



Colorado Department of the Treasury Property Tax Deferral Program



*Presentation to the Property Tax Commission
Thursday, Sept. 26, 2024*

Program Overview



Colorado's Property Tax Deferral Program helps Coloradans **afford to live in their homes** by deferring the payment of their property taxes.

The deferral program is accessible to:

- Seniors*
- Active military personnel*
- Tax Growth Cap: Homeowners with a property tax bill that exceeds 4%, averaged from the preceding two years (until Property Tax year 2025)
 - The minimum amount a taxpayer may defer is \$100, and the maximum cumulative taxes that a taxpayer may defer is \$10,000.

The application must be filed between **January 1 through April 1 of each year.**

Taxpayers **must reapply each year** to continue deferring prior year taxes or to request a new deferral on the current tax year.



COLORADO
Property Tax Deferral Program

**Seniors, active military personnel defer the full amount.*

How Does it Work?



The State Treasurer's office **makes the approved tax deferral amount payment directly to the county treasurer** on behalf of the participant by April 30 of that year.

The deferral program does not exempt taxes; it is a simple interest loan to assist Coloradans with the payment of real property taxes if an application is submitted and the applicant is eligible.

The deferral loan is recorded as a junior lien against the participant's property and **does not have to be repaid until the participant no longer qualifies** to defer the approved amount.

Interest is based on the 10-year Treasury rate and shall accrue beginning May 1 of the calendar year in which the deferral is claimed, until the loan is paid in full.

Deferral repayment is due 90 days after a non-qualifying event.

Prior year deferrals must be resubmitted each year for approval to continue deferral status.

Program Eligibility



Senior Citizen	Active Military	Tax Growth Cap
<p>Any person 65 or older as of December 31 of the year in which the person files an application.</p>	<p>A person called to military service on January 1 of the year in which the person files an application.</p>	<p>Any person who does not qualify for the Senior or Active Military Programs and whose property tax grows by more than 4% from their average liability</p>

Senior Deferral Program



Requirements

- Taxpayer must have lawful presence in the United States and be 65 years of age or older.
- The property must be owner occupied.
- All previous property taxes must be paid in full.
- Does not have a reverse mortgage.
- The total value of all liens or mortgages and deeds of trust must be less than or equal to 75% of the actual value of the property.

The claim must be filed between January 1 and April 1 of the given year. Taxpayers must reapply each year to continue to claim the deferral.

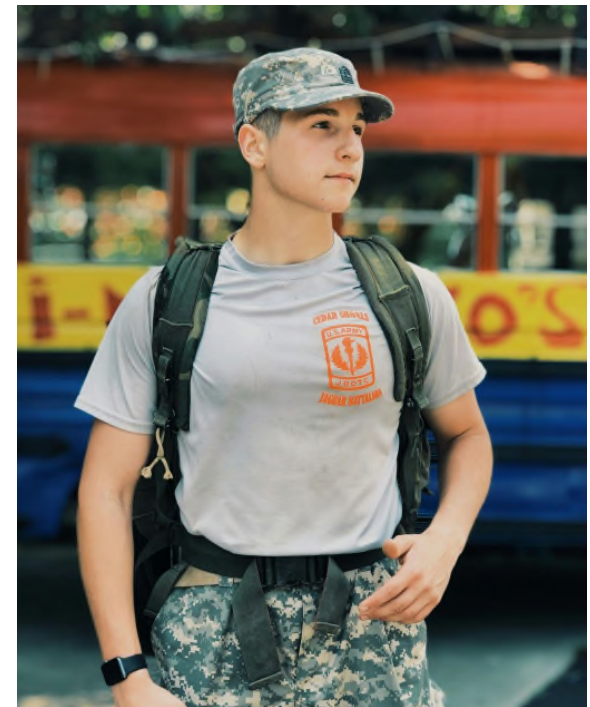


Active Military Program



Requirements

- Taxpayer must have lawful presence in the United States.
- Taxpayers must be called into military service on January 1 of the year in which the person files a claim for deferral.
- The property must be the primary residence of the taxpayer claiming the deferral and must reside at the property, unless they are currently stationed elsewhere.
- All previous property taxes must be paid in full
- The total value of all liens of mortgages and deeds of trust is less than or equal to 90% of the actual value of the property, or 100% if VA backed loan



Expanded Program (Tax Growth Cap)



A person who is not otherwise eligible for deferral through the other two categories may elect to defer a portion of their real property taxes if the real property taxes increase by a specified amount (the tax growth cap).

