



**Legislative  
Council Staff**

*Nonpartisan Services for Colorado's Legislature*

**FISCAL NOTE**

**Drafting Number:** LLS 19-0574  
**Prime Sponsors:** Rep. Exum

**Date:** January 25, 2019  
**Bill Status:** House Finance  
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**Bill Topic:** GRANTS FOR PROPERTY TAX RENT & HEAT

- Summary of Fiscal Impact:**
- State Revenue
  - State Expenditure
  - State Transfer
  - TABOR Refund
  - Local Government
  - Statutory Public Entity

This bill expands two grant rebate programs that are collectively known as the PTC rebate by increasing the minimum and maximum rebate amounts, eligible income requirements, and removing the requirement that rent be paid to a landlord that pays property taxes. This bill increases state expenditures on an ongoing basis.

**Appropriation Summary:** For FY 2019-20, this bill requires a General Fund appropriation of \$24,847 to the Department of Revenue.

**Fiscal Note Status:** This fiscal note reflects the introduced bill.

**Table 1  
State Fiscal Impacts Under HB 19-1085**

		<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b>Revenue</b>		-	-
<b>Expenditures</b>	General Fund	\$1,976,100	\$4,079,100
<b>Transfers</b>		-	-
<b>TABOR Refund</b>		-	-

## Summary of Legislation

Under current law, Colorado residents over the age of 65 are eligible for a property tax and rent assistance rebate grant and a heat and fuel expenses rebate grant, if they meet certain conditions. These are commonly known as the PTC rebates. This bill increases the minimum and maximum rebate amounts, eligible income requirements, and removes the requirement that the payment of rent only qualifies for a rent rebate if the rent is paid to a landlord that pays property taxes.

**Property tax and rent assistance grant.** The minimum rebate amount is increased from \$227 to \$275 and the maximum rebate amount is increased from \$700 to \$850.

**Heat and fuel expenses grant.** The minimum rebate amount is increased from \$73 to \$100 and the maximum rebate is increased from \$192 to \$250.

**Income eligibility and phase-out amounts.** For both rebates, the maximum eligible income for individuals is increased from \$14,469 to \$17,500 and the maximum eligible income for married couples is increased from \$19,541 to \$23,500. The level at which an individual's maximum rebate amount begins to decrease is increased from \$7,780 to \$9,500 for an individual and \$12,576 to \$15,500 for married couples.

**Timing and inflation adjustment.** Under current law, the income amounts are adjusted annually for inflation. This bill adjusts the rebate amount and income levels for inflation starting in 2020.

## Background

The PTC rebate is designed to provide cash benefits to the elderly, low-income, or disabled residents of Colorado. The cash benefit is a rebate of property tax, rent, and heat paid during the previous year. For renters, the rebate amount is equal to 20 percent of their rent. In 2014, the maximum rebate amounts were set at \$700 for property taxes or rent and \$192 for heat rebates.

In order to qualify for the PTC rebate, individuals must meet the following criteria:

- reside in the state for the entire year;
- be lawfully present in the United States;
- have income of less than \$14,469 for individuals or \$19,541 for married couples.

Additionally, applicants must be either:

- 65 years or older;
- a surviving spouse at least 58 years old; or
- disabled for the entire year.

The income limits are adjusted for inflation each year. Currently, applicants that pay rent to landlords that are exempt from paying property tax do not qualify for the rent portion of the PTC rebate.

The Department of Revenue (DOR) administers the PTC rebate program while the Department of Human Services provides outreach activities.

**State Expenditures**

Expanding the PTC rebate increases DOR General Fund expenditures by \$2,000,947 in FY 2019-20 and \$4,079,100 in FY 2020-21. The money for the PTC rebate program is continuously appropriated; therefore no appropriation is required. The remaining \$24,847 is required for DOR to implement the bill. These impacts are shown in Table 2 and discussed below.

