



**Legislative
Council Staff**

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FISCAL NOTE

Drafting Number:	LLS 18-0771	Date:	April 20, 2018
Prime Sponsors:	Rep. Weissman; Exum Sen. Kefalas	Bill Status:	House Public Health Care and Human Services
		Fiscal Analyst:	Larson Silbaugh 303-866-4720 Larson.Silbaugh@state.co.us

Bill Topic: GRANTS FOR PROPERTY TAX RENT AND HEAT

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill expands the PTC rebate by allowing renters of tax exempt apartment buildings to claim the rebate and adjusts rebate amounts for inflation. This will increase General Fund expenditures by \$473,347 in FY 2018-19 and \$1,052,000 in FY 2019-20 and future fiscal years. The FY 2018-19 impact represents a 6 month impact for 2018 PTC rebates.

Appropriation Summary: For FY 2018-19, this bill requires a General Fund appropriation of \$24,847 to the Department of Revenue.

Fiscal Note Status: This fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under HB 18-1380**

		FY 2018-19	FY 2019-20
Revenue		-	-
Expenditures	General Fund	\$473,347	\$1,052,000
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

This bill expands the Property Tax/Rent/Heat Rebate, also called the PTC rebate, by allowing the rebate for rent paid to a landlord that does not pay property tax and increasing the grant amounts by inflation. The grant amounts are grown for inflation since 2014, the last time the PTC rebate amounts were amended.

Background

The PTC rebate is designed to provide cash benefits to the elderly, low-income, or disabled residents of Colorado. The cash assistance is a rebate of property tax, rent, and heat paid during the previous year. For renters, the rebate amount is equal to 20 percent of their rent if they do not pay any property taxes directly. In 2014, the maximum rebate amounts were set at \$700 for property taxes or the rent that goes to pay property taxes and \$192 for heat rebates.

In order to qualify for the PTC rebate, individuals must meet the following criteria:

- reside in the state for the entire year;
- be lawfully present in the United States;
- have income of less than \$13,608 for individuals or \$18,343 for married couples in 2017.

Additionally, applicants must be:

- 65 years or older;
- a surviving spouse at least 58 years old; or
- disabled for the entire year.

The income limits are adjusted for inflation each year. Applicants that pay rent to landlords that are exempt from the property tax do not qualify property tax portion of the PTC rebate.

The Department of Revenue (DOR) administers the PTC rebate program while the Department of Human Services provides outreach activities.

State Expenditures

Expanding the PTC rebate under this bill will increase General Fund expenditures by \$473,347 in FY 2018-19 and \$1,052,000 in FY 2019-20. Of this amount, \$448,500 in FY 2018-19 and \$1,052,000 in FY 2019-20 is statutorily appropriated through the PTC rebate. The DOR requires \$24,847 in FY 2018-19 only to administer changes in the bill.

Expansion of PTC rebate. Table 2 shows the increase in the PTC rebate amounts due to the bill. The changes in the bill take effect for the 2018 PTC rebate, which will begin being distributed in 2019, therefore FY 2018-19 impact is for six months. The PTC rebate is statutorily appropriated from the General Fund.

Table 2
PTC Rebate Under HB 18-1380

	FY 2018-19	FY 2019-20
March 2018 LCS Forecast	\$5,314,980	\$5,209,208
Rent Paid to Non-profit or Government	\$190,000	\$373,000
Inflation Adjustment	\$258,500	\$679,000
Total	\$5,763,480	\$6,261,208
Difference	\$448,500	\$1,052,000

Rent paid to non-profit or governments. The bill increases the population of low income residents that can claim the rebate for property taxes by allowing rent paid to landlords that are not required to pay property taxes to claim the rebate. Based on PTC rebate data for 2014 through 2017, expanding the rebate to non-profit or government owned housing will increase the total value of rebates claimed by 7.2 percent each year. Expanding the credit will increase expenditures by \$190,000 in FY 2018-19 and \$373,000 in FY 2019-20.

Inflation adjustment. The bill also increases the rebate amounts for property taxes and heat by inflation. The new rebate amounts in HB 18-1380 are the rebate amounts in current law grown by inflation since 2014, when the rebate amounts were last amended. The rebate amounts are adjusted for inflation in future years. Increasing the rebate amounts to account for inflation since 2014 will increase expenditures by \$258,500 in FY 2018-19 and \$679,000 in FY 2019-20.

Personal services. The Office of Research and Analysis in DOR is responsible for aggregating, managing, and analyzing PTC rebate data. This office conducts testing and documentation for changes to the PTC rebate form. This bill requires changes to the calculation of the PTC rebate which is assumed to require 262 hours of staff analysis. Work will be performed by a contract employee.

Computer programming and testing. This bill requires one-time changes to DOR's GenTax software system. Changes are programmed by a contractor at a rate of \$250 per hour. The changes in this bill are expected to increase General Fund expenditures by \$5,500, representing 22 hours of programming. All GenTax programming changes are tested by department staff. Testing for this bill will require the expenditures for contract personnel totaling \$7,680, representing 320 hours of testing at a rate of \$24 per hour.

Document management. One form change is expected to require \$1,200 in contract expenditures to update the optical character recognition system used to process PTC rebate forms. DOR imaging and scanning services are contracted through the Department of Personnel and Administration and paid with reappropriated General Fund moneys.

Table 3 summarizes the administrative costs of the bill.

Table 3
Expenditures Under HB 18-1380

	FY 2018-19	FY 2019-20
Department of Revenue		
Personal Services	\$10,467	-
Computer Programming and Testing	\$13,180	-
Document Management	\$1,200	-
Total Cost	\$24,847	\$0

Effective Date

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

State Appropriations

In FY 2018-19, the bill requires an appropriation of \$24,847 from the General Fund to the Department of Revenue. Of this amount, \$1,200 is reappropriated to the Department of Personnel and Administration.

State and Local Government Contacts

Human Services
Personnel

Information Technology
Revenue