HCR12-1002

Colorado Legislative Council Staff Fiscal Note

STATE and LOCAL
CONDITIONAL FISCAL IMPACT

Drafting Number:	LLS 12-0918	**Date:**	May 1, 2012
Prime Sponsor(s):	Rep. Court Sen. Aguilar	**Bill Status:**	House SVMA
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TITLE: SUBMITTING TO THE REGISTERED ELECTORS OF THE STATE OF COLORADO AN AMENDMENT TO THE COLORADO CONSTITUTION CONCERNING THE PROPERTY TAX EXEMPTION FOR QUALIFYING SENIORS, AND, IN CONNECTION THEREWITH, ALLOWING AN OWNER OF RESIDENTIAL REAL PROPERTY WHO DOES NOT ACTUALLY RESIDE IN THE PROPERTY TO CLAIM AN EXEMPTION UNDER SPECIFIED CIRCUMSTANCES AND PROVIDING THE EXEMPTION ONLY TO PERSONS WITH LIMITED FINANCIAL MEANS.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue		
State Expenditures General Fund		 ($97.3 million)
FTE Position Change		
Effective Date: January 1, 2013.		
Appropriation Summary for FY 2012-2013: None required.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

This concurrent resolution refers a constitutional amendment to voters at the 2012 general election that, if approved, will add language to the Colorado Constitution to allow certain property owners to claim the senior property tax exemption on their homes even if they are not currently residing in those homes. It also limits eligibility for the property tax exemption to seniors with limited means by requiring an applicant to establish that he or she receives, or is eligible to receive benefits under any one of the following programs:

- the federal Medicaid Program;
- the Colorado Old Age Pension Program;
- the Colorado Low-Income Energy Assistance Program; or
- the Colorado Food Assistance Program in the Department of Human Services;

Alternately, a senior with an annual income of no more than 200 percent of the federal poverty guidelines is eligible for the exemption. The General Assembly may raise or lower this percentage by law.

Background

Under current law, to qualify for the senior property tax exemption, homeowners must be at least 65 years old and have owned and lived in the same home as a primary residence for the 10 years immediately preceding the tax year. In the circumstance of death, a senior's surviving spouse may retain the exemption. According to information obtained from the Division of Property Taxation (DPT), the average taxable value of homes receiving the exemption was $181,997 and the average exemption was $517 in 2008. The exemption may only be applied to the first $200,000 of the taxable value of a home.

The state is constitutionally required to reimburse counties for the reduction in property tax revenue resulting from the exemption. In 2008, the last year the exemption was in effect, 163,619 seniors claimed the exemption and local governments were reimbursed $84.5 million from the General Fund.

Election Expenditure Impacts (For Informational Purposes Only)

The bill refers a measure to the voters at the November 2012 general election. This measure will be published in newspapers, and an analysis of the measure will be included in the Blue Book mailed to all registered voter households prior to the election. Under current law, costs for these functions are paid through a General Fund line item in the Long Appropriations Bill. Table 1 below identifies the anticipated costs for the 2012 Blue Book.

Table 1. Cost to Produce and Distribute the 2012 Blue Book to All Registered Voter Households	
Printing	$400,000
Postage	$450,000
Translation	$20,000
Newspaper Publication (English & Spanish)	$500,000
Total Cost (14 issues)	**$1,370,000**
Average Cost per Issue	**$97,857**

State Expenditures

With no change to the exemption, the fiscal note expects expenditures of $100.5 million in FY 2013-14 for tax year 2013. If the measure is approved by the voters, expenditures from the General Fund are expected to decrease by $97.3 million. By requiring seniors to be low-income in order to qualify for the exemption, the number of eligible seniors will be significantly reduced. The fiscal note assumes that 2.74 percent of people that own a home and are covered by Medicaid are aged 65 and over and have lived in their homes at least 10 years. For tax year 2013, this is estimated to be 6,160 people. At an average exemption of $517, the total amount that will be refunded to counties is $3.2 million in FY 2013-14.

The Division of Property Taxation in the Department of Local Affairs will need to update the application forms, manuals, publications and training materials for the senior property tax exemption. This is expected to be addressed within existing appropriations.

Local Government Impact

This measure will increase the workload of county tax assessors. Under current law, seniors apply for the exemption one time. Under this measure, seniors will be required to apply annually for the exemption and tax assessors will need to review the documents submitted to verify the eligibility of seniors to receive the exemption. There may also be a large number of inquiries during the first year of implementation from seniors who will no longer be eligible for the exemption. The fiscal impact of these workload increases cannot be determined.

Departments Contacted

Governor	Human Services	Health Care Policy and Financing
Local Affairs	Revenue	