**Table 2  
Expenditures Under HB 19-1085**

	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b>Department of Revenue</b>		
Administrative Costs	\$24,847	-
Personal Services	\$10,467	-
Computer Programming and Testing	\$13,180	-
Document Management	\$1,200	-
PTC Rebates	\$1,976,100	\$4,079,100
<b>Total Cost</b>	<b>\$2,000,947</b>	<b>\$4,079,100</b>

**PTC Rebates.** By expanding the PTC rebate to all renters, instead of only renters that paid rent to landlords that pay property taxes, increasing the rebate grant amounts, and increasing income eligibility this bill increases the PTC rebate expenditures by \$1,976,100 in FY 2019-20 and \$4,079,100 in FY 2020-21. Table 3 shows the increase in the PTC rebate amounts. The changes in the bill take effect for the 2019 PTC rebate, which will be distributed in 2020, therefore the FY 2019-20 impact is for six months.

**Table 3  
PTC Rebate Under HB 19-1085**

	<b>FY 2019-20</b>	<b>FY 2020-21</b>
December 2019 LCS Forecast*	\$5,487,500	\$5,321,995
PTC Expansion to all Renters	\$190,000	\$373,000
Increased Rebate Grant Amounts	\$664,900	\$1,459,600
Increased Income Eligibility	\$1,120,600	\$2,246,000
<b>Total</b>	<b>\$7,463,600</b>	<b>\$9,401,095</b>
<b>Difference</b>	<b>\$1,976,100</b>	<b>\$4,079,100</b>

\* The December 2019 Legislative Council Staff PTC rebate forecast is based on current law and utilization.

- *PTC expansion.* Based on PTC rebate data for 2014 through 2017, expanding the rebate to renters paying rent to a landlord that does not pay property taxes will increase the total value of rebates claimed by 7.2 percent each year or \$190,000 in FY 2019-20 and \$373,000 in FY 2020-21.

- *PTC grant amount increase.* By increasing the minimum and maximum PTC rebate amounts, PTC rebates will increase by \$664,900 in FY 2019-20 and \$1,459,600 in FY 2020-21. This amount will be adjusted for inflation in future years.
- *PTC income eligibility.* By increasing the maximum eligible income for a PTC rebate, this bill increases the population of individuals that will qualify for the rebate. This is expected to increase the PTC rebate by \$1,120,600 in FY 2019-20 and \$2,246,000 in FY 2020-21. The additional population is estimated using survey data from the U.S. Census Bureau and assumes a similar utilization rate as the current population.

**Personal Services.** The Office of Research and Analysis in DOR is responsible for aggregating, managing, and analyzing PTC rebate data. This office conducts testing and documentation for changes to the PTC rebate form. This bill requires changes to the calculation of the PTC rebate which will require 262 hours of staff analysis at a rate of \$39.95 per hour for a cost of \$10,467. This work will be performed by a contract employee.

**Computer programming and testing.** This bill requires one-time changes to DOR's GenTax software system with associated expenditures totaling \$13,180. These changes will be completed by a contractor at a rate of \$250 per hour and requires 22 hours of programming for a cost of \$5,500. All GenTax programming changes are tested by contract staff. Testing for this bill will require expenditures for contract personnel totaling \$7,680, representing 320 hours of testing at a rate of \$24 per hour.

**Document management.** One form change is expected to require \$1,200 in contract expenditures to update the optical character recognition system used to process PTC rebate forms. DOR imaging and scanning services are contracted through the Department of Personnel and Administration and paid with reappropriated General Fund moneys.

## Effective Date

The bill takes effect August 2, 2019, if the General Assembly adjourns on May 3, 2019, as scheduled, and no referendum petition is filed.

## State Appropriations

For FY 2019-20, the bill requires an appropriation of \$24,847 from the General Fund to the Department of Revenue. Of this amount, \$1,200 is reappropriated to the Department of Personnel and Administration.

## State and Local Government Contacts

Human Services      Information Technology      Property Tax Division      Revenue