

# Amendment 73 Factual Summary for Florence Re-2 School District



## What is Amendment 73?

Amendment 73 (A73) is the result of the [citizen's ballot initiative #93](#), known as *Great Schools, Thriving Communities* (GSTC). A73 is a statewide school funding initiative that will increase income taxes for 8% of tax filers and for C Corporations, while decreasing property taxes for business property owners, farmers and ranchers. It will:

- **stabilize and increase funding** statewide for preschool through twelfth grade (P-12) public education
- create the **Quality Public Education Fund** that can only be used for public education, is exempt from the TABOR revenue limit, must be used to supplement General Fund appropriations for P-12 public education, and is adjusted each year for inflation up to 5 percent

## How would it impact funding for Florence Re-2 School District?

Based on the most recent CDE estimates for 2018-2019, Florence Re-2 School District would receive **\$2.4 million in additional ongoing revenue** if the initiative were implemented for the 2018-2019 school year.

2018-2019 Per Pupil Budget Stabilization Factor for Florence Re-2 (the reduction in state funding to the local district in order to achieve budget savings)	2018-2019 Additional Per Pupil Funding for Florence Re-2 with A73
<b>-\$739</b>	<b>\$1,666</b>

*The A73 estimate is based on current student count and demographics that are subject to change. Funding estimates will be revised when updated data is released.*

## How is funding stabilized and raised?

A73 is a property tax decrease for nonresidential property owners and it stabilizes the local share of school funding by permanently setting property tax assessment rates. A73 will prevent future reductions to the residential assessment rate (RAR) as currently required by the Gallagher Amendment. It permanently sets the RAR at 7% (currently 7.2%), and decreases and permanently sets the assessment rate at 24% (currently at 29%) for business property owners, farmers and ranchers — **for property taxes levied by school districts**.

A73 is an income tax increase for 8% of Colorado tax filers with taxable income (*income after exemptions and deductions*) over \$150,000. In addition, A73 increases the state corporate income tax rate by 1.37% for "C" Corporations (*does not include LLCs, sole proprietorships and S corporations*). A73 raises \$1.6 billion in revenue that is deposited in the Quality Public Education Fund.

## How will the revenue be spent?

The initiative allows school districts to make local decisions about the best use of new funds that reflect local community priorities and needs — examples of how funding could be used include programs supporting mental health, safety and security, career and technical education, school maintenance and repair needs, reducing class size, etc.

## How are property taxes for other local governments impacted?

A73 cuts property tax assessment rates *only* for property taxes levied by school districts. Property taxes levied by other local governments are unaffected by A73.

## Will the drop in property tax rates hurt school funding?











































No. Setting the residential assessment rate at 7.0% and the nonresidential assessment rate at 24% for mills levied by school districts, the measure decreases local property tax revenue to fund P-12 public schools in FY2019-2020. However, under the School Finance Act, each district's local share is calculated first, and state aid makes up the difference between the local portion and the total funding need identified through the formula.

## What percentage of tax filers will be impacted in Fremont county and by how much?

The income tax change will impact tax filers with taxable income over \$150,000. Income of \$180,000 is estimated to equate to \$150,000 in taxable income (income after deductions and exemptions). According to the US Census Bureau data, Fremont county tax filers fit this profile:

- **Average income: \$54,172**
- **Percent of taxpayers with income between \$150,000 and \$200,000: 2%**
- **Percent of taxpayers with income over \$200,000: 2%**

The following scenarios provide examples of local Florence Re-2 tax filers with various income levels, home values and business properties:

