

SENIOR CITIZEN AND DISABLED VETERAN EXEMPTION

In 2000, voters enacted Section 3.5, Article X of the Colorado Constitution, creating a property tax exemption for qualifying senior citizens and their surviving spouses. Voters expanded the program in 2006 to include qualifying disabled veterans. For both groups, the exemption reduces the actual value of a residential property by 50 percent, up to a maximum reduction of \$100,000.

To qualify as a senior citizen, the applicant on January 1 must be at least 65 years old and must have owned and occupied the property for at least 10 consecutive years. To qualify as a disabled veteran, the applicant must be 100 percent permanently disabled through a service connected disability, and must have owned and occupied the property since January 1.

Applications for the senior citizen exemption are filed with the county assessor no later than July 15, and applications for the disabled veteran exemption are filed with the Colorado Division of Veterans Affairs, Department of Military and Veterans Affairs (DMVA), no later than July 1. If approved by the DMVA, the veteran's application is forwarded to the county assessor for further processing and approval. Once approved, the exemption remains in effect from year to year until a change in ownership or occupancy triggers its removal. Each year, the assessor is required to mail a notice to all residential property owners explaining the exemption programs.

In 2007, 155,798 properties received the senior citizen exemption, and counties processed about 10,000 new senior exemption applications.

2007 was also the first year in which the disabled veteran exemption was effective. The DMVA received 1,616 applications for the exemption, reviewing each to determine whether the applicant was a qualifying disabled veteran. In many instances the DMVA contacted the U.S. Department of Veterans Affairs to request confirming information. Upon completion, 1,328 applications were approved and submitted to assessors. Assessors

reviewed the ownership and occupancy requirements for each application and granted 1,301 disabled veteran exemptions.

Applicants denied the senior exemption have the right to appeal the denial to the county board of equalization comprised of the county commissioners. Applicants approved by the DMVA for the disabled veteran exemption, but denied by the assessor because the ownership and/or occupancy requirements were not met, can also appeal the assessor's denial to the county board.

No later than October 10, the assessor is required to send the Division of Property Taxation an electronic list of the exemptions granted, including the names and social security numbers of each person occupying the property. The Division uses the data to identify individuals who were granted either exemption on more than one property, and denies the exemptions on each property. In 2007, the Division denied exemptions on 30 properties owned by 15 applicants.

The senior and disabled veteran 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 \$79,828,168 for exemptions granted in 2006.

POSSESSORY INTERESTS

Taxability

In 2001 the Colorado Supreme Court ruled that certain possessory interests are subject to ad valorem taxation in Colorado. See Board of County Commissioners, County of Eagle, state of Colorado v. Vail Associates, Inc. et al and the Board of Assessment Appeals and Allen S. Black et al, v. Colorado State Board of Equalization, 19 P. 3d 1263 (Colo. 2001).