What is the Gallagher Amendment?

It deals with your property taxes. In 1982, the Gallagher Amendment established a formula that splits the total property tax burden between residential (homeowners) and non-residential (commercial) property.

Residential property owners are collectively responsible for 45% of the total amount of state property taxes paid, and nonresidential property owners are responsible for 55% — the assessment rate for nonresidential owners is fixed at 29%.

Why repeal the Gallagher Amendment?

In the nearly 40 years since the Gallagher amendment was placed in the constitution, the unintended consequences have multiplied, and it has gotten out of balance — placing increasingly burdensome property taxes on many who can least afford them.

For example, under Gallagher, homeowners in Colorado’s richest neighborhoods would get a property tax cut next year, while small businesses and farmers would see a large property tax hike. Meanwhile, schools and rural firefighters would also see cuts.

Amendment B helps everyone and hurts no one. It is a win for schools, a win for small businesses, and a win for property owners.

It freezes property tax rates where they are and it helps preserve funding for local districts that provide fire protection, police, ambulance, hospital, kindergarten through twelfth-grade education, and other services.

Will your property taxes go up if the Gallagher Amendment is repealed?

Assessment rates that homeowners and small businesses pay will be frozen in place under Amendment B.

To be clear, will the repeal of Gallagher result in a property tax increase? Yes or no?

No. The repeal of Gallagher freezes your property tax rates.

Explain this: the residential assessment rate is projected to drop from 7.15% to 5.88% next year. If the Gallagher Amendment is repealed that drop does not happen. What would you say to a Coloradan expecting that cut?

First, your rates will be frozen. That is solid news — Colorado has the third-lowest effective residential property tax rate in the country.

Second, you spare small businesses from shouldering an even larger tax burden at a time when they can least afford it and you prevent deep cuts to essential local services like schools, fire departments, and hospitals.

Do Coloradans lose a layer of protection from tax increases? Could the state legislature increase the assessment rate if the Gallagher Amendment is repealed?

No. The people still have the power. Only a vote of the people could increase rates. Though, the legislature could vote to cut rates.

What about small businesses, if Gallagher is repealed, would they pay a higher rate?

No. Their assessment rate would also be frozen at 29%.
If the non-residential rate is already too high, why would small businesses want this — is freezing their rate at 29% enough?

Non-residential property owners — people that run restaurants and small businesses and daycares — pay four times as much as residential property owners. Next year it will be five times as much. It stops the bleeding and gives our small business, which are the backbone of our communities, a chance to compete while keeping Colorado’s economy growing and diverse.

What is the impact on schools and local services?

Schools, hospitals, fire departments — particularly in rural areas — keep getting squeezed by the Gallagher Amendment. They desperately need this relief. Schools lose local control. Hospitals are forced to close. Fire departments have to cut corners.

What are the impacts on our rural counties?

While wealthy homeowners see their property rates cut under Gallagher, our small businesses, fire departments, and farmers — especially in rural and low-income areas — have to carry a larger share of total property taxes paid all while their services are cut.

Is this part of some bigger liberal agenda?

No. Repealing the Gallagher Amendment is part of a bipartisan effort to level the playing field for our communities. Nearly three-quarters (74%) of Democrats and Republicans in the Legislature supported putting Amendment B on the ballot.

What happens if Amendment B fails?

An unfair assault on school funding, small business owners, and rural Colorado.

In terms of state funding, things will get much worse. The state will be forced to backfund more than $490 million to local schools at a time when it’s already planning to make steep cuts; small business owners will be forced to pay five times more in property taxes, and rural areas will continue to shoulder a higher portion of property taxes.

Is this part of an assault on TABOR?

No. TABOR and Gallagher are two separate constitutional amendments and Amendment B only addresses the Gallagher amendment.