining Residential Assessment Rate on ERFPD:

The Residential Assessment Rate is expected to drop in 2021 from its current level of 7.15% to 5.88%, **a 16% decrease** that will cause ERFPD property tax revenue to **drop by more than \$500,000 in 2022**. Because the district can only impose property taxes, it has limited ability to make-up this loss in operating revenue. Anticipated impacts of the budget reduction include:

- ❖ Reduction in the current level of response to emergencies, including wildfires.
- ❖ Budget cuts have already forced the ERFPD to eliminate three firefighter positions. Additional budget cuts will reduce the Fire District's ability to provide critical firefighter safety and emergency response equipment.
- ❖ Inability to expand services as necessary to keep pace with population growth and our community's aging population.

## Illustration of the Gallagher Effect:

- ❖ In 2000 when the ERFPD was created, the residential assessment rate (RAR) was 9.74 percent. If you owned residential property that was valued at \$100,000 and the mill levy was 8.520 mills, you paid \$80 in property taxes.
- ❖ **In 2022, if the RAR drops to 5.99 percent**, and if you own residential property valued at \$100,000 and the mill levy is 8.520, you will pay \$51 in taxes.
- ❖ Since 2000, the District's population has grown by approximately 19 percent.
- ❖ In the last 5 years alone, emergency calls have increased 10 percent to an average of 7 emergency calls per day.

# EAGLE RIVER FIRE BALLOT QUESTION

Eagle River Fire will mail a ballot to all eligible voters of the Fire District during the week of October 12, 2020. This means that you may receive BOTH a countywide ballot and an ERFPD Ballot. These ballots are not duplicates of each other. The Fire District Board opted to send eligible voters of the Fire District a separate ballot containing only ERFPD's Ballot Issue A to help voters recognize the critical issue that the Gallagher Amendment represents to those who receive fire protection and emergency services from the Eagle River Fire Protection District.

Ballot Issue A will read, as follows:

## **EAGLE RIVER FIRE PROTECTION DISTRICT BALLOT ISSUE A:**

WITHOUT RAISING THE TAX LEVY RATE IN 2021, SHALL EAGLE RIVER FIRE PROTECTION DISTRICT BE AUTHORIZED TO ADJUST ITS MILL LEVY RATE UP OR DOWN BEGINNING IN 2022 AND ANNUALLY THEREAFTER AS NEEDED TO OFFSET REVENUE LOSSES RESULTING FROM REFUNDS, ABATEMENTS AND STATE-MANDATED PROPERTY TAX ASSESSMENT RATE REDUCTIONS (CAUSED BY THE "GALLAGHER AMENDMENT") FOR OPERATING, CAPITAL IMPROVEMENT AND OTHER EXPENSES, WHICH MAY INCLUDE:

1. MAINTAINING THE CURRENT LEVEL AND QUALITY OF RESPONSE FOR LOCAL EMERGENCIES AND WILDFIRES,
2. PROVIDING NECESSARY PERSONAL PROTECTIVE GEAR AND EQUIPMENT FOR FIREFIGHTERS AND EMERGENCY WORKERS AND
3. EXPANDING SERVICES NECESSARY TO KEEP UP WITH POPULATION GROWTH

AND SHALL ALL DISTRICT REVENUES BE COLLECTED, RETAINED AND SPENT NOTWITHSTANDING ANY REVENUE LIMITS PROVIDED BY LAW?

## **STATEMENTS AGAINST ISSUE A:**

1. The Colorado General Assembly placed a statewide Gallagher question on the 2020 ballot. If passed, this measure may provide some relief to local districts from Gallagher. The district should wait to see the results of this vote.
2. This question may prevent a decrease in residential housing taxes since property owners may have expected a reduction in future property tax payments if the legislature had to reduce the rate to 5.88%.
3. Given the pandemic and economic conditions, the district should not be asking any tax-related ballot questions and instead should reduce its budget until the economy improves.

## **STATEMENTS IN SUPPORT OF ISSUE A:**

1. Eagle River Fire Protection District continues to play a significant role in our community's response to the COVID-19 pandemic and several wildfires, in addition to daily responses to fires, accidents and health emergencies. The district needs the resources required to provide these services which budget cuts will take away.
2. Voting Yes will simply allow the ERFPD to maintain current revenue levels and not to increase taxes. Voting Yes on Issue A will make it possible for the Fire District to avoid further cuts to staffing, and reductions to emergency equipment, firefighter safety and emergency response times.
3. Issue A is not a tax increase. It allows the Fire District to maintain its current revenues, which if Issue A does not pass, likely will be significantly reduced because of growth on the Front Range. Issue A is a local response to the continuing problem of reductions to residential assessment rate, which local voters have already approved for three other fire districts in Eagle County.