



Fiscal Note
Legislative Council Staff
Nonpartisan Services for Colorado’s Legislature

SB 25-013: SENIOR HOUSING INCOME TAX CREDIT EXTENSION

Prime Sponsors:
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Published for: Deemed Lost
Drafting number: LLS 25-0216

Version: Final Fiscal Note
Date: August 11, 2025

Fiscal note status: The final fiscal note reflects the introduced bill, which was recommended by the Legislative Oversight Committee Concerning Tax Policy. The bill was deemed lost in the House Appropriations Committee on May 8, 2025; therefore, the impacts identified in this analysis do not take effect.

Summary Information

Overview. For tax years 2025 and 2026, the bill would have extended a refundable income tax credit for senior taxpayers with incomes up to \$75,000 for single filers and \$125,000 for joint filers who have not claimed a homestead property tax exemption.

Types of impacts. The bill was projected to affect the following areas through FY 2026-27:

- State Revenue
- TABOR Refunds
- Local Government

Appropriations. No appropriation was required.

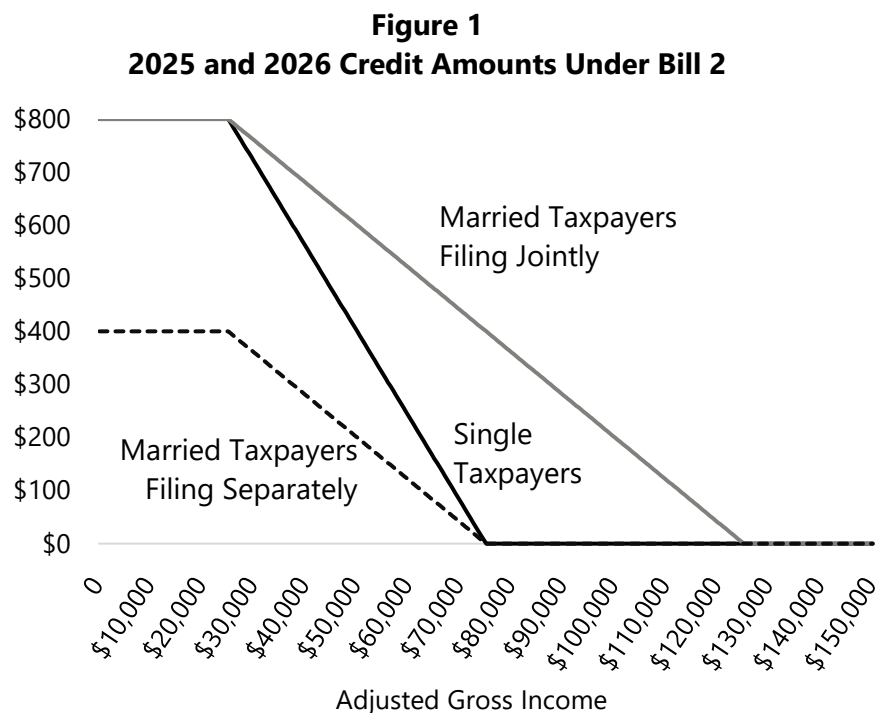
Table 1
State Fiscal Impacts

Type of Impact ¹	Budget Year FY 2024-25	Out Year FY 2025-26	Out Year FY 2026-27
State Revenue (General Fund)	-\$35.9 million	-\$73.4 million	-\$37.5 million
State Expenditures	\$0	\$0	\$0
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	-\$35.9 million	-\$73.4 million	-\$37.5 million
Change in State FTE	0.0 FTE	0.0 FTE	0.0 FTE

Summary of Legislation

For income tax years 2025 and 2026, the bill extends a means-tested, refundable income tax credit currently available in tax year 2024 to Colorado taxpayers who are at least 65 years old as of the end of the tax year, whose adjusted gross income (AGI) falls below a cap, and who have not claimed a homestead property tax exemption for the 2025 and 2026 property tax years. The amount of the credit depends on income and taxpayer filing status. For taxpayers with income up to \$25,000, the maximum credit amount is \$800. For taxpayers who may file jointly but choose to file separately, the maximum credit amount is \$400. For every \$500 of income above the specified threshold for single taxpayers, the credit is reduced by \$8 (\$4 for married taxpayers filing jointly or separately). The amount by which the credit exceeds a taxpayer's income tax liability is refunded to the taxpayer. Regardless of income, a taxpayer who also qualifies for the property tax, rent, and heat rebate during 2025 or 2026 is eligible to receive the maximum credit.

Figure 1 shows expected credit values by taxpayer adjusted gross income. The credit falls to \$0 for single-filing taxpayers with incomes of \$75,000 and for joint filers with incomes of \$125,000 or above.



Background

2022 and 2024 Senior Housing Income Tax Credit

For tax year 2022 only, House Bill 22-1205 created a refundable, means-tested income tax credit for taxpayers aged 65 and over, whose adjusted gross income fell below a cap, and who have not claimed a homestead property tax exemption for the 2022 property tax year. For the 2022 tax year, 92,030 credits totaling \$72 million were claimed for the 2022 tax year. For tax year 2024, House Bill 24-1052 reinstated the senior housing income tax credit.

