



# Extend Homestead Exemption to Gold Star Spouses

Placed on the ballot by the legislature • Passes with 55 percent of the vote

## Amendment E proposes amending the Colorado Constitution to:

- reduce property taxes for the surviving spouses of both United States Armed Forces service members who died in the line of duty and veterans who died as a result of a service-related injury or disease.

## What Your Vote Means

**YES** A “yes” vote on Amendment E reduces the property taxes paid by a homeowner who is the surviving spouse of either a military member who died in the line of duty or a veteran who died as a result of a service-related injury or disease by expanding the existing homestead exemption for disabled veterans to include these surviving spouses.

**NO** A “no” vote on Amendment E means that the existing homestead exemption is not expanded to include surviving spouses of either a military member who died in the line of duty or a veteran who died as a result of a service-related injury or disease.

## Summary and Analysis for Amendment E

Amendment E expands the current homestead exemption to reduce the property taxes paid by a homeowner who is the surviving spouse of either a military service member who died in the line of duty or a veteran whose death resulted from a service-related injury or disease.

### What is the current homestead exemption?

The homestead exemption in the state constitution reduces property taxes owed on a qualifying homeowner’s primary residence by exempting 50 percent of the first \$200,000 of the home’s value from taxation. The state legislature can adjust the \$200,000 amount to either increase or decrease the homestead exemption. Examples of the effect of this exemption can be found in Table 1.

Qualifying homeowners include Coloradans aged 65 or over who have lived in their home for at least ten years and veterans with a service-connected disability rated 100 percent permanent and total by the federal government. A qualifying veteran who is also eligible for a reduction in property taxes as a senior cannot claim both reductions.

The surviving spouse of a veteran with a disability who continues to live in the home can continue to claim the homestead exemption after the veteran dies. The surviving spouse who continues to live in the home of a senior who claimed or could have claimed the homestead exemption can also claim the exemption.

Although counties collect property tax, the state reimburses them for the cost of the homestead exemption.

### How does the homestead exemption reduce a homeowner’s property tax bill?

The dollar amount of the tax reduction from the homestead exemption varies among homeowners depending on the statewide residential assessment rate, the local property tax rate, and the home’s value after the exemption is applied.

Table 1 provides examples of how the homestead exemption reduces property taxes based on an average 2021 property tax rate and the current exemption level. The actual tax reductions will vary because local governments can set different property tax rates.

Home Value	Average Taxes without Homestead Exemption	Home Value with Homestead Exemption	Average Taxes with Homestead Exemption	Average Tax Reduction
\$150,000	\$950	\$75,000	\$470	\$480
\$200,000	\$1,260	\$100,000	\$630	\$630
\$500,000	\$3,160	\$400,000	\$2,530	\$630
\$1,000,000	\$6,320	\$900,000	\$5,690	\$630

In 2021, 266,538 seniors claimed homestead exemptions, with an average tax reduction of \$587, and 9,016 veterans claimed homestead exemptions, with an average tax reduction of \$617.

### Who qualifies for the homestead exemption under the measure?

Amendment E extends the homestead exemption to surviving spouses, also known as Gold Star spouses, of U.S. Armed Forces service members who died in the line of duty and of veterans whose death resulted from a service-related injury or disease.

To claim the homestead exemption, the surviving spouse must own and live in the home and be determined qualified under federal law by the state Department of Military and Veterans Affairs (DMVA). To qualify, a surviving spouse must provide evidence to the DMVA from either the U.S. Department of Defense or the U.S. Department of Veterans Affairs that the service member's death was the result of a service-related injury or disease, whether the death occurred while on active duty or following separation from the military.

An estimated 490 surviving spouses who are not otherwise able to claim the homestead exemption would be eligible for the exemption under this measure in property tax year 2023.

*For information on those issue committees that support or oppose the measures on the ballot at the November 8, 2022 election, go to the Colorado Secretary of State's elections center web site hyperlink for ballot and initiative information:*

<https://www.sos.state.co.us/pubs/elections/Initiatives/InitiativesHome.html>

### Argument For Amendment E

- 1) The measure allows Colorado to do more to help Gold Star families whose spouses have lost their lives in service to our nation and state. Losing a spouse can lead to unmet financial needs, and the tax exemption in Amendment E helps Gold Star spouses offset expenses of the family home. Additionally, Colorado currently allows spouses of 100 percent disabled veterans to keep the homestead exemption when that veteran dies, but provides no exemption if the spouse is killed while serving in the military. Amendment E addresses an inconsistency that is unfair to surviving families.

### Argument Against Amendment E

- 1) Amendment E reduces taxes only for Gold Star spouses who are financially able to own homes. Gold Star spouses who cannot afford to own a home do not benefit from this measure. Further, the intent of the current homestead exemption for 100 percent permanently disabled veterans is to help address the employment and income limitations of their disability. Gold Star spouses may not have the same employment challenges as permanently disabled veterans.

### Fiscal Impact for Amendment E

**State spending.** Counties collect property taxes, but they do not lose revenue from the homestead exemption because the state reimburses them for the reduction in property tax revenue resulting from the homestead exemption. In 2021, the state reimbursed counties \$162.1 million in homestead exemptions, of which \$156.5 million was for senior homestead exemptions and \$5.6 million for veterans with a disability homestead exemptions. Amendment E will increase state spending by \$288,000 in state budget year 2023-24 to cover the reimbursements authorized in the measure.