



**STATE
REVISED FISCAL IMPACT**

(replaces fiscal impact dated January 20, 2006)

Drafting Number: LLS 06-0529
Prime Sponsor(s): Rep. Gallegos

Date: April 6, 2006
Bill Status: House Appropriations
Fiscal Analyst: Josh Harwood (303-866-4796)

TITLE: CONCERNING ASSISTANCE GRANTS FOR ELDERLY AND DISABLED PERSONS.

Fiscal Impact Summary	FY 2006/07	FY 2007/08	FY 2008/09
State Revenues			
General Fund			
State Expenditures			
General Fund - Program		\$4,561,000	\$9,354,000
General Fund - Administrative*		\$28,338	\$39,889
Cash Funds - HUTF Transfer through SB 97-1		(\$4,561,000)	(\$9,354,000)
FTE Position Change		0.0 FTE	0.0 FTE
Effective Date: Unless a referendum petition is filed, the bill will take effect August 9, 2006, assuming the General Assembly adjourns on May 10, 2006, as scheduled. Applies to tax years beginning January 1, 2007.			
Appropriation Summary for FY 2006/07: None Required.			
Local Government Impact: None.			

* To the extent that computer programming resources identified in this fiscal note are included in the FY2007-08 Long Bill appropriation for the Department of Revenue, no further appropriation for computer programming will be necessary to implement the bill.

This revised fiscal note reflects the correction of an accounting error identified by the Department of Revenue.

Summary of Legislation

The bill increases the maximum qualifying income for eligibility to participate in the state Property Tax/Rent and Heat/Fuel Expense Assistance Program. Table 1 describes the changes to the income eligibility range to qualify for the credit.

Table 1. Property Tax or Rent and Heat or Fuel Program Eligibility

	Current Law	HB 06-1013
Maximum Income Allowed:		
Individual	\$11,000	\$13,000
Married	\$14,700	\$16,700
Threshold for Reduced Benefit:		
Individual	\$5,000	\$7,000
Married	\$8,700	\$10,700

Background

The Property Tax/Rent and Heat/Fuel Grant Program and is administered by the Department of Revenue. It was implemented in 1972 for low-income Colorado residents over age 65 and surviving spouses over age 58. In 1980, assistance for heat expenses was added to the program, and low-income disabled individuals became eligible for the program in 1987.

Eligibility requirements. Individuals who have had property tax, rent, or heating expenses during the year may be eligible to claim the property tax/rent or heat/fuel rebate. To claim the rebate, individuals must:

- (1) be 65 or older, or 58 or older if the individual is a surviving spouse as of December 31 of the year in which they are applying, or be disabled, regardless of age, during the entire year;
- (2) reside in Colorado during the entire taxable year for which the claim is filed;
- (3) not be claimed as a dependent on any other individual's federal income tax return; and
- (4) meet one of the following two income limitations:
 - single taxpayers:* total income for the calendar year cannot exceed \$11,000;
 - married taxpayers:* combined income for the calendar year cannot exceed \$14,700.

State Expenditures

The Department of Revenue would have minor computer programming and administrative costs associated with increasing the base and maximum income qualifications for the credit. These costs in FY 2007-08 are estimated to be \$28,338 and include approximately \$278 for one-time programming costs to update the grant software. Also, there would be additional annual processing costs of roughly \$39,889 necessary to process the increased number of applicants for FY 2008-09 and beyond. These costs would be incurred through mailings and archiving records. By increasing the income levels for qualifications, an additional \$4,561,000 will be paid in benefits through the program by the Department of Revenue for the second half of FY 2007-08.

Based on the March 2006 Legislative Council Staff revenue forecast, there is enough revenue to fund a partial diversion to the Highway Users Tax Fund (HUTF) under the provisions of Senate Bill 97-1 beginning in FY 2007-08. The Property Tax/Rent and Heat/Fuel Grant Program is funded outside the 6 percent appropriations growth limit. Therefore, the increased expenditure needed to fund the bill would serve to reduce moneys available for transfer to the HUTF by the amount of expenditures needed to fund the increased program.

State Appropriations

The fiscal note implies that no new appropriation in FY 2006-07 is necessary to implement the bill.

Departments Contacted

Revenue

Legislative Council Staff