

Senior Property Tax Exemption

In 2002, a property tax exemption went into effect for two groups of people including Qualifying Seniors and Surviving Spouses of Seniors who previously qualified under state eligibility requirements. For those qualifying, 50% of the first \$200,000 in actual value of their primary residence is exempted, and the state pays that exempt amount on the senior's behalf. Eligibility requirements and applications may be requested and confirmed for such individuals by contacting the county assessor's office.

Once an application is completed, it must be filed for consideration with the assessor's office no later than July 15th of the tax year for which the exemption is claimed. Each county assessor's office follows a Review and Action process in consideration, and penalties apply to those individuals providing false information or filing more than one property exemption application within the current tax year in Colorado.

Upon the assessor's approval of the application, the exemption remains in effect for subsequent years. However, Colorado statute requires that notice be given to the assessor within 60 days of any change in ownership or occupancy that prevents an exemption from continuing. When the property no longer qualifies, the exemption is removed the following January 1. Also, if the applicant dies after obtaining exemption approval, the applicant's spouse must reapply in order for the tax exemption to continue on the primary residence.

This is a very brief synopsis of the program in Title 39, Article 3, Part 2, of the Colorado Revised Statutes. It is important to note that this statute is reviewed annually and subject to revision by the state. So for current details and applicability, individuals are advised to contact their county assessor's office.

Selling a property that qualifies for Senior Tax Exemption

For real estate agents and sellers, there are important considerations of disclosure when the qualifying property is being sold in a year of exemption. When listing such property, the amount of taxes for potential buyers should be disclosed as the full tax amount. Sellers should inform their agent of the exemption status. If taxes are to be prorated for closing on the Senior Tax Exemption amount, it must be agreed upon by both buyer and seller in contract. Section 16.1 in the *Contract to Buy and Sell Real Estate* allows for identification under the "Other" option, and verbiage should state that taxes will be prorated on the Senior Tax Exemption amount. This may also be included in a Counterproposal or Amend/Extend if not outlined in the original contract.

For further information:

The Colorado Assessor's Association is a great resource of links and information for all 64 counties within the state. Their website is available at: www.e-caa.com.

Please contact your closing agent with any further questions as this may apply to your upcoming real estate transaction.

