



PROPERTY TAX, RENT, AND HEAT REBATE PROGRAM

Performance Audit, August 2013 Report Highlights



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PURPOSE

Evaluate the Department of Revenue's (the Department) administration of the Property Tax, Rent, and Heat Rebate (PTC) Program, including application controls and Program outreach.

BACKGROUND

- The PTC Program provides rebates for property tax and heat expenses incurred by elderly or disabled Colorado residents whose income falls below Program thresholds.
- The Department's Taxpayer Services Division is responsible for administering the PTC Program, processes rebate applications and conducts outreach to inform the public of Program requirements.
- In Fiscal Year 2013 about 21,000 households participated in the Program and received a total of about \$6.9 million in rebates or \$329 each.

OUR RECOMMENDATIONS

The Department should:

- Properly update its system each year to ensure accurate payments and eligibility determinations and pay participants who were underpaid and applicants who were improperly denied rebates.
- Eliminate system controls that deny applications for reasons not supported by statute.
- Ensure that it has adequate information to confirm applicants' disability status.

The Department and Department of Human Services (DHS) should:

- Improve Program outreach through increased coordination between agencies.
- Consider the benefits and costs of moving the Program to DHS and work with the General Assembly on legislative change if the determination is made that moving the Program would be beneficial.

The Department and DHS generally agreed with these recommendations.

AUDIT CONCERN

The Department needs to improve its controls to determine Program eligibility and calculate rebate payments and should coordinate with the Department of Human Services to improve Program outreach and administration.

KEY FACTS AND FINDINGS

- The Department did not properly update the system it uses to determine Program eligibility and calculate rebate payments. As a result, about 7,000 (40 percent) of the 17,713 Program participants we reviewed were underpaid, 120 eligible applicants were denied rebates, and 483 ineligible applicants were allowed to participate in the Program.
- The Department denied 321 applicants for eligibility reasons that were not support by statute or Program rules. In addition, Department staff responsible for assisting in person applicants erroneously disallowed applicants from claiming rebates for heat sources other than gas (e.g. electricity, propane).
- The Department does not have adequate controls to verify that applicants are disabled, as required by statute and Program rules. We found that for eight (29 percent) of 28 sampled participants who qualified based on a disability the Department did not have adequate disability information on file.
- The Department does not notify applicants who are approved for the Program of their application's status prior to paying the rebate. Because rebate payments are made on a quarterly basis, some applicants must wait for over three months to learn the amount of rebate they should expect.
- The Department has not provided counties with PTC Program information for distribution to Old Age Pension recipients on an annual basis as required by statute. In addition, there may be opportunities for the Department to improve Program outreach through increased coordination with DHS.
- Since its inception, the PTC Program has been expanded to cover a broader segment of the population and now serves a similar population as other benefit programs administered by DHS. As a result, the State may be able to improve outreach and provide better service to participants by moving the PTC Program, in whole or in part, to DHS. However, moving the Program could result in significant initial costs.