Senior PTC Rebates

Under current law, Colorado residents who are at least 65 years old are eligible for a property tax and rent assistance rebate grant and a heat and fuel expenses rebate grant, commonly known as PTC rebates, if their income falls below a certain threshold. Income is measured as total income from all sources and is not the same as a taxpayer's adjusted gross income. To be eligible to claim a rebate in 2025, the maximum income for individuals in 2024 is \$18,704 and for married couples is \$25,261. The 2024 income level at which the maximum rebate amount begins to decrease is \$10,057 for individuals and \$16,258 for married couples. Rebates and income thresholds are adjusted annually for inflation. The amount of the 2025 rebates for property tax or rent and heat combined ranges from \$388 to \$1,154.

Senior Homestead Exemption

The senior homestead exemption reduces the actual value of a qualifying home for property taxation by 50 percent, up to a maximum of \$100,000. To qualify for the senior homestead exemption, a taxpayer must be at least 65 years old as of January 1 of the tax year and must have occupied their home as a primary residence for at least 10 years. The state is required to reimburse local governments for the revenue reduction attributable to these exemptions. These reimbursements are made as expenditures from the state General Fund via the Department of the Treasury. Reimbursements to local governments for the property tax exemptions are the first of three TABOR refund mechanisms under current law. Applications for a senior homestead exemption must be made before July 15th of the property tax year, and once approved, seniors need not apply again unless their ownership or occupancy changes.

Assumptions

Population

Based on State Demography Office estimates of the number of senior households, data from the Department of Revenue (DOR) on the senior housing tax credits claimed in tax year 2022, the senior taxpayer population by filer type, and the Legislative Council Staff December 2024 inflation and homestead exemption forecasts, the fiscal note assumes a population of approximately 126,900 taxpayers will claim the income tax credit for tax year 2025. Of this

population, 61,500 are assumed to be single filers with incomes below \$75,000; 57,400 are assumed to be joint filers with incomes below \$125,000; and 8,000 are assumed to be recipients of PTC rebates. The population is assumed to increase in tax year 2026 and is adjusted for the rate of senior household growth, with AGI grown by inflation.

Credit Amounts

For tax year 2025, up to 52,600 taxpayers are expected to claim \$800 credits, reducing state income tax revenue by \$42.1 million. It is expected that 74,300 taxpayers will claim partial credits worth between \$10 and \$790, reducing state income tax revenue by an additional \$29.7 million. Across all groups, a total revenue impact of \$71.8 million is estimated for tax year 2025. This impact for tax year 2025 is accrued across FY 2024-25 and FY 2025-26. Amounts for tax year 2026 are adjusted for expected senior household growth, with AGI adjusted for inflation, and will impact FY 2025-26 and FY 2026-27.

State Revenue

Based on the assumptions and estimates above, the bill is expected to decrease state General Fund revenue by \$35.9 million in FY 2024-25 (a half-year impact), \$73.4 million in FY 2025-26, and by \$37.5 million in FY 2026-27 (a half-year impact), on an accrual accounting basis. The bill reduces individual income tax revenue, which is subject to TABOR.

TABOR Refunds

The bill is expected to decrease total TABOR refunds and shift some refunds between refund mechanisms, as described below.

Reduction in TABOR Refunds

The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by \$35.9 million per year in the current FY 2024-25, by \$73.4 million in FY 2025-26, and by \$37.5 million in FY 2026-27. This estimate assumes the December 2024 LCS revenue forecast. Because TABOR refunds are paid from the General Fund, decreased General Fund revenue will lower the TABOR refund obligation, but result in no net change to the amount of General Fund otherwise available to spend or save.

Senior Homestead Exemptions

The fiscal note assumes that about 10 percent of seniors who are newly eligible for the senior homestead exemption will instead claim the income tax credit under the bill, with minimal numbers of those already claiming the senior homestead exemption switching to the income tax credit under the bill. In FY 2025-26 and FY 2026-27, this will reduce reimbursements to local governments for their property tax loss attributable to the senior homestead exemption for

property tax years 2025 and 2026 by about \$400,000 in each year. Because reimbursements to local governments for the homestead exemptions is the first method of issuing TABOR refunds, this decrease in reimbursements will increase the amount of money set aside for TABOR refunds through other mechanisms, such as the income tax rate reduction and sales tax refunds, in FY 2025-26 and FY 2026-27.

Local Government

Local government revenue is not expected to change on net; however, local government revenue from property taxes will increase, while revenue from state disbursements will decrease. By default, both sources of revenue are subject to local government TABOR limits. For jurisdictions where voters have exempted one of these sources of revenue, but not the other, local obligations for TABOR refunds may increase or decrease.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Local Affairs

Revenue

Property Tax Division

State Auditor

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the General Assembly website.