

# HCR 22-1003: Extend Homestead Exemption to Gold Star Spouses

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

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

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

5 **What Your Vote Means**

**YES**   6 A “yes” vote on  
7 Amendment ? reduces the  
8 property taxes paid by a  
9 homeowner who is the surviving spouse of  
10 a military member killed in the line of duty  
11 or surviving spouse of a veteran whose  
12 death resulted from a service-related injury  
13 or disease.

**NO**    A “no” vote on Amendment ?  
keeps in place the current  
homestead exemption for seniors and  
disabled veterans without expanding it to  
include additional surviving spouses.

1 **Summary and Analysis for Amendment ?**

2 Amendment ? expands the current homestead exemption to reduce the property  
 3 taxes paid by a homeowner who is the surviving spouse of a military service  
 4 member killed in the line of duty or the surviving spouse of a veteran whose  
 5 death resulted 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 or 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 Surviving spouses who take possession of the home of a deceased senior or  
 18 veteran with a disability who had been claiming the homestead exemption can  
 19 also continue receiving the homestead exemption.

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

21 The dollar amount of the tax reduction from the homestead exemption varies  
 22 among homeowners depending on the statewide residential assessment rate, the  
 23 local property tax rate, the home’s value, and the amount of the exemption.

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

28 **Table 1**  
 29 **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	\$900	\$75,000	\$400	\$400
\$200,000	\$1,200	\$100,000	\$600	\$600
\$500,000	\$2,900	\$400,000	\$2,300	\$600
\$1,000,000	\$5,800	\$900,000	\$5,200	\$600

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

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

2 Amendment ? 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 or 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 submit an application to the county assessor, which is then  
8 reviewed by the state Department of Military and Veterans Affairs to ensure that  
9 the surviving spouse qualifies under the law.

10 To qualify, a surviving spouse must receive either a death gratuity or dependency  
11 indemnity compensation from the U.S. government. A surviving spouse receives  
12 a death gratuity payment from the U.S. Department of Defense after a service  
13 member dies in the line of duty. A surviving spouse receives dependency  
14 indemnity compensation payments from the U.S. Department of Veterans Affairs  
15 if a service member dies as a result of a service-related injury or disease, either  
16 while serving in the military or as a veteran.

17 An estimated 883 surviving spouses who are not otherwise able to claim the  
18 homestead exemption would be eligible for the exemption under this measure in  
19 budget year 2023-24.

*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>

20 **Argument For Amendment ?**

21 1) The measure allows Colorado to do more to help Gold Star families  
22 whose spouses have lost their lives in service to our nation and state.  
23 Colorado currently allows spouses of disabled veterans to keep the  
24 homestead exemption when that veteran dies, but provides no exemption  
25 if the spouse is killed while serving in the military. This inconsistency is  
26 unfair to families who have paid the ultimate price. Amendment ?  
27 provides one way, at a modest cost, for Colorado to apply existing tax  
28 benefits to families who have lost a spouse in the line of service. The  
29 money that Amendment ? saves Gold Star spouses can improve their  
30 quality of life. Despite existing government benefits, these families still  
31 have unmet financial needs that are tied to losing their spouses.  
32 Amendment ? is an opportunity for the state to at least partially offset this  
33 economic disadvantage.

1 **Argument Against Amendment ?**

2 1) Amendment ? assists only a portion of the taxpayers it proposes to help.  
3 While it reduces taxes for Gold Star spouses who are financially able to  
4 own homes, Gold Star spouses who cannot afford to own a home do not  
5 benefit from this measure. The current homestead exemption goes to  
6 veterans with a 100-percent permanent disability because that disability  
7 severely limits their ability to find employment and receive income.  
8 Gold Star spouses are currently eligible for robust federal benefits, and  
9 they may not have the same employment challenges as permanently  
10 disabled veterans.

11 **Fiscal Impact for Amendment ?**

12 **State spending.** Counties collect property taxes, but they do not lose revenue  
13 from the homestead exemption because the state reimburses them for the  
14 reduction in property tax revenue resulting from the homestead exemption. In  
15 2021, the state reimbursed \$162.1 million in homestead exemptions.  
16 Amendment ? will increase state spending for these reimbursements by  
17 \$515,000 in state budget year 2023-24, or 7.7 percent of reimbursements  
18 expected in that year under current law.