

First Regular Session
Seventy-second General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 19-0105.03 Ed DeCecco x4216

HOUSE BILL 19-1317

HOUSE SPONSORSHIP

Kennedy and Weissman, Coleman, Duran

SENATE SPONSORSHIP

Court,

House Committees

State, Veterans, & Military Affairs

Senate Committees

A BILL FOR AN ACT

101 CONCERNING THE CREATION OF A REFUNDABLE INCOME TAX CREDIT
102 FOR QUALIFYING SENIORS THAT REPLACES THE SENIOR
103 PROPERTY TAX EXEMPTION, AND, IN CONNECTION THEREWITH,
104 ENACTING THE "SENIOR HOUSING SECURITY ACT OF 2019".

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

The state constitution authorizes the general assembly to lower the maximum amount of the actual residential value of residential real property that is subject to the senior property tax exemption (exemption).

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

Section 3 of the bill lowers the maximum amount to \$0 for all property tax years beginning on and after January 1, 2020, which has the effect of eliminating the exemption. It does not affect the property tax exemption for disabled veterans. Under **section 4**, a county assessor is no longer required to mail notices to seniors about the exemption, and under **section 5**, an assessor is not required to accept applications or otherwise administer the exemption unless and until the general assembly enacts legislation to increase the maximum actual value of residential real property that is subject to the exemption. If the exemption is made available in the future, seniors must reapply for it.

Section 6 creates an income tax credit that is available for 10 tax years beginning on January 1, 2020, for a qualifying senior. A qualifying senior must be 65 years of age or older at the end of the income tax year for which the credit is claimed and have income that is less than or equal to \$65,000, adjusted for inflation, or a surviving spouse who is at least 58 and meets the same income qualification.

If the qualifying senior's adjusted gross income for the taxable year is less than or equal to the base income amount, which is \$12,000, adjusted for inflation, then the credit is equal to the maximum credit amount, which is \$700, adjusted for inflation. The amount of the credit decreases by \$50, adjusted for inflation, for each income grouping above the base income amount. The amount of the credit that exceeds the qualifying senior's income taxes due is refunded to the qualifying senior.

Section 6 also creates the credit stabilization cash fund. The state treasurer is annually required to transfer money from the cash fund to the general fund, or vice versa, depending on whether the total amount of the credits exceeds an approximation of what the state would have had to pay to backfill the senior homestead exemption.

If some or all of the credit is paid to the senior as a state income tax refund, and therefore taxable income, **section 7** allows a qualifying senior to deduct an amount equal to the refundable amount of the credit from taxable income for purposes of determining state income taxes.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Short title.** The short title of this act is the "Senior
3 Housing Security Act of 2019".

4 **SECTION 2. Legislative declaration.** (1) The general assembly
5 hereby finds and declares that:

6 (a) The senior property tax exemption was adopted by Colorado
7 voters in 2000 in order to help seniors afford to stay in their homes;

1 (b) At the time, much lower average home values meant that the
2 tax exemption was effectively means tested based on home value;

3 (c) As home values have grown significantly, the tax exemption
4 is now awarded equally to any senior with a home value exceeding
5 \$200,000;

6 (d) The most significant variation in the tax exemption now
7 occurs from county to county, with seniors in many rural Colorado
8 counties receiving a far smaller benefit than seniors in the Denver metro
9 area;

10 (e) Colorado's affordable housing shortage is hurting seniors,
11 making it more difficult for low-to-middle income seniors to afford
12 housing, even after receiving the tax exemption;

13 (f) The ten-year residency requirement has discouraged seniors
14 from moving or downsizing because they will no longer receive the
15 exemption;

16 (g) Seniors who rent are facing similar challenges to seniors who
17 own their homes;

18 (h) An income-based, means-tested tax credit will provide more
19 help to the seniors in the state who need help the most staying in their
20 homes, whether they own or rent;

21 (i) A refundable income tax credit is simpler to administer than
22 the current exemption and would relieve counties of their current
23 administrative burden;

24 (j) The current exemption consumes an increasing share of the
25 state budget every year and has twice been zeroed out to help balance the
26 budget; and

27 (k) Setting aside dollars to anticipate future program growth will

1 reduce the likelihood of future cuts to the program.

