



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Final Fiscal Note

<b>Drafting Number:</b>	LLS 21-1048	<b>Date:</b>	August 12, 2021
<b>Prime Sponsors:</b>	Rep. Geitner; Kennedy Sen. Lundeen; Bridges	<b>Bill Status:</b>	Postponed Indefinitely
		<b>Fiscal Analyst:</b>	Elizabeth Ramey   303-866-3522 Elizabeth.Ramey@state.co.us

**Bill Topic:**                   **EXTEND HOMESTEAD EXEMPTION TO GOLD STAR SPOUSES**

<b>Summary of Fiscal Impact:</b>	<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure ( <i>conditional</i> )	<input checked="" type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

Conditional on voter approval, this resolution would have expanded eligibility for the homestead exemption for seniors or veterans with a disability to the Gold Star spouse of a deceased serviceperson. With voter approval, it would have increased state expenditures for reimbursements to local governments on an ongoing basis, and increased state and local government workload.

**Appropriation Summary:**           No appropriation would have been required.

**Fiscal Note Status:**               This fiscal note applies to the reengrossed resolution. This resolution was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

**Table 1  
State Fiscal Impacts Under HCR 21-1002**

	Budget Year FY 2021-22	Out Year FY 2022-23	Out Year FY 2023-24
<b>Revenue</b>	-	-	-
<b>Expenditures</b> General Fund	-	-	\$93,000
<b>Transfers</b>	-	-	-
<b>TABOR Refund</b>	-	-	-

## Summary of Legislation

This resolution refers a constitutional amendment to voters at the November 2022 statewide election. If approved, the amendment expands eligibility for the homestead property tax exemption currently available to qualifying seniors or veterans with a disability to the Gold Star spouses of deceased servicepersons beginning in the 2023 property tax year. Gold Star spouse is defined as the spouse of a deceased member of the United States Armed Forces who qualifies for a gold star lapel button due to the death of the member of the armed forces under applicable federal law and regulations prescribed by the U.S. Secretary of Defense.

## Background

The homestead exemption in the state constitution exempts 50 percent of the first \$200,000 of residential property owned by a qualifying senior or veteran with a service-connected disability from property taxes. For example, a \$150,000 residence is taxed as if it was worth \$75,000, and a \$500,000 residence is taxed as if it was worth \$400,000. Gold Star surviving spouses are not eligible for the disabled veteran exemption under current law.

The Department of Military and Veterans Affairs (DMVA) reviews each application for the exemption for veterans with a disability and forwards completed applications to county assessors who apply the property tax exemption to individual properties.

**Local government reimbursements.** The state is required to reimburse local governments for the revenue reduction attributable to senior and veterans with a disability property tax exemptions. These reimbursements are made as expenditures from the state General Fund.

**TABOR refund mechanisms.** The homestead exemption is the first of three TABOR refund mechanisms under current law. A TABOR surplus collected in one fiscal year is set aside to issue refunds via these reimbursements in the following fiscal year.

## State Expenditures

Conditional on voter approval, the bill increases expenditures from the General Fund by \$93,000 in FY 2023-24. This amount includes additional General Fund expenditures for the expanded exemption. In future years, expenditures will grow with the eligible population.

**Department of the Treasury.** Estimates are based on data from the Colorado chapter of the Gold Star Wives of America and on the March 2021 Legislative Council Staff homestead exemption forecast. For FY 2023-24, it is estimated that 150 Gold Star surviving spouses who are not otherwise able to claim the homestead exemption will claim the exemption under the resolution. It is assumed that the average exemption will be similar to the disabled veteran property tax exemption.

**Department of Local Affairs.** Workload in the Division of Property Taxation will increase to update procedures, conduct training, and respond to inquiries from taxpayers. The workload increase is minimal and can be accomplished within existing appropriations.

**Department of Military and Veterans Affairs.** Workload and expenditures in the Department of Military and Veterans Affairs to process the increased number of applications for the exemption will increase. This fiscal note assumes that the work can be accomplished within existing appropriations. If additional appropriations are required, they will be addressed through the annual budget process.

**TABOR refunds.** In future years when the state refunds a TABOR surplus, the bill will increase the amount of revenue that may be refunded via property tax exemptions for Gold Star spouses of veterans, and decreases the amount of revenue to be refunded via sales tax rebates paid using the state income tax form. Under current law for FY 2022-23, the March 2021 LCS forecast projects revenue to fall short of the TABOR limit by \$28.6 million, or 0.2 percent of the limit.

**Election expenditure impact – existing appropriations.** This bill includes a referred measure that will appear before voters at the November 2022 general election. While no additional appropriation is required, certain election costs are incurred by the state when ballot measures are referred. These include reimbursing counties for certain election costs; publishing the text and title of the measure in newspapers across the state; and preparing and mailing the Blue Book.

## Local Government

The resolution has offsetting impacts on local government revenue that will not change net revenue to any jurisdiction. It conditionally decreases property tax revenue with offsetting increased state reimbursements to local governments by \$93,000. The resolution may affect local government TABOR refunds if local voters have exempted one of, but not both of, property tax revenue and revenue received from the state government.

## Effective Date

The resolution was postponed indefinitely by the Senate State, Veterans, and Military Affairs Committee on June 7, 2021.

## State and Local Government Contacts

Military Affairs

Property Tax Division – Local Affairs

Treasury