



7903 Allison Way Arvada CO 80005 303-424-3012 303-432-7995 fax

FREQUENTLY ASKED QUESTIONS ABOUT REVENUE STABILIZATION

The Fire District.

Since 1949 Arvada Fire Protection District has provided fire suppression, technical rescue, water and ice rescue, extrication, wildland response, hazardous materials, ambulance, emergency medical and fire and injury prevention services. The Fire District provides 24-hour emergency services coverage from 8 active fire stations throughout approximately 41 square miles in the City of Arvada, the northern portion of the City of Wheat Ridge and portions of unincorporated Jefferson County.

The Arvada Fire Protection District is organized as a special district, meaning we are a stand-alone government entity and independent taxing district (similar to a school district). We are not part of any city government and do not receive funding from either the City of Arvada or the City of Wheat Ridge. We are funded primarily through property taxes collected within the Fire District.

What is the problem?

Arvada Fire has a disproportionate ratio of residential property, totaling 88% of our overall actual property valuation. Realizing that, there's a provision in the Colorado Constitution that could have an unintended effect of forcing your fire department to collect less and less revenue than projected each year, even as demand for services continues to grow and costs continue to rise.

What is causing this problem?

Article X, Section 3 of the Colorado Constitution requires the percentage of property taxes paid by residential property owners in the State to be 45% of the total property taxes paid. In every odd year, the Colorado Legislature is required to set the **residential assessment rate ("RAR")** at a level that will maintain the 45% tax share required by the Colorado Constitution.

Due to the steady increase in residential property values across the State, since 1982 the RAR has been reduced from 21% to 7.96%. Then, in 2017, the Colorado Legislature further reduced the RAR to 7.2%, an approximately 9% decrease. Because the largest portion of the Fire District's actual property value – approximately 88% – comes from residential property, the Fire District lost \$1,750,000 because of the RAR reduction.

Preliminary projections indicate the Colorado Legislature will further reduce the RAR to 6.11% in 2019, which will result in another 15% decrease and another approximately \$3,000,000 loss in projected revenue.



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What is the effective tax rate?

The effective tax rate is our mill levy multiplied by the assessed value. The assessed value is calculated by taking the actual value of your residential property from the county assessor's office and multiplying that by the residential assessment rate. Below is how your property taxes are calculated as of today. We will do it per \$100,000 in value to keep this simple based upon today's scenario.

Actual Value		RAR	=	Assessed Value	×	Mill Levy	=	Annual Property Tax
\$100,000	×	7.20%	=	\$7,200	×	0.01471	=	\$106.00
Effective Tax Rate								

Are you raising my taxes?

What the board is trying to accomplish with this election is to have the annual property tax (Effective Tax Rate) stay the same regardless of what happens with the Residential Assessment Rate (RAR). The result is no increase unless the value of your home continues to rise.

Actual Value	×	RAR	=	Assessed Value	×	Mill Levy	=	Annual Property Tax
\$100,000	×	7.20%	=	\$7,200	×	0.01471	=	\$106
\$100,000	×	6.11%	=	\$6,110	×	0.01734	=	\$106
\$100,000	×	8.00%	=	\$8,000	×	0.01324	=	\$106

What will happen if the initiative does not pass?

The annual property tax per \$100,000 will drop from \$106.00 to \$90.00 per \$100,000 in actual value. That drop equates to an overall reduction in predicted revenue of over \$3 million per beginning in 2020 and continuing every year after that.

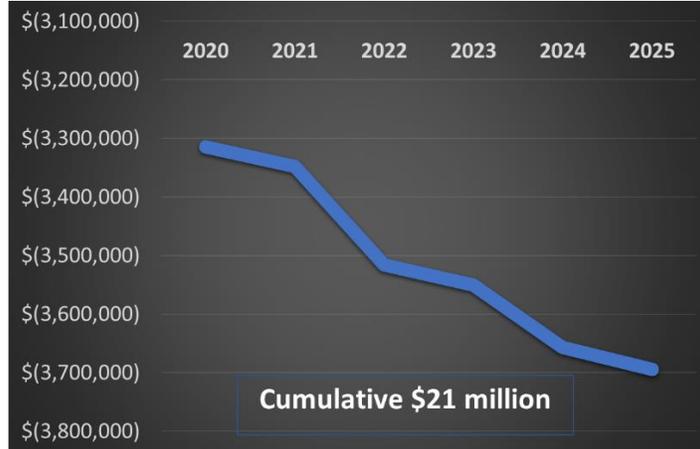
Actual Value	×	RAR	=	Assessed Value	×	Mill Levy	=	Annual Property Tax
\$100,000	×	6.11%	=	\$6,110	×	0.01471	=	\$90



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Below is a table showing the year over year drop in projected revenue.



Allowing cuts to our fire department could endanger emergency response times and could result in a reduction in training for life-saving medical and other emergency response techniques that ensures firefighter and citizen safety.

Didn't you just ask for a tax increase?

The last time the district asked the voters for an increase in revenue was in 2010.