2 (2) Therefore, in order to help more seniors stay in their homes,
3 allow seniors to downsize, and ensure the long-term sustainability of this
4 funding for senior housing, the general assembly hereby:

5 (a) Lowers to zero the maximum amount of residential property
6 that is subject to the senior property tax exemption, as authorized by
7 section 3.5 (2) of article X of the state constitution;

8 (b) Establishes in statute an income-based, means-tested
9 refundable income tax credit for seniors to help them afford the high cost
10 of housing; and

11 (c) Establishes the senior Coloradans trust fund to hold money
12 saved in the initial years of the new tax credit and pay for future growth
13 of the tax credit as senior population growth outpaces overall population
14 growth.

15 **SECTION 3.** In Colorado Revised Statutes, 39-3-203, **amend** (1)
16 introductory portion as follows:

17 **39-3-203. Property tax exemption - qualifications.** (1) For the
18 property tax year commencing January 1, 2002, for property tax years
19 commencing on or after January 1, 2006, but before January 1, 2009, and
20 for property tax years commencing on or after January 1, 2012, BUT
21 BEFORE JANUARY 1, 2020, fifty percent of the first two hundred thousand
22 dollars of actual value of residential real property that as of the
23 assessment date is owner-occupied and is used as the primary residence
24 of the owner-occupier shall be exempt from taxation, and for property tax
25 years commencing on or after January 1, 2003, but before January 1,
26 2006, and on or after January 1, 2009, but before January 1, 2012, AND ON
27 OR AFTER JANUARY 1, 2020, fifty percent of zero dollars of actual value

1 of residential real property that as of the assessment date is
2 owner-occupied and is used as the primary residence of the
3 owner-occupier shall be exempt from taxation if:

4 **SECTION 4.** In Colorado Revised Statutes, **amend** 39-3-204 as
5 follows:

6 **39-3-204. Notice of property tax exemption.** No later than May
7 1, 2013, and no later than May 1 of each year thereafter in which an
8 assessor sends a notice of valuation pursuant to section 39-5-121 (1)(a)
9 that is not included with the tax bill, each assessor shall mail to each
10 residential real property address in the assessor's county notice of the
11 exemption allowed by section 39-3-203 (1). As soon as practicable after
12 January 1, 2014, and as soon as practicable after January 1 of each year
13 thereafter, each county treasurer shall, at the treasurer's discretion, mail
14 or electronically send to each person whose name appears on the tax list
15 and warrant as an owner of residential real property notice of the
16 exemption allowed by section 39-3-203 (1). The treasurer must mail or
17 electronically send the notice in each year on or before the date on which
18 the treasurer mails the property tax statement for the previous property tax
19 year pursuant to section 39-10-103. No later than May 1, 2008, and no
20 later than each May 1 thereafter, each assessor also shall mail to each
21 residential property address in the assessor's county notice of the
22 exemption allowed by section 39-3-203 (1.5). No later than May 1, 2007,
23 the division shall mail to the residential property address of each person
24 residing in the state who the division believes is a qualifying disabled
25 veteran notice of the exemption allowed by section 39-3-203 (1.5) for the
26 2007 property tax year. However, the sending of notice to a person by the
27 division does not constitute a determination by the division that the

1 person sent notice is entitled to an exemption. The notice shall be in a
2 form prescribed by the administrator, who shall consult with the division
3 before prescribing the form of the notice of the exemption allowed by
4 section 39-3-203 (1.5), and shall include a statement of the eligibility
5 criteria for the exemptions and instructions for obtaining an exemption
6 application. To reduce mailing costs, an assessor may coordinate with the
7 treasurer of the same county to include notice with the tax statement for
8 the previous property tax year mailed pursuant to section 39-10-103 or
9 may include notice with the notice of valuation mailed pursuant to section
10 39-5-121 (1)(a).

