



# Fiscal Note

## Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

### SB 26-116: PROPERTY TAX MODIFICATIONS

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**Prime Sponsors:**

Sen. Weissman  
Rep. Zokaie

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**Fiscal note status:** This revised fiscal note reflects the reengrossed bill.

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#### Summary Information

**Overview.** The bill repeals the ongoing classification of qualified-senior primary residence properties after the property tax benefit for 2025 and 2026 expires as scheduled under current law. The bill sets the business personal property tax exemption threshold at \$58,000 beginning for property tax year 2027 and sets business personal property reimbursements at their FY 2026-27 level for future years.

**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures
- Local Government

**Appropriations.** No appropriation is required.

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

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures (General Fund)	\$0	\$173,719
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 bill repeals the classification of qualified-senior primary residence properties after property tax year 2026. The bill also sets the business personal property tax exemption threshold in current law at \$58,000 beginning for property tax year 2027 and repeals the biennial inflation adjustments to the threshold for each reassessment cycle that are required under current law. Lastly, the bill sets reimbursements for reduced property tax revenue related to business personal property tax exemptions for property tax year 2027 and future year to equal the amount reimbursed for property tax year 2026.

## Background

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### Qualified Senior Primary Residence Property Tax Benefit

[Senate Bill 24-111](#) created a property tax benefit for qualifying senior homeowners who have previously qualified for the constitutional senior homestead exemption but who are currently ineligible for it. The bill created an equivalent benefit by reducing the assessed value of qualified-senior primary residence properties, or by subtracting an amount equal to 50 percent of the first \$200,000 in actual value from the value of the property before the assessment rate is applied. The subtraction is limited to the lesser of \$100,000 or the amount that reduces a property's assessed value to \$1,000. Senior homeowners must apply to county assessors for the classification. Under current law, the benefit is available for the 2025 and 2026 property tax years (PTY) only. Based on preliminary data from the Division of Property Taxation, there were about 2,350 classifications confirmed for PTY 2025 for a total benefit of \$1.6 million for FY 2025-26. Based on an analysis of senior homeowners using U.S. Census data, utilization of the property tax benefit was about 4 percent of eligible households for PTY 2025.

### Business Personal Property Tax Exemption

Businesses with personal property valued at less than a set amount are exempt from paying business personal property taxes. [House Bill 21-1312](#) increased the business personal property tax exemption from \$7,900 to \$50,000 and established a mechanism to reimburse local governments each year for the reduction in their property tax revenue. The exemption threshold is required to be adjusted for inflation every two years. For the current reassessment cycle, the threshold is set at \$56,000. For annual reimbursements, county assessors and treasurers estimate the reduced property tax based on the actual value of the property exempted under the bill for the 2021 property tax year, and adjusted by a growth factor as calculated by the Division of Property Taxation. From FY 2021-22 to FY 2024-25, the state has paid between \$16.4 million and \$19.5 million in reimbursements each year.

## **State Expenditures**

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The bill increases General Fund expenditures to the Department of Treasury by \$173,719 in FY 2027-28 for business personal property tax exemption reimbursements. The bill minimally reduces workload for the Department of Local Affairs. These impacts are summarized below.

### **Business Personal Property Tax Exemption Reimbursements**

The bill sets business personal property tax exemption reimbursements at the level calculated for the 2026 property tax year beginning for PTY 2027, for which reimbursements are paid in FY 2027-28, and future years. Based on the LCS March 2026 forecast, reimbursements are expected to total \$16.8 million in FY 2026-27, and \$16.7 million in FY 2027-28, under current law. The forecast depends on projected growth in statewide personal property values, assessment rates, and mill levies. Setting the FY 2027-28 reimbursement to the prior year's level will increase the forecast reimbursement by \$173,719, as shown in Table 1. Growth in business personal property values from PTY 2025 to PTY 2026 that differs from projections, or unanticipated mill levy changes, will cause the change in reimbursements to differ from the fiscal note estimate. A forecast of business personal property tax exemption reimbursements is not available beyond FY 2027-28. In future years, reimbursements are expected to be lower under the bill than under current law based on the historical average annual growth in business personal property values. In recent years, upward adjustments to business personal property valuations have been offset by lower assessment rates.

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

The bill will minimally reduce workload in the division by repealing the requirements for the division related to verification of qualified-senior primary residence applications and classifications, and forms for notification. The bill also minimally reduces workload in the division related to calculating business personal property tax exemption reimbursements and calculating biennial inflation adjustments to the exemption threshold.

### **School Finance**

Setting the business personal property tax exemption threshold at \$58,000 is not expected to impact school finance expenditures based on the threshold increasing to a projected \$58,000 as adjusted for inflation under current law. However, if the threshold would have differed from this projection for the 2027 reassessment cycle, the impact will vary from this analysis. In future years without an inflation adjustment, the value of taxable personal property over the threshold is expected to increase over time and will increase local share total program revenue compared with current law, thereby reducing the state-aid obligation for school finance.

## **Local Government**

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### **Local Revenue**

The bill increases local revenue by a projected \$173,719 in FY 2027-28 for business personal property tax exemption reimbursements. Eliminating inflation adjustments to the business personal property exemption threshold is not projected to impact property tax revenue for property tax years 2027 and 2028. In future years, eliminating inflation adjustments is expected to increase property tax revenue over time for local property tax jurisdictions. Increased revenue is expected to offset and eventually surpass a lower amount of future state reimbursement payments expected under the bill. Impacts will vary based on personal property and business dynamics in each tax jurisdiction.

### **Property Tax**

Eliminating inflation adjustments to the business personal property exemption threshold is not projected to impact property tax revenue for property tax year 2027 and 2028. This analysis projects that under current law, the exemption threshold for the 2027 reassessment cycle will be set at \$58,000, equal to the amount set in the bill. In future years, eliminating inflation adjustments is expected to increase revenue over time for local property tax jurisdictions.

### **Business Personal Property Tax Exemption Reimbursements**

The bill increases the amount of business personal property tax exemption reimbursements in FY 2027-28 by a projected \$173,719 for the 2027 property tax year based on assumptions detailed in the State Expenditures section. A forecast of reimbursements is not available beyond FY 2027-28. In future years, reimbursements under the bill are expected to be lower than would otherwise occur under current law as detailed in the State Expenditures section.

### **Local Expenditures**

The bill will reduce workload for county assessors by ending requirements for ongoing administration and classification of qualified-senior primary residence real property. The bill will also minimally reduce workload for calculating business personal property tax exemption reimbursements.

### **Effective Date**

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The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## State and Local Government Contacts

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Counties

County Assessors

County Treasurers

Local Affairs

Municipalities

Property Tax Division

Revenue

Special Districts