



## Fiscal Note

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## HCR 26-1003: NONMORTGAGE PROPERTY TAX EXEMPTION

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**Prime Sponsors:**

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### Summary Information

**Overview.** Conditional upon voter approval at the November 2026 general election, the concurrent resolution allows counties to exempt single-family properties from county property tax if they are a primary residence and the home is owned outright without a mortgage.

**Types of impacts.** The bill conditionally affects the following areas on an ongoing basis:

- State Expenditures
- TABOR Refunds
- Local Government

**Appropriations.** No appropriation is required.

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**Table 1**  
**State Fiscal Impacts**

<b>Type of Impact</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

## Summary of Legislation

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The concurrent resolution refers a constitutional amendment to voters at the November 2026 statewide election. The amendment allows counties to exempt from county property tax, a single-family home that is the primary residence of an owner-occupier and that is owned outright, without a mortgage, beginning for the 2027 property tax year (PTY).

## Background

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### Household Characteristics

Based on an analysis of U.S. Census Bureau data, there were about 507,000 households in Colorado that owned their homes free and clear without mortgages in 2024, about 20 percent of all households in the state. Of these, about 85 percent lived in single-family homes, including attached and detached units.

On average, single-family households without a mortgage have higher property values than those with mortgages. The average for a single-family household without a mortgage was an estimated \$747,000 based on 2024 Census data, higher than those with a mortgage at \$702,000.

**Table 2**  
**Property Values for Households in Colorado**

<b>Property Value Group</b>	<b>Single Family, No Mortgage</b>	<b>Single Family, With Mortgage</b>	<b>All Households</b>
All Households	431,479	1,042,694	2,479,892
Less than \$50,000	3.0%	1.4%	NA
\$50,000 to \$99,999	1.8%	0.9%	NA
\$100,000 to \$199,999	3.7%	1.4%	NA
\$200,000 to \$299,999	6.1%	3.6%	NA
\$300,000 to \$499,999	27.8%	27.6%	NA
\$500,000 to \$749,999	30.3%	38.3%	NA
\$750,000 to \$999,999	16.2%	16.3%	NA
\$1,000,000 or more	17.8%	13.4%	NA

U.S. Census Bureau, American Community Survey, 2024 1-year estimates and public use microdata sample.

## **State Expenditures**

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### **Department of Local Affairs, Division of Property Taxation**

The bill's referred measure, if adopted by voters, minimally increases workload for the Division of Property Taxation in the Department of Local Affairs to make updates to guidance, training, and course materials. The division also gives guidance to assessors for property discovery, listing, classification, and valuation. The fiscal note assumes no verification or administrative role for the division related to the exemptions.

### **Homestead Exemption Reimbursements**

The amendment, if approved by voters, conditionally reduces homestead exemption reimbursements, which are either paid as a TABOR refund mechanism when the state is above its revenue limit or from the General Fund when it is not. The amount of the reduction depends on the number of counties that adopt exemptions under the bill, the number of households in adopting counties that are otherwise eligible for the homestead exemption, and the county property tax rates. Reducing homestead exemption reimbursements will reduce General Fund expenditures in years when there is not sufficient TABOR surplus to pay them through TABOR refunds.

### **Election Expenditure Impact – Existing Appropriations**

The bill includes a referred measure that will appear before voters at the November 2026 general election. While no additional appropriation is required, certain election costs are incurred by the state when ballot measures are referred. These include reimbursing counties for certain election costs; publishing the text and title of the measure in newspapers across the state; and preparing and mailing the ballot information booklet.

## **TABOR Refunds**

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The bill conditionally impacts the amounts refunded through various TABOR refund mechanisms for excess state revenue, without impacting the overall amount refunded. The bill conditionally reduces property tax refunds paid through the homestead exemption reimbursement mechanism, and equivalently increases the amount refunded through the six-tier sales tax refund mechanism.

## Local Government

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### Local Revenue

#### Property Tax

The amendment, if approved by voters, conditionally decreases property tax revenue for counties that adopt the exemption. For an average-valued single-family home in Colorado for a household without a mortgage, the annual benefit for a homeowner would total about \$900, based on the 2024 weighted average county mill levy.

#### Tax Increment Finance Districts

The amendment, if approved by voters, conditionally decreases revenue for tax increment finance (TIF) districts including urban renewal authorities, downtown development authorities, and county revitalization authorities. Tax increment financing diverts property tax revenue from taxing districts for use by TIF districts in raising capital through bond proceeds and for utilizing diverted revenue for debt service payments. Exempt county property taxes will impact the revenue the district receives and may impact financing agreements. Impacts will depend on the extent that eligible households live within TIF district boundaries and contribute to incremental property tax revenue.

### Local Expenditures

The bill conditionally increases expenditures for counties that adopt exemptions under the referred measure if approved by voters. Costs may include those for personal services to track and verify exemptions, software, and financial modeling.

#### County Assessors

For assessors' offices in counties that adopt an exemption under the referred measure, costs will increase to update software systems to track exempt properties and may include additional personnel. Costs will depend on how the exemption is administered and will vary by county.

#### County Treasurers

For treasurers' office in counties that adopt an exemption under the referred measure, costs will increase to administer the exemption on tax bills. Adopting an exemption may also increase costs if the office is involved in mortgage and eligibility verifications, applications, or other processes.

## Effective Date

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If approved by voters at the November 2026 general election, the constitutional amendment takes effect upon proclamation by the Governor, no later than 30 days after the official canvass of votes is complete.

## State and Local Government Contacts

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Counties

County Assessors

County Treasurers

Information Technology

Local Affairs

Municipalities

Property Tax Division

Secretary of State

Special District Association