LOVELAND RURAL FIRE PROTECTION DISTRICT
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FACTUAL SUMMARY
LOVELAND RURAL FIRE PROTECTION DISTRICT NOVEMBER 3, 2020 ELECTION
FOR VOTER AUTHORIZATION TO MAINTAIN AND STABILIZE PROPERTY TAX REVENUE

THE RURAL FIRE DISTRICT. Since 1950, Loveland Rural Fire Protection District has provided 24-hour fire suppression, fire prevention, public education, water rescue, rope rescue, large animal rescue, extrication, hazardous materials, and emergency medical services to approximately 25,000 residents in 167 square miles of unincorporated Larimer County that surrounds the City of Loveland and parts of Johnstown. The Loveland Fire Rescue Authority provides these essential services to the Rural Fire District as part of an intergovernmental agreement between the City of Loveland, the Loveland Fire Rescue Authority, and the Loveland Rural Fire Protection District, and such services are funded solely by the City of Loveland and the Loveland Rural Fire Protection District.

TWO BALLOT ISSUES TO CONSIDER. There are two significant issues facing the Rural Fire District’s financial sustainability, including; the sunset of a voter approved mill levy in 2022, and a proposed reduction to the Residential Assessment Rate (RAR) (Gallagher Amendment) in 2022. Both are summarized below.

ISSUE #1 - SUMMARY OF MILL LEVY SUNSET - The voter approved addition of 2.90 mills in 2012 is set to expire in 2022. The 2.90 mill tax levy makes up approximately one-third of the total tax revenue for the District. The expiring mill levy, if not extended, will reduce revenue to the Rural Fire District by approximately $1,237,839 annually.

THE BALLOT ISSUE. During its meeting on August 12, 2020, the Rural Fire District’s Board of Directors adopted a Resolution calling for an election on November 3, 2020 to seek authorization from its eligible electors to extend the currently authorized 2.90 mill tax levy beyond its 2022 expiration, to meet the current and ongoing needs of the Rural Fire District to finance its portion of expenses for fire operations. Below is the text of the ballot issue adopted by the Board of Directors:

LOVELAND RURAL FIRE PROTECTION DISTRICT BALLOT QUESTION:

WITHOUT INCREASING TAXES, STARTING IN 2022 AND THEREAFTER, SHALL LOVELAND RURAL FIRE PROTECTION DISTRICT BE AUTHORIZED TO CONTINUE TO COLLECT 2.90 MILLS APPROVED BY VOTERS IN 2012 FOR GENERAL OPERATING PURPOSES EXPIRING IN 2022, FOR THE PURPOSE OF MEETING THE ONGOING AND FUTURE GENERAL OPERATING NEEDS OF THE DISTRICT, INCLUDING FINANCING THE CONSTRUCTION OF A STRATEGICALLY PLANNED FIRE STATION TO BE LOCATED ON DONATED REAL PROPERTY AND MAINTAINING STAFFING LEVELS NECESSARY TO CONTINUE THE CURRENT HIGH LEVEL OF SERVICE TO DISTRICT RESIDENTS AND PROPERTY OWNERS?

ARGUMENTS AGAINST THE PROPOSAL. Homeowners in the Rural Fire District would not enjoy the potential financial benefit of a reduction in the mill levy from 8.708 to 5.808 effective in 2023 reducing the tax revenue the Rural Fire District receives, and may result in a reduction in governmental services, which may be preferred by individuals who wish to reduce the size of government.

ARGUMENTS FOR THE PROPOSAL. The Rural Fire District is not seeking a tax increase or imposing any new tax. It is seeking authorization to keep the mill levy and property tax revenue it will lose as a result of the expiration of the currently authorized 2.90 mill tax levy approved by District voters in 2012. Increasing costs and service demands, and the loss of revenue caused by the reduced mill levy rate will make it difficult for the Rural Fire District to keep up with increased population, emergency call volume, and inflation, and may adversely affect future staffing, and construction and maintenance of fire trucks and stations. The Rural Fire District’s ISO ratings may increase and cause homeowners’ and business owners’ property insurance rates to increase.

