

Amendment E: Extend Homestead Exemption to Gold Star Spouses

Placed on the ballot by the legislature • Passes with 55 percent of the vote

1 **Amendment E proposes amending the Colorado Constitution to:**

- 2 • reduce property taxes for the surviving spouses of both United States Armed
3 Forces service members who died in the line of duty and veterans who died
4 as a result of a service-related injury or disease.

5 **What Your Vote Means**

YES

6 A “yes” vote on
7 Amendment E reduces the 8
8 property taxes paid by a
9 homeowner who is the surviving spouse of
10 either a military member who died in the
11 line of duty or a veteran who died as a
12 result of a service-related injury or disease
13 by expanding the existing homestead
14 exemption for disabled veterans to include
15 these surviving spouses.

NO

A “no” vote on Amendment E means that the existing homestead exemption is not expanded to include surviving spouses of either a military member who died in the line of duty or a veteran who died as a result of a service-related injury or disease.

1 **Summary and Analysis for Amendment E**

2 Amendment E expands the current homestead exemption to reduce the property
 3 taxes paid by a homeowner who is the surviving spouse of either a military
 4 service member who died in the line of duty or a veteran whose death resulted
 5 from a service-related injury or disease.

6 **What is the current homestead exemption?**

7 The homestead exemption in the state constitution reduces property taxes owed
 8 on a qualifying homeowner’s primary residence by exempting 50 percent of the
 9 first \$200,000 of the home’s value from taxation. The state legislature can adjust
 10 the \$200,000 amount to either increase or decrease the homestead exemption.
 11 Examples of the effect of this exemption can be found in Table 1.

12 Qualifying homeowners include Coloradans aged 65 or over who have lived in
 13 their home for at least ten years and veterans with a service-connected disability
 14 rated 100 percent permanent and total by the federal government. A qualifying
 15 veteran who is also eligible for a reduction in property taxes as a senior cannot
 16 claim both reductions.

17 The surviving spouse of a veteran with a disability who continues to live in the
 18 home can continue to claim the homestead exemption after the veteran dies.
 19 The surviving spouse who continues to live in the home of a senior who claimed
 20 or could have claimed the homestead exemption can also claim the exemption.

21 Although counties collect property tax, the state reimburses them for the cost of
 22 the homestead exemption.

23 **How does the homestead exemption reduce a homeowner’s property tax bill?**

24 The dollar amount of the tax reduction from the homestead exemption varies
 25 among homeowners depending on the statewide residential assessment rate, the
 26 local property tax rate, and the home’s value after the exemption is applied.

27 Table 1 provides examples of how the homestead exemption reduces property
 28 taxes based on an average 2021 property tax rate and the current exemption
 29 level. The actual tax reductions will vary because local governments can set
 30 different property tax rates.

31 **Table 1**
 32 **Examples of Homeowner Savings from the Homestead Exemption**

Home Value	Average Taxes without Homestead Exemption	Home Value with Homestead Exemption	Average Taxes with Homestead Exemption	Average Tax Reduction
\$150,000	\$950	\$75,000	\$470	\$480
\$200,000	\$1,260	\$100,000	\$630	\$630
\$500,000	\$3,160	\$400,000	\$2,530	\$630
\$1,000,000	\$6,320	\$900,000	\$5,690	\$630

33 In 2021, 266,538 seniors claimed homestead exemptions, with an average tax
 34 reduction of \$587, and 9,016 veterans claimed homestead exemptions, with an
 35 average tax reduction of \$617.

1 **Who qualifies for the homestead exemption under the measure?**

2 Amendment E extends the homestead exemption to surviving spouses, also
3 known as Gold Star spouses, of U.S. Armed Forces service members who died
4 in the line of duty and of veterans whose death resulted from a service-related
5 injury or disease.

6 To claim the homestead exemption, the surviving spouse must own and live in
7 the home and be determined qualified under federal law by the state Department
8 of Military and Veterans Affairs (DMVA). To qualify, a surviving spouse must
9 provide evidence to the DMVA from either the U.S. Department of Defense or the
10 U.S. Department of Veterans Affairs that the service member's death was the
11 result of a service-related injury or disease, whether the death occurred while on
12 active duty or following separation from the military.

13 An estimated 490 surviving spouses who are not otherwise able to claim the
14 homestead exemption would be eligible for the exemption under this measure in
15 property tax year 2023.

For information on those issue committees that support or oppose the measures on the ballot at the November 8, 2022, election, go to the Colorado Secretary of State's elections center web site hyperlink for ballot and initiative information:

<http://www.sos.state.co.us/pubs/elections/Initiatives/InitiativesHome.html>

16 **Argument For Amendment E**

17 1) The measure allows Colorado to do more to help Gold Star families
18 whose spouses have lost their lives in service to our nation and state.
19 Losing a spouse can lead to unmet financial needs, and the tax
20 exemption in Amendment E helps Gold Star spouses offset expenses of
21 the family home. Additionally, Colorado currently allows spouses of
22 100 percent disabled veterans to keep the homestead exemption when
23 that veteran dies, but provides no exemption if the spouse is killed while
24 serving in the military. Amendment E addresses an inconsistency that is
25 unfair to surviving families.

26 **Argument Against Amendment E**

27 1) Amendment E reduces taxes only for Gold Star spouses who are
28 financially able to own homes. Gold Star spouses who cannot afford to
29 own a home do not benefit from this measure. Further, the intent of the
30 current homestead exemption for 100 percent permanently disabled
31 veterans is to help address the employment and income limitations of
32 their disability. Gold Star spouses may not have the same employment
33 challenges as permanently disabled veterans.

1 **Fiscal Impact for Amendment E**

2 **State spending.** Counties collect property taxes, but they do not lose revenue
3 from the homestead exemption because the state reimburses them for the
4 reduction in property tax revenue resulting from the homestead exemption. In
5 2021, the state reimbursed counties \$162.1 million in homestead exemptions, of
6 which \$156.5 million was for senior homestead exemptions and \$5.6 million for
7 veterans with a disability homestead exemptions. Amendment E will increase
8 state spending by \$288,000 in state budget year 2023-24 to cover the
9 reimbursements authorized in the measure.