



**Colorado
Legislative
Council
Staff**

HB16-1444

**REVISED
FISCAL NOTE**

(replaces fiscal note dated April 22, 2016)

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-1211 **Date:** April 26, 2016
Prime Sponsor(s): Rep. Ryden; Carver **Bill Status:** House Appropriations
 Sen. Kefalas; Garcia **Fiscal Analyst:** Larson Silbaugh (303-866-4720)

BILL TOPIC: DEFINITION QUALIFYING DISABLED VETERAN PROP TAX

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	\$102,060	\$102,060
General Fund	\$102,060	\$102,060
FTE Position Change		
Appropriation Required: -\$102,060 Department of Treasury (FY 2016-17)		
Future Year Impacts: Ongoing state expenditure impact.		

Note: This fiscal note was revised to include new information.

Summary of Legislation

This bill modifies the definition of "Qualifying Disabled Veteran" for the Disabled Veterans Property Tax Exemption. The bill expands the definition to include veterans with a full medical retirement.

Background

The Disabled Veterans Property Tax Exemption in the state constitution exempts one half of the first \$200,000 of residential property owned by a disabled veteran from property taxes. In 015, 4,200 homeowners received the disabled veterans property tax exemption with an average property tax saving of \$630 per home.

To receive the exemption, the homeowner must have a service-connected disability rated at 100 percent by the Veterans Administration. The Colorado Division of Military and Veterans Affairs (DMVA) reviews each application and forwards completed applications to county assessors who apply the property tax exemption to individual properties.

Service-connected disabilities are those resulting from an injury or illness that was incurred or aggravated during military service. The VA determines a disability rating, from 10 percent to 100 percent in increments of 10, based on the severity of the medical condition and the amount by which it will diminish the veteran's earning potential. There are currently 412 veterans that

qualify for a permanent 100 percent military medical retirement, which is a separate classification than the 100 percent disability from the VA. A veteran may have both a 100 service related disability and a full medical military retirement.

State Expenditures

This bill will increase expenditures to local governments by \$102,060 per fiscal year to reimburse local property tax revenue lost from expanding the eligibility of the Disabled Veterans Property Tax Exemption.

Assumptions. This bill expands the number of homeowners that would qualify for the Disabled Veterans Property Tax Exemption. About 39.2 percent of totally disabled veterans received the property tax exemption in 2015. Veterans may not claim the exemption because they are not homeowners or qualify for the senior property tax exemption. If an additional 162 homeowners receive the average exemption of \$630, this bill will increase the reimbursement by \$102,060 per fiscal year. Veterans will be able to apply for the exemption in 2016, and the state will reimburse local governments starting in FY 2016-17.

The DMVA will have increased workload to process the additional applications for the property tax administration and provide information to county assessors; however, no change in appropriations is necessary for the department.

Local Government Impact

County assessors will administer additional disabled veteran property tax exemptions. Based on the number of current qualifying homeowners, an additional 412 veterans are expected to receive the exemption.

Effective Date

The bill takes effect July 1, 2016.

State Appropriations

For FY 2016-17, the Department of Treasury requires a General Fund appropriation of \$102,060.

State and Local Government Contacts

Information Technology

Military Affairs

Property Tax