<p><b>Based on average income in Fremont county</b></p> <p><b>Tax Filer</b></p> <table> <tr> <td><b>Income</b></td> <td>\$54,172</td> </tr> <tr> <td><b>Taxable Income</b></td> <td>\$37,968</td> </tr> <tr> <td><b>Home Value</b></td> <td>\$155,000</td> </tr> </table> <p><b>Tax Changes Under Amendment 73*</b></p> <table> <tr> <td></td> <td>\$0</td> <td>additional income tax</td> </tr> <tr> <td></td> <td>\$5 – \$9</td> <td>property tax savings</td> </tr> <tr> <td></td> <td>↓ \$5 – ↓ \$9</td> <td>net change</td> </tr> </table>	<b>Income</b>	\$54,172	<b>Taxable Income</b>	\$37,968	<b>Home Value</b>	\$155,000		\$0	additional income tax		\$5 – \$9	property tax savings		↓ \$5 – ↓ \$9	net change	<p><b>98% of Fremont tax filers have income below \$200,000</b></p> <p><b>Tax Filer</b></p> <table> <tr> <td><b>Income</b></td> <td>\$200,000</td> </tr> <tr> <td><b>Taxable Income</b></td> <td>\$166,306</td> </tr> <tr> <td><b>Home Value</b></td> <td>\$250,000</td> </tr> </table> <p><b>Tax Changes Under Amendment 73*</b></p> <table> <tr> <td></td> <td>\$60</td> <td>additional income tax</td> </tr> <tr> <td></td> <td>\$8 – \$14</td> <td>property tax savings</td> </tr> <tr> <td></td> <td>↑ \$46 – ↑ \$53</td> <td>net change</td> </tr> </table>	<b>Income</b>	\$200,000	<b>Taxable Income</b>	\$166,306	<b>Home Value</b>	\$250,000		\$60	additional income tax		\$8 – \$14	property tax savings		↑ \$46 – ↑ \$53	net change										
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<p><b>Business scenario (not a C Corporation)</b></p> <p><b>Tax Filer</b></p> <table> <tr> <td><b>Income</b></td> <td>\$300,000</td> </tr> <tr> <td><b>Taxable Income</b></td> <td>\$235,484</td> </tr> <tr> <td><b>Home Value</b></td> <td>\$500,000</td> </tr> <tr> <td><b>Business Value</b></td> <td>\$500,000</td> </tr> </table> <p><b>Tax Changes Under Amendment 73*</b></p> <table> <tr> <td></td> <td>\$671</td> <td>additional income tax</td> </tr> <tr> <td></td> <td>\$15 – \$29</td> <td>property tax savings</td> </tr> <tr> <td></td> <td>\$380 – \$723</td> <td>property tax savings</td> </tr> <tr> <td></td> <td>↓ \$80 – ↑ \$276</td> <td>net change</td> </tr> </table>	<b>Income</b>	\$300,000	<b>Taxable Income</b>	\$235,484	<b>Home Value</b>	\$500,000	<b>Business Value</b>	\$500,000		\$671	additional income tax		\$15 – \$29	property tax savings		\$380 – \$723	property tax savings		↓ \$80 – ↑ \$276	net change	<p><b>Farmer / Rancher scenario</b></p> <p><b>Tax Filer</b></p> <table> <tr> <td><b>Income</b></td> <td>\$150,000</td> </tr> <tr> <td><b>Taxable Income</b></td> <td>\$124,729</td> </tr> <tr> <td><b>Home Value</b></td> <td>\$155,000</td> </tr> <tr> <td><b>Business Value</b></td> <td>\$300,000</td> </tr> </table> <p><b>Tax Changes Under Amendment 73*</b></p> <table> <tr> <td></td> <td>\$0</td> <td>additional income tax</td> </tr> <tr> <td></td> <td>\$5 – \$9</td> <td>property tax savings</td> </tr> <tr> <td></td> <td>\$228 – \$434</td> <td>property tax savings</td> </tr> <tr> <td></td> <td>↓ \$233 – ↓ \$443</td> <td>net change</td> </tr> </table>	<b>Income</b>	\$150,000	<b>Taxable Income</b>	\$124,729	<b>Home Value</b>	\$155,000	<b>Business Value</b>	\$300,000		\$0	additional income tax		\$5 – \$9	property tax savings		\$228 – \$434	property tax savings		↓ \$233 – ↓ \$443	net change
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\*Ranges are used above as property tax savings in relation to the current tax rates vary depending on the language used in school districts' local mill and bond elections. Visit [www.cosfp.org/impactcalculator](http://www.cosfp.org/impactcalculator) to utilize the A73 Impact Calculator to input your own scenario.

