

HCR 23-1002: Modify Property Tax Exemption for Veterans with Disabilities

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

1 HCR23-1002 proposes amending the Colorado Constitution to:

- 2 • reduce property taxes for some veterans of the U.S. Armed Forces with a
3 disability.

4 What Your Vote Means

5 YES

6 A “yes” vote on HCR 23-1002 reduces the
7 property taxes paid by some homeowners
8 by expanding the existing homestead
9 exemption to include additional veterans
10 with a disability.

11 NO

12 A “no” vote on HCR 23-1002 means that
13 the existing homestead exemption
14 remains available only to veterans whose
15 disability is rated 100 percent permanent
16 and total.

17 Summary and Analysis of HCR23-1002

18 What is the current homestead exemption?

19 The homestead exemption in the state constitution reduces property taxes owed on a
20 qualifying homeowner’s primary residence by exempting 50 percent of the first \$200,000 of
21 the home’s value from taxation.

22 Qualifying homeowners include: Coloradans aged 65 or over who have lived in their home
23 for at least ten years; veterans with a service-connected disability rated 100 percent
24 permanent and total by the federal government; and surviving spouses, also known as Gold
25 Star spouses, of U.S. Armed Forces service members who died in the line of duty and of
26 veterans whose death resulted from a service-related injury or disease.

27 The homestead exemption reduces property taxes collected by counties and paid to local
28 governments. The state reimburses the local governments for all revenue lost as a result of
29 the exemption.

30 Who qualifies for the homestead exemption under the measure?

31 HCR 23-1002 extends the homestead exemption, currently available for veterans with a
32 disability rated 100 percent permanent and total, to veterans who have qualified for
33 individual unemployability as determined by the U.S. Department of Veterans Affairs. In
34 order to qualify for individual unemployability, a veteran must be unable to work a steady

1 job that supports them financially because of a service-connected disability. In most cases, a
 2 veteran must also have at least one service-connected disability rated at 60 percent or more
 3 disabling, or have two or more service-connected disabilities, with at least one rated at
 4 40 percent or more disabling and a combined rating of 70 percent or more. Individual
 5 unemployability allows a veteran to receive disability benefits equal to what a veteran with a
 6 100 percent disability rating receives.

7 An estimated 3,400 veterans in Colorado who are not otherwise able to claim the homestead
 8 exemption would be eligible for the exemption under this amendment in property tax year
 9 2025.

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

11 Table 1 provides examples of how the homestead exemption reduces property taxes based
 12 on an average 2023 property tax rate and the current exemption level. The actual tax
 13 reductions will vary depending on the statewide residential assessment rate, the home value,
 14 and local property tax rates set by local governments.

15 In 2023, about 285,000 seniors claimed homestead exemptions, with an average tax
 16 reduction of \$541, and about 12,000 veterans and Gold Star spouses claimed homestead
 17 exemptions, with an average tax reduction of \$586.

18 **Table 1**
 19 **Examples of Homeowner Savings from the Homestead Exemption**

| Home Value | Average Taxes without Homestead Exemption | Average Taxes with Homestead Exemption | Average Tax Reduction |
|-------------|---|--|-----------------------|
| \$150,000 | \$890 | \$440 | \$450 |
| \$200,000 | \$1,480 | \$890 | \$590 |
| \$500,000 | \$2,950 | \$2,360 | \$590 |
| \$1,000,000 | \$5,900 | \$5,310 | \$590 |

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For information on those issue committees that support or oppose the measures on the ballot at the November 5, 2024, election, go to the Colorado Secretary of State’s elections center web site hyperlink for ballot and initiative information:

<https://coloradosos.gov/pubs/elections/Initiatives/InitiativesHome.html>

21 **Arguments For HCR23-1002**

22 1) Veterans who qualify for individual unemployability may be in greater need of tax relief
 23 than other veterans with a disability or surviving spouses who currently qualify for the
 24 exemption and are still able to keep a steady job that supports them financially.
 25 Including this class of veterans with a service-connected disability helps ensure that
 26 those most in need receive tax relief.

1 **Arguments Against HCR23-1002**

- 2 1) The individual unemployability rating is not necessarily permanent. Expanding this
3 exemption will make property taxes more complicated, harder to administer fairly, and
4 reliant on determinations by the U.S. Department of Veterans Affairs that are subject to
5 change. The homestead exemption should be limited to veterans with a permanent
6 disability, as it is under current law.

7 **Fiscal Impact**

8 The fiscal impact will be included in the second draft.