

House Bill 16-1175
Legislation Resulting from the Senior and Disabled Veteran Property Tax Exemption
Program Performance Audit
Concerning the Administration of the Property Tax Exemptions for Qualifying
Seniors and Disabled Veterans and, in Connection Therewith, Making an Appropriation

What Would This Bill Do?

This Bill would amend Sections 39-3-205, 206, and 207, C.R.S., to:

- Expand the scope of the Property Tax Administrator's (Administrator) review of applications for the Senior and Disabled Veteran Property Tax Exemption Program (Program) to include:
 - i. Working with the Department of Revenue to verify eligibility requirements related to the occupancy and use as a primary residence of the exempted property, and granting the Administrator authority to deny applications that do not meet these eligibility requirements.
 - ii. Working with the State Registrar of Vital Information at the Department of Public Health and Environment to annually identify individuals who died during the immediately preceding year so the Administrator and County Assessors' Offices can terminate exemptions for which no living individuals qualify.
- Provide the Administrator the authority to review the reimbursement requests submitted by the County Treasurers' Offices and direct the State Treasurer to amend the reimbursement amounts as necessary, such as to prevent or recoup reimbursement for non-qualifying exemptions.
- Amend deadlines throughout the application and review process to provide time for the expanded review process.

Additionally, this bill would amend Section 25-1-103, C.R.S., and Section 39-21-113, C.R.S., to direct the State Registrar of Vital Information and the Department of Revenue, respectively, to share information needed to verify Program eligibility with the Administrator.

For the 2016-17 State Fiscal Year, this bill would appropriate \$29,270 to the Department of Local Affairs for use by the Division of Property Taxation. This appropriation is from the General Fund and is based on an assumption that the Division will require an additional 0.5 full-time-equivalent staff (FTE).

What Did the Audit Find?

In August 2015, the Office of the State Auditor presented an audit of the Program to the Legislative Audit Committee. The audit identified several statutory and administrative process deficiencies that have made it difficult for the state to prevent seniors and disabled veterans and married couples from being allowed non-qualifying property tax exemptions (i.e., multiple exemptions in a year, exemptions for residences other than owner-occupied primary residences, exemptions for individuals who have died). Each year, over \$100 million in general funds is reimbursed to counties to make up for revenues lost through the Senior and Disabled Veteran Property Tax Exemption. For tax year 2013, the audit identified about \$200,000 in reimbursements made to counties for exemptions that were confirmed to be non-qualifying and an additional \$5 million in reimbursements for exemptions with significant indications of being non-qualifying. This bill would significantly improve controls over the Program to ensure that the State does not reimburse counties for non-qualifying exemptions.

Comments: The Department of Local Affairs supports this Bill.