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This Factual Summary is being provided in accordance with the authority granted by C.R.S. § 1-45-117(b)(l)
ISSUE #2 - SUMMARY OF THE GALLAGHER REVENUE STABILIZATION ISSUE. The Gallagher Amendment to the Colorado Constitution requires non-residential property owners to pay 55% of the total Statewide property taxes, capping Statewide residential property taxes at 45%. In every odd calendar year, the Colorado Legislature is required to set the residential assessment rate ("RAR") at a level that will maintain the 45% tax share. Due to the steady increase in residential property values across the State, since 1982 the RAR has been reduced from 21% to its current rate of 7.15%, which equates to a 30% drop in revenue to the Rural Fire District. The Colorado Legislature is considering a further drop in the RAR to 5.88% in 2021. The drop from the current 7.15% to the proposed 5.88% will equate to approximately $1,000,000 reduction in revenue to the Rural Fire District, due to the fact that 65% of the Rural Fire District’s area is residential.

The Rural Fire District is seeking voter approval to adjust its mill levy rate accordingly to account for the loss in revenue, which would occur in the future if these changes are made to the method or rate of calculating taxes. The Rural Fire District is not seeking additional revenue, only to stabilize, and maintain the current revenue stream it would receive if such changes were not made.

THE BALLOT ISSUE. During its meeting on August 12, 2020, the Rural Fire District’s Board of Directors adopted a Resolution calling for an election on November 3, 2020 to seek authorization from its eligible electors to stabilize its property tax revenue, and current levels of service, through the following ballot measure:

LOVELAND RURAL FIRE DISTRICT BALLOT QUESTION:

WITHOUT INCREASING TAXES IN 2021, SHALL LOVELAND RURAL FIRE PROTECTION DISTRICT BE AUTHORIZED BEGINNING IN 2021 AND ANNUALLY THEREAFTER TO SET THE MILL LEVY AT A RATE SUFFICIENT TO GENERATE THE TAX REVENUES LEVIED IN 2020, AS SUCH AMOUNT IS ADJUSTED ANNUALLY THEREAFTER FOR INFLATION AND LOCAL GROWTH, TO STABILIZE REVENUE FOR OPERATING AND OTHER EXPENSES?

NOTE: The Gallagher Amendment is a complex issue. Additional information can be found by visiting the website for Building a Better Colorado at www.buildingabettercolorado.org and/or the Colorado Fiscal Institute at www.coloradofiscal.org.

ARGUMENTS AGAINST THE PROPOSAL. Homeowners in the Rural Fire District would not enjoy the potential financial benefit of any further reductions in the residential assessment rate that may occur in the future. Non-residential (commercial) property owners may see a net increase in property taxes, as they will not see a corresponding decrease in the assessment rate for their property. Further reductions in the residential assessment rate required by the Gallagher Amendment will reduce the tax revenue the Rural Fire District receives and may result in a reduction in governmental services, which may be preferred by individuals who wish to reduce the size of government.

ARGUMENTS FOR THE PROPOSAL. The Rural Fire District is not seeking a tax increase. It is seeking authorization to adjust its mill levy rate to keep property tax revenue it will lose as a result of further reductions in the residential assessment rate or changes to the method of calculating Statewide assessed valuation of property. Increasing costs and service demands, and the loss of revenue caused by the Gallagher Amendment, will make it difficult for the Rural Fire District to keep up with increased population, emergency call volume, and inflation, and may adversely affect future staffing, and construction and maintenance of fire trucks and stations. The Rural Fire District’s ISO ratings may increase and cause homeowners’ and business owners’ property insurance rates to increase.

Both ballot measures are considered by the Board of Directors to be important for the continued financial stability of the Rural Fire District. If both measures fail, the Rural Fire District anticipates the loss of 2/3 of its revenue. This potential reduction in revenue may impact Rural Fire District residents and businesses, as the Rural Fire District may not be able to meet its financial obligations to the Loveland Fire Rescue Authority to pay for fire protection, rescue, and EMS services.