

Senior Housing Security Act of 2018

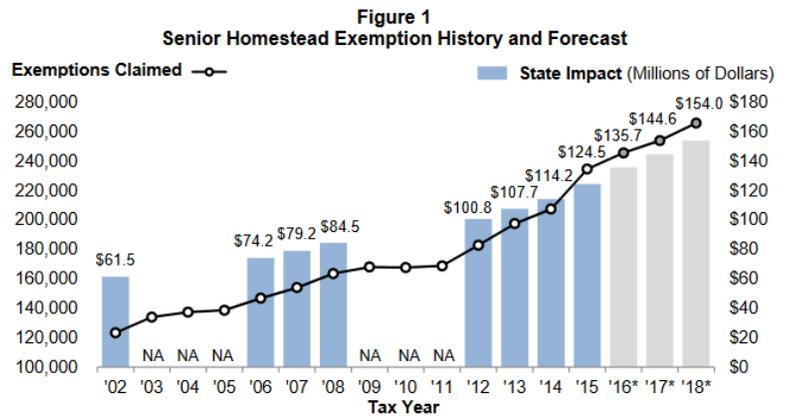
Updated April 13, 2018

Amid Colorado’s housing affordability crisis, too many seniors are struggling to stay in their homes. The Senior Property Tax Exemption was created to help, but the benefits are too low to be meaningful for low-to-middle income seniors and are only available to seniors who have owned their homes for 10 years. Furthermore, the program takes up more of Colorado’s budget every year. As Colorado’s 65+ population grows from 13.9% to 20.4% and our 80+ population grows from 3.1% to 7.1% between now and 2050, Colorado’s budget for all senior programs will be under increasing pressure.

This bill restructures the homestead benefit to give more support to the seniors who need help the most, allows seniors to downsize their homes and still receive a tax credit, and sets aside dollars to plan for the increasing costs of programs to support our growing senior population in the years ahead.

The bill reforms the homestead exemption in the following ways:

- Zeroes out the existing Senior Property Tax Exemption as authorized by the plain language of the Colorado Constitution (but leaves alone the existing property tax credit for disabled veterans).
- Establishes in statute a new refundable income tax credit as a “property tax circuit breaker” that will be tripped when a senior’s property tax bill exceeds a percentage of income
- Makes the benefit portable by removing the 10-year residency requirement
- Reduces the total cost of the program and sets aside savings into a “Senior Coloradans Trust Fund” that will be used as a complement to the statutory reserve, allowing us to plan ahead for the future costs associated with the growing senior population



Source: Colorado Division of Property Taxes. *September 2016 Legislative Council Staff projections. NA = the exemption was reduced to zero in these years.

How the Property Tax Circuit Breaker works:

No senior should have to pay an unreasonable percentage of his/her income in property taxes. The circuit breaker pays out a benefit based on the amount of property tax bill exceeding certain percentages of income, up to a maximum benefit cap:

Income Range	Maxed paid on income is X%	Maximum benefit cap
\$0 to \$25,000	2%	\$2000
\$25,001 to \$75,000	3%	\$1500
\$75,001 to \$125,000	4%	\$1000

Examples:

Household Income

\$20,000 (2% x \$20,000) =
 \$60,000 (2% x \$25,000) + (3% x \$35,000) =
 \$120,000 (2% x \$25,000) + (3% x \$50,000) + (4% x \$45,000) =

Max. Property

Tax Paid

\$400
 \$1550
 \$3800