The tax-growth cap is met when the current year's property tax amount has **increased 4% or more** from the average of the two preceding tax years' amounts on their owner-occupied parcel.

Under this program, the minimum amount a taxpayer may defer with the expanded program is \$100, and the maximum cumulative taxes that a taxpayer may defer is \$10,000.

Requirements:

- Have lawful presence in the United States
- The property must be owner occupied
- The property for which the deferral is claimed must not be income-producing
- All previous property taxes must be paid in full
- The cumulative value of the deferral provided in this section plus the interest accrued on the deferral shall not exceed the market value of the property less the value of all mortgages which constitute liens upon the property and any other liens upon the property filed prior to the date of recordation of the certificate for deferral

The claim must be filed between January 1 and April 1 of the given year. Taxpayers must reapply each year to continue to claim the deferral.

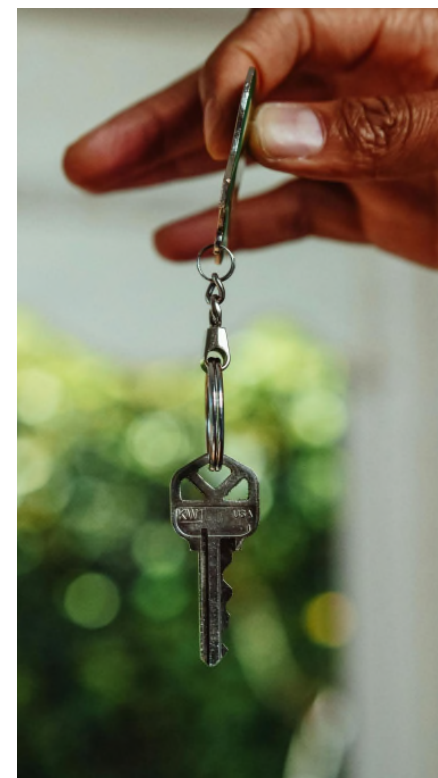
Events Requiring Repayment of Deferral Loans



An existing deferral is due in full 90 days after a non-qualifying event occurs*.

Non-Qualifying Events:

- The taxpayer who claimed the tax deferral dies.
 - The deferral must be paid within one year.*
 - Spouse survivorship may be considered for continuing the deferral.
- The property on which the taxes were deferred is sold or becomes subject to a contract of sale, or the title to the property is transferred to someone other than the taxpayer who claimed the tax deferral.
- The property is no longer owner-occupied.
- The deferred property no longer meets the requirements of the approved deferral program.
- The location of the deferred mobile home has changed.



Program Utilization



Tax Year	Deferral Applications	Counties in Programs
2021	540	15
2022	910	20
2023	1,042	30

2023 Property Tax Year



1600+

Total Applications Processed
Not all applicants were eligible



\$3,872

**Program Average
Tax Amount Deferred**
Average Differs by County

1,042 Deferrals Awarded

854 Senior Tax Growth Accounts

5 Active Military Tax Growth Accounts

183 Active Tax Growth Accounts

Program Considerations



Updating Tax Bill Deadline

Based on the changes in SB 24-233 and the special session, it would be helpful to ensure Assessors get the certified tax rolls to State Treasury at the same time they are transmitted to the County Treasurers. This past year, many tax bills arrived in March, and the program deadline is April 1.

Raising the \$10,000 Cap

Impact

Using the current property tax and the difference in the two prior property tax years (averaged), we would expect to see an approximate **15% to 20% increase in applications**. This is true with a cap increase to \$15,000 cap, \$20,000 cap or no cap.

Potential Challenges:

- We would need to hire more Treasury staff to process increase in applications.
- Raising the cap increases the possibility of people defaulting on the loan, which could lead to collections.

Notes

- The 4% and above cap on property tax increases will go to 0% in Tax Year 2025.
- Seniors currently have a 75% cap (loan to value, which includes Helocs, 2nds, personal loans, etc.)
- Military applicants can borrow up to 100% of equity on a VA loan, 90% for regular loan.

Questions?



Dave Young
Colorado State Treasurer
treasurer.young@state.co.us
(720) 454-0655



treasury.colorado.gov



[colotreasurer](https://www.facebook.com/colotreasurer)



[ColoTreasurer](https://twitter.com/ColoTreasurer)



[company/colorado-department-of-the-treasury](https://www.linkedin.com/company/colorado-department-of-the-treasury)