### Arguments For

- The state needs a sustainable source of revenue to adequately and equitably fund public education.
- The measure provides property tax relief for business property owners, farmers, and ranchers who have paid an increasingly higher proportion of property taxes compared to residential property owners.
- One of government's most important functions is to provide children with a high-quality education.
- Stabilizing the local share of required school formula funding and creating a dedicated source of state revenue for education provide additional flexibility for the state to use more of its general operating budget on other core programs, such as transportation, public safety, and health care.

### Arguments Against

- The measure imposes a tax increase without any guarantee of increased academic achievement.
- Increasing the state income tax rate could negatively impact the state's economy. Businesses will have less money to invest in their workers and individuals will have less money to spend, save, and invest.
- The measure complicates an already complicated property tax system. By creating one assessed value for school districts and another assessed value for all other local taxing entities, the measure will lead to confusion among taxpayers and further complicate tax administration for state and local governments.
- The measure does not allow the state legislature to adjust the income tax thresholds to account for inflation.

Resource documents for additional information: [Fiscal Impact Statement for Initiative #93](#) (Colorado Legislative Council Staff); [School Finance in Colorado](#) (Colorado Legislative Council Staff)

## **RESOLUTION IN SUPPORT OF AMENDMENT 73**

WHEREAS, the Fremont RE-2 Board of Education believes that every student should have the opportunity to reach his or her full potential and to participate meaningfully in the civic and economic life of the community; and

WHEREAS, the Colorado way of life provides every student the chance to succeed regardless of their zip code or their learning needs; and

WHEREAS, quality public education develops a competitive workforce that will drive a vibrant Colorado economy for decades to come; and

WHEREAS, Colorado is experiencing a teacher shortage crisis and many teachers in rural districts do not make enough salary to meet the cost of living; and

WHEREAS, Colorado's investment in education is lagging behind other states — Colorado ranks 48th nationally in personal income invested in education; and

WHEREAS, education funding has not recovered from the recession; in the 2018-19 school year alone, Colorado schools are underfunded by \$672.4 million; and

WHEREAS, the loss to the Fremont RE-2 School District has been over \$12 million since 2009, which could have been used to increase safe and secure schools, purchase updated teaching materials and provide competitive salaries for staff; and

WHEREAS, reduced funding is directly impacting the District's ability to provide meaningful educational opportunities for all students; and

WHEREAS, the reduced funding also limits the Board's ability to respond to parents and community input on the District's programs and services, despite the Board's great desire to engage with and respond to its community; and

WHEREAS, Amendment 73 builds on the successes of Colorado's public schools by expanding students' educational opportunities to prepare them for success in college, career and life; preparing a qualified workforce for decades to come; and ensuring that Colorado's economic prosperity is shared with every community from corner to corner of the state; and

WHEREAS, Amendment 73 will bring Colorado's investment in public education closer to the national average by raising \$1.6 billion dollars annually; provide sustainable support for schools by stabilizing school property taxes; provide additional funding for all students and address the most pressing needs of Colorado's public schools — specifically, funding for full-day kindergarten and a significant increase in funding for Early Childhood programs, Special Education programs, At-Risk students, English Language Learners and Gifted & Talented students; and

WHEREAS, Amendment 73 gives local school boards greater ability to respond to parent and community input and provide programs and services to meet the needs of all their students; and

WHEREAS, if Amendment 73 passes, the Board commits to focusing on the following priorities; safety for students and staff, enhancing programming for students and attracting and retaining the best teachers for our students, while acknowledging that priorities will evolve as community engagement is an ongoing process and revenue from Amendment 73 is annual funding; and

WHEREAS, the Board declares that Amendment 73 is a matter of official concern;

NOW THEREFORE, BE IT RESOLVED that the Fremont RE-2 Board of Education officially declares its support for Amendment 73 for the purpose of increasing funding of public education in the State of Colorado; and

The Board authorizes the expenditure of District funds to distribute a factual summary regarding Amendment 73, in accordance with the Fair Campaign Practices Act, C.R.S. 1-45-117.

ADOPTED AND APPROVED THIS 10<sup>th</sup> day of September, 2018.