

## **SENIOR CITIZEN EXEMPTION**

In 2003, budget constraints forced the Colorado Legislature to temporarily suspend state funding for the senior citizen property tax homestead exemption, eliminating the tax benefit for property tax years 2003-2005. Funding for the exemption was reinstated for 2006 taxes, payable January 2007.

The exemption was enacted by voters in 2000 with the passage of Section 3.5, Article X of the Colorado Constitution. It became effective in 2002. As enacted, the exemption reduced the actual value of a residential property by 50 percent, up to a maximum reduction of \$100,000. The amendment authorized the Colorado Legislature to adjust the amount of value to which the 50 percent exemption is applied. For tax years 2003-2005, Senate Bill 03-265 changed the exemption amount from 50 percent of the first \$200,000 to 50 percent of \$0. It returned to 50 percent of the first \$200,000 for assessment year 2006. Although funding was suspended, both the counties and the state continued to administer the program.

Each year, the assessor is required to mail a notice to all residential property owners that explains the existence of the exemption. Qualifying seniors have until July 15 to apply for the exemption, and once granted, the exempt status remains in effect for future years until a change in the ownership or occupancy requires its removal. To qualify, on January 1 a senior must be at least 65 years old and must have owned and occupied the property as his or her primary residence for ten or more consecutive years.

In 2006, counties processed approximately 15,000 new applications, and the exemption was granted to most of them. Currently 145,600 properties are approved for the exemption. Applicants denied the exemption have the right to appeal the denial to the county board of equalization, comprised of the county commissioners.

No later than October 10, the assessor is required to send the Division an electronic list of the exemptions granted, including the names and social security numbers of each person occupying the property. The Division then uses that data to identify individuals who were granted the exemption on more than one property, and denies the exemption on each. In 2006, the Division denied exemptions on 25 properties owned by 13 applicants.

The senior exemption program does not result in a loss of revenue to local governments. Instead, the state reimburses the local governments for the tax revenue exempted.

No later than April 1, county treasurers send the State Treasurer an itemized list of the exemptions granted and taxes exempted. No later than April 15, the State Treasurer reimburses the local governments for the lost revenue. In 2007, the State Treasurer reimbursed local governments \$ 74,231,508.72 for exemptions granted in 2006.

## **DISABLED VETERAN EXEMPTION**

In November 2006, voters enacted an amendment to the Colorado Constitution extending the senior exemption benefit to disabled veterans. Qualifying veterans are those who have a 100% permanent and total disability rating from the U.S. Department of Veterans Affairs as a result of a service-connected disability and who have owned and occupied the property as their primary residence since January 1.

The filing deadline for the Disabled Veteran Exemption is July 1.

## **AGRICULTURAL TIMBERLAND**

In 1990, the Colorado Legislature passed HB 90-1229, expanding the definition of "agricultural land" to include forested land that meets certain requirements. The definition reads as follows:

"A parcel of land that consists of at least forty acres, that is forest land, that is used to produce tangible wood products that originate from the productivity of such land for the primary purpose of obtaining a monetary profit, that is subject to a forest management plan, and that is not a farm or ranch, as defined in subsections (3.5) and (13.5) of this section. "Agricultural land" under this subparagraph (II) includes land underlying any residential improvement located on such agricultural land," § 39-1-102(1.6)(a)(II), C.R.S.

Since the enactment of this law, numerous owners have developed "forest management plans" to secure tax reductions on land that would have otherwise been classified as residential improved or vacant land.