11 **SECTION 5.** In Colorado Revised Statutes, 39-3-205, **add** (5) as
12 follows:

13 **39-3-205. Exemption applications - penalty for providing false**
14 **information - confidentiality.** (5) NOTWITHSTANDING ANY PROVISION
15 OF THIS PART 2 TO THE CONTRARY, AN ASSESSOR IS NOT REQUIRED TO
16 ACCEPT AN EXEMPTION APPLICATION FOR THE EXEMPTION ALLOWED BY
17 SECTION 39-3-203 (1) OR OTHERWISE ADMINISTER THE EXEMPTION UNLESS
18 AND UNTIL THE GENERAL ASSEMBLY ENACTS LEGISLATION TO INCREASE
19 THE MAXIMUM ACTUAL VALUE OF RESIDENTIAL REAL PROPERTY THAT IS
20 SUBJECT TO THE EXEMPTION. TO FIRST CLAIM THE EXEMPTION AFTER THE
21 INCREASE, AN INDIVIDUAL MUST FILE A COMPLETED EXEMPTION
22 APPLICATION IN ACCORDANCE WITH THIS SECTION, REGARDLESS OF
23 WHETHER THE INDIVIDUAL PREVIOUSLY RECEIVED THE EXEMPTION.

24 **SECTION 6.** In Colorado Revised Statutes, **add** 39-22-542 as
25 follows:

26 **39-22-542. Credit against tax - seniors - credit stabilization**
27 **trust fund - creation - definitions.** (1) AS USED IN THIS SECTION:

1 (a) "BASE INCOME AMOUNT" MEANS:
2 (I) TWELVE THOUSAND DOLLARS FOR ANY INCOME TAX YEAR
3 COMMENCING ON OR AFTER JANUARY 1, 2020, BUT BEFORE JANUARY 1,
4 2021; AND
5 (II) FOR ANY INCOME TAX YEAR COMMENCING ON OR AFTER
6 JANUARY 1, 2021, AN AMOUNT EQUAL TO THE BASE INCOME AMOUNT FOR
7 THE PRIOR YEAR ADJUSTED FOR INFLATION.
8 (b) "CREDIT STABILIZATION AMOUNT" MEANS THE TOTAL AMOUNT
9 OF THE WARRANTS ISSUED BY THE STATE TREASURER IN THE FISCAL YEAR
10 2019-20 UNDER SECTION 39-3-207 (4)(a)(I), ADJUSTED EACH FISCAL YEAR
11 THEREAFTER FOR INFLATION AND THE PERCENTAGE CHANGE IN STATE
12 POPULATION. FOR PURPOSES OF THIS CALCULATION, INFLATION AND THE
13 PERCENTAGE CHANGE IN STATE POPULATION ARE THE SAME RATES THAT
14 ARE USED IN CALCULATING THE MAXIMUM ANNUAL PERCENTAGE CHANGE
15 IN STATE FISCAL YEAR SPENDING UNDER SECTION 20 OF ARTICLE X OF THE
16 STATE CONSTITUTION.
17 (c) "FUND" MEANS THE CREDIT STABILIZATION CASH FUND
18 CREATED IN SUBSECTION (7)(a) OF THIS SECTION.
19 (d) "INCOME GROUPINGS" MEANS THIRTEEN APPROXIMATELY
20 EQUAL INCOME RANGE GROUPS BETWEEN THE BASE INCOME AMOUNT AND
21 THE MAXIMUM INCOME AMOUNT.
22 (e) "INCOME TAX CREDIT AMOUNT" MEANS THE TOTAL AMOUNT OF
23 CREDITS DESCRIBED IN SUBSECTION (6) OF THIS SECTION.
24 (f) "INFLATION" MEANS THE ANNUAL PERCENTAGE CHANGE IN THE
25 UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS,
26 CONSUMER PRICE INDEX FOR DENVER-AURORA-LAKEWOOD FOR ALL
27 ITEMS AND ALL URBAN CONSUMERS, OR ITS SUCCESSOR INDEX.

1 (g) "MAXIMUM CREDIT AMOUNT" MEANS:

2 (I) SEVEN HUNDRED DOLLARS FOR ANY INCOME TAX YEAR
3 COMMENCING ON OR AFTER JANUARY 1, 2020, BUT BEFORE JANUARY 1,
4 2021; AND

5 (II) FOR ANY INCOME TAX YEAR COMMENCING ON OR AFTER
6 JANUARY 1, 2021, AN AMOUNT EQUAL TO THE MAXIMUM CREDIT AMOUNT
7 FOR THE PRIOR INCOME TAX YEAR ADJUSTED FOR INFLATION.

