Grand County Budget Stabilization Initiative
Frequently Asked Questions - Updated August 24, 2020

Q:	What does it mean to "de-Gallagherize'?
A:	It gives a local jurisdiction like ours the flexibility to adjust the mill levy in years when the Residential Assessment Rate (RAR) drops so that we can collect the same amount of property tax revenue that would have been collected if the RAR had not dropped and still maintain County services. The RAR is set by the State Legislature every two years. Every time it drops, residential property owners pay less in taxes and local governments collect less, impacting their ability to maintain essential services. Next year it is anticipated that the RAR will drop from 7.15% to 5.88%. That means we would increase the mill levy by 1.76 to make up for that 18% drop in the RAR. See the next two questions for how it impacts residential and non-residential property owners.
Q:	If the County "de-Gallagherizes," what's the financial impact to residential property owners?
A:	If the County de-Gallagherizes it means that residential property owners could see *less of a property tax decrease* than if it doesn't de-Gallagherize. If voters **pass** a de-Gallagherizing measure residential property owners will pay $17 less in taxes per year based on a $400,000 home. If voters **do not pass** a de-Gallagherizing measure residential property owners will pay $68 less in taxes per year based on a $400,00 home. The difference is $51 and may seem minimal to a single homeowner, but it equates to $1.4 million County-wide.
Q:	If the County "de-Gallagherizes," what's the financial impact to non-residential and commercial property owners?
A:	Because the assessment rate on non-residential and commercial property is fixed at 29%, these property owners will see an increase in their property taxes. That's because the County would have to increase the mills up by 1.76 to offset the drop in the Residential Assessment Rate. Here's an example based on a property valued at $400,000. $400,000 property value x 29% fixed assessment rate = $116,000 assessed value $116,000 assessed value x 1.76 mills (the projected additional mills for 2021) = **$204 additional in property taxes**

Q:	If this passes will Grand County be collecting more tax revenue than it is now?
A:	No. We're using our 2020 tax revenue to establish our fund going forward. The Residential Assessment Rate (RAR) can fluctuate every two years, so we may need to adjust our mills to make up for any reduction in the RAR, but the total tax base will remain the same.
Q:	Why can't you cut next year's budget to make up for the $1.4 million reduction?
A:	We take seriously and pride ourselves on running a lean and efficient government. Because we're fiscally conservative, we can't cut the budget any further without cutting essential services that you rely on. Additionally, this is not just a one-year problem. This shortage may start with taxes collected in 2022 and will continue every year unless we find a more permanent fix. We can't rely on the state to fix this for us. It's better for us to identify the solution locally.
Q:	Why does a reduction in the RAR keep occurring for residential properties while commercial properties bear an even greater share of the burden?
A:	In Grand County and across the state residential property values have increased much more rapidly than commercial property values, so the residential rate must drop to maintain a constitutionally mandated ratio. For more information on this, see our video.
Q:	Why does it seem like we're voting on tax increases every year?
A:	This de-Gallagherization effort is not a direct tax increase because we're not asking residents to permanently increase the mills levied. In fact, it's been 17 years since the County last asked voters to increase the mill levy and it was a 2-mill increase. However, there's a chance that other taxing districts where your property resides have asked for voter approval for mill levy increases. That could include fire and emergency services, towns, schools, and other special districts.
Q:	Why not increase the sales tax and let tourists and visitors contribute?
A:	We would rather not increase taxes. Increasing the sales tax would impact residents as well as businesses and we need to stay competitive. In addition, sales taxes fluctuate with the economy and are not as reliable as a source of revenue. Property taxes function as a stable budget source to help the County weather cycles in the economy and provide essential services.
Q:	What are our other options?

A:	We've done our due diligence. We've talked with many other local municipalities and special districts throughout the state who've faced this same challenge. We've consulted with our Commissioner colleagues in other communities. And we've talked with our representatives who are looking at this from a statewide perspective. This option appears to be our best bet without having to directly increase property taxes (which would hit our non-residential property owners even harder) and without having to cut essential services like road maintenance and public safety.
Q:	What will I save in property taxes if the County doesn't de-Gallagherize?
A:	Our goal is to maintain the 2020 budget. We must assume the RAR will drop to the anticipated 5.88% next year. That means the savings on a $400,000 home would be about $68/year. Even though $68/year may seem minimal to a single homeowner, when calculated County-wide it results in a $1.4 million deficit.
Q:	What about fully enforcing the Road and Bridge fees on heavy trucks on County roads?
A:	Currently the fees on trucks are only $10 per truck. They are not a significant source of revenue. The road and bridge department is looking at significantly increasing these fees; however, it's still unlikely to be a significant source of income.
Q:	Aren't sales tax collections up due to internet sales taxes now being collected by the County for internet purchases like Amazon?
A:	The potential exists for an increase in sales taxes collected from internet sales but these fluctuate greatly with the economy and other external factors. The projected increase could be as much as $700,000 which is only half the amount of the project budget shortfall. Plus this estimated amount would have to be reached and reproduced year after year.
Q:	If we legalize more marijuana sales locations in towns that haven't approved this yet, would that raise enough revenues?
A:	Current sales tax collections from marijuana sales for the County total $160,000 or only 12% of the total shortfall. Marijuana sales would need to increase 930% (by at least $28 million) to generate enough sales tax to cover the $1.4 million shortfall.
Q:	What about taxing renewable energy charging stations and electric vehicles?
A:	Summing up the entire amount of electricity taxed in the County (for all uses) currently amounts to less than $400,000 annually. This is not a realistic mechanism to raise enough taxes to cover the budget shortfall.