



7903 Allison Way, Arvada, CO 80005 • 303-424-3012

FREQUENTLY ASKED QUESTIONS ABOUT REVENUE STABILIZATION

The Fire District.

Since 1949, the 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 (like 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. The table 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

Will the mill levy go down if the state raises the residential assessment rate in our area?

Yes, this is reflected in the last line of the example above.



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Why isn't there a sunset provision to issue 6E?

Very simply, there is not a sunset provision on the Gallagher amendment, so this issue is ongoing.

Why isn't this issue getting solved at the state level?

It should be. The State Fire Chiefs Association has been trying to get something done at the state level for quite some time without success. Earlier this year we tried to get them to simply change the assessment cycle one time, from two years to four. We had assurances that this would be an acceptable temporary solution which would allow all of us, the state and affected agencies, an additional two years to come up with a permanent fix. At the last moment they killed this in committee before it even got to the floor. This is just one example and frankly, without any support at the state level, it appears we will have to address this on a local level.

If my home value stays the same will my AFPD taxes go up?

No, this initiative is based upon keeping the same annual property tax contribution of \$106 per \$100,000 of your home's value. So, if the value of your home does not change the taxes you pay the fire department would stay the same.

Your tax revenues have not dropped. Why is AFPD asking for issue 6E now?

This is about the future. As you can see in the table below, beginning in 2020 the district will lose over \$3 million annually in potential revenue. The District Board has decided to address this proactively rather than wait for the day that will come when the district is in a financial position that could impact the delivery of service that you have come to expect.



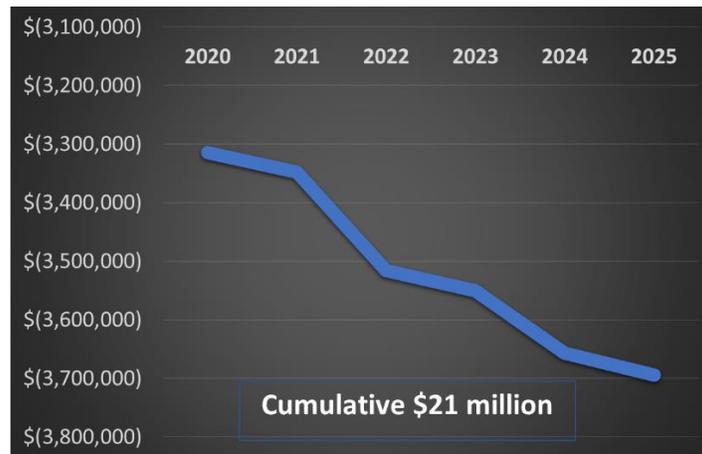
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What will happen if the initiative does not pass?

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 year 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

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



Allowing a drop in potential revenue 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 ensure 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.