8 (h) (I) "QUALIFYING SENIOR" MEANS A FULL-YEAR RESIDENT
9 INDIVIDUAL WHO:

10 (A) IS SIXTY-FIVE YEARS OF AGE OR OLDER AT THE END OF THE
11 INCOME TAX YEAR FOR WHICH THE CREDIT IS CLAIMED; AND

12 (B) HAS A FEDERAL ADJUSTED GROSS INCOME THAT IS LESS THAN
13 SIXTY-FIVE THOUSAND DOLLARS FOR ANY INCOME TAX YEAR
14 COMMENCING ON OR AFTER JANUARY 1, 2020, BUT BEFORE JANUARY 1,
15 2021, AND AN INFLATION-ADJUSTED AMOUNT FOR EACH INCOME TAX YEAR
16 THEREAFTER.

17 (II) "QUALIFYING SENIOR" ALSO INCLUDES A FULL-YEAR RESIDENT
18 INDIVIDUAL WHO:

19 (A) IS THE SURVIVING SPOUSE OF A QUALIFYING SENIOR WHO
20 PREVIOUSLY CLAIMED THE CREDIT UNDER THIS SECTION;

21 (B) IS FIFTY-EIGHT YEARS OF AGE OR OLDER AT THE END OF THE
22 INCOME TAX YEAR; AND

23 (C) HAS ADJUSTED GROSS INCOME THAT WOULD QUALIFY UNDER
24 SUBSECTION (1)(h)(I)(B) OF THIS SECTION.

25 (i) "SURVIVING SPOUSE" MEANS AN INDIVIDUAL WHO WAS
26 LEGALLY MARRIED TO ANOTHER INDIVIDUAL AT THE TIME OF THE OTHER
27 INDIVIDUAL'S DEATH AND WHO HAS NOT REMARRIED.

1 (2) FOR INCOME TAX YEARS COMMENCING ON AND AFTER
2 JANUARY 1, 2020, BUT BEFORE JANUARY 1, 2030, A QUALIFYING SENIOR
3 IS ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE 22. IF
4 THE QUALIFYING SENIOR'S ADJUSTED GROSS INCOME FOR THE TAXABLE
5 YEAR IS LESS THAN OR EQUAL TO THE BASE INCOME AMOUNT, THEN THE
6 CREDIT IS EQUAL TO THE MAXIMUM CREDIT AMOUNT. THE AMOUNT OF THE
7 CREDIT DECREASES BY AN AMOUNT EQUAL TO SEVEN AND FOURTEEN
8 ONE-HUNDREDTHS PERCENT OF THE MAXIMUM CREDIT AMOUNT, ROUNDED
9 TO THE NEAREST DOLLAR, FOR EACH INCOME GROUPING BEGINNING WITH
10 THE FIRST ONE ABOVE THE BASE INCOME AMOUNT.

11 (3) THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION
12 IS THE SAME WHETHER IT IS CLAIMED BY ONE TAXPAYER FILING A SINGLE
13 RETURN OR TWO TAXPAYERS FILING A JOINT RETURN. IN THE CASE OF TWO
14 TAXPAYERS WHO MAY LEGALLY FILE A JOINT RETURN BUT ACTUALLY FILE
15 SEPARATE RETURNS, ONLY ONE OF THE TAXPAYERS MAY CLAIM THE
16 CREDIT.

17 (4) THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION
18 THAT EXCEEDS THE QUALIFYING SENIOR'S INCOME TAXES DUE IS
19 REFUNDED TO THE QUALIFYING SENIOR.

20 (5) TO THE EXTENT PERMITTED BY FEDERAL LAW, THE CREDIT
21 ALLOWED UNDER THIS SECTION IS NOT INCOME OR RESOURCES FOR THE
22 PURPOSE OF DETERMINING ELIGIBILITY FOR THE PAYMENT OF PUBLIC
23 ASSISTANCE BENEFITS AND MEDICAL ASSISTANCE BENEFITS AUTHORIZED
24 UNDER STATE LAW OR FOR A PAYMENT MADE UNDER ANY OTHER PUBLICLY
25 FUNDED PROGRAMS.

26 (6) ON OR BEFORE JUNE 15, 2021, AND ON OR BEFORE JUNE 15 OF
27 THE NEXT NINE YEARS THEREAFTER, THE DEPARTMENT OF REVENUE SHALL

1 CALCULATE THE TOTAL AMOUNT OF CREDITS ALLOWED UNDER THIS
2 SECTION THAT ARE CLAIMED FOR THE PRIOR INCOME TAX YEAR AS OF THIS
3 DATE AND NOTIFY THE STATE TREASURER OF THIS AMOUNT.

4 (7)(a) THE CREDIT STABILIZATION CASH FUND IS HEREBY CREATED
5 IN THE STATE TREASURY. THE FUND CONSISTS OF MONEY TRANSFERRED TO
6 THE FUND IN ACCORDANCE WITH SUBSECTION (7)(b) OF THIS SECTION. THE
7 STATE TREASURER SHALL CREDIT ALL INTEREST AND INCOME FROM THE
8 DEPOSIT AND INVESTMENT OF MONEY IN THE CREDIT STABILIZATION CASH
9 FUND TO THE FUND.

10 (b) ON JUNE 30, 2022, AND JUNE 30 OF THE NEXT EIGHT YEARS
11 THEREAFTER, THE STATE TREASURER SHALL TRANSFER MONEY FROM THE
12 GENERAL FUND TO THE CREDIT STABILIZATION CASH FUND, OR VICE VERSA,
13 AS FOLLOWS:

14 (I) IF, FOR THE FISCAL YEAR, THE CREDIT STABILIZATION AMOUNT
15 IS GREATER THAN THE INCOME TAX CREDIT AMOUNT, THEN THE STATE
16 TREASURER SHALL TRANSFER THE DIFFERENCE BETWEEN THE TWO
17 AMOUNTS FROM THE GENERAL FUND TO THE CREDIT STABILIZATION CASH
18 FUND; OR

19 (II) IF, FOR THE FISCAL YEAR, THE CREDIT STABILIZATION AMOUNT
20 IS LESS THAN THE INCOME TAX CREDIT AMOUNT, THEN THE STATE
21 TREASURER SHALL TRANSFER THE DIFFERENCE BETWEEN THE TWO
22 AMOUNTS, OR THE ACCOUNT BALANCE, WHICHEVER IS LESS, FROM THE
23 CREDIT STABILIZATION CASH FUND TO THE GENERAL FUND.

24 (c) MONEY IN THE CREDIT STABILIZATION CASH FUND SHALL NOT
25 BE APPROPRIATED, TRANSFERRED, OR EXPENDED, EXCEPT AS OTHERWISE
26 SET FORTH IN SUBSECTION (7)(b) OF THIS SECTION.

27 **SECTION 7.** In Colorado Revised Statutes, 39-22-104, **add**

1 (4)(z) as follows:

2 **39-22-104. Income tax imposed on individuals, estates, and**
3 **trusts - single rate - legislative declaration - definitions - repeal.**

4 (4) There shall be subtracted from federal taxable income:

5 (z) (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
6 JANUARY 1, 2021, BUT PRIOR TO JANUARY 1, 2031, AN AMOUNT EQUAL TO
7 THE PORTION OF THE CREDIT ALLOWED UNDER SECTION 39-22-542 THAT
8 EXCEEDS THE QUALIFYING SENIOR'S INCOME TAXES DUE AND IS REFUNDED
9 TO THE TAX PAYER DURING THE TAXABLE YEAR.

10 (II) THE SUBTRACTION ALLOWED UNDER SUBSECTION (4)(z)(I) OF
11 THIS SECTION IS ONLY AVAILABLE TO THE EXTENT THAT THE AMOUNT IS
12 INCLUDED IN FEDERAL TAXABLE INCOME.

13 **SECTION 8. Act subject to petition - effective date.** Sections
14 4 and 5 of this act take effect on January 1, 2020, and the remainder of
15 this act takes effect at 12:01 a.m. on the day following the expiration of
16 the ninety-day period after final adjournment of the general assembly
17 (August 2, 2019, if adjournment sine die is on May 3, 2019); except that,
18 if a referendum petition is filed pursuant to section 1 (3) of article V of
19 the state constitution against this act or an item, section, or part of this act
20 within such period, then the act, item, section, or part will not take effect
21 unless approved by the people at the general election to be held in
22 November 2020 and, in such case, will take effect on the date of the
23 official declaration of the vote thereon by the governor.