

First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 25-0681.01 Nicole Myers x4326

HOUSE BILL 25-1139

HOUSE SPONSORSHIP

Keltie,

SENATE SPONSORSHIP

(None),

House Committees
Finance

Senate Committees

A BILL FOR AN ACT

101 CONCERNING THE CREATION OF AN INCOME TAX CREDIT ALLOWED TO
102 VETERANS WITH A SERVICE-CONNECTED DISABILITY TO OFFSET
103 THE PROPERTY TAX PAID ON THE VETERAN'S PRIMARY
104 RESIDENCE.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

For income tax years commencing on or after January 1, 2026, the bill allows a veteran who is honorably discharged, possesses a service-connected disability rating of at least 10%, and owns and

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

occupies a primary residence in the state (eligible veteran) to claim a refundable income tax credit (tax credit) in an amount equal to a percentage, based on the eligible veteran's service-connected disability rating, of the amount of property tax that the eligible veteran paid on their primary residence during the income tax year.

To claim a tax credit, a taxpayer must apply to the county assessor for the county in which the taxpayer's primary residence is located and submit a decision letter from the U.S. department of veterans affairs that sets forth their service-connected disability rating. The county assessor is required to determine whether the taxpayer is an eligible veteran and if so, the amount of the income tax credit the eligible veteran may claim, based on the property tax paid by the eligible veteran and the eligible veteran's service-connected disability rating. The county assessor is required to issue a tax credit certificate to an eligible veteran in an amount equal to the amount of the tax credit that may be claimed.

Upon the death of an eligible veteran, the eligible veteran's surviving spouse or legal dependents are eligible to claim the tax credit until specified events have occurred.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** 39-22-571 as
3 follows:

4 **39-22-571. Tax credit for eligible veterans - property tax paid**
5 **on primary residence - tax preference performance statement -**
6 **legislative declaration - definitions.** (1) (a) IN ACCORDANCE WITH
7 SECTION 39-21-304(1), WHICH REQUIRES EACH BILL THAT CREATES A NEW
8 TAX EXPENDITURE TO INCLUDE A TAX PREFERENCE PERFORMANCE
9 STATEMENT AS PART OF A STATUTORY LEGISLATIVE DECLARATION, THE
10 GENERAL ASSEMBLY FINDS AND DECLARES THAT THE PURPOSE OF THE TAX
11 CREDIT PROVIDED IN THIS SECTION IS TO PROVIDE TAX RELIEF FOR CERTAIN
12 INDIVIDUALS, SPECIFICALLY TO HONORABLY DISCHARGED VETERANS WHO
13 HAVE A SERVICE-CONNECTED DISABILITY RATING OF AT LEAST TEN
14 PERCENT AND WHO PAY PROPERTY TAXES ON A PRIMARY RESIDENCE IN
15 THE STATE, BY ALLOWING AN INCOME TAX CREDIT IN AN AMOUNT EQUAL

1 TO A PORTION OF THE PROPERTY TAX PAID ON THE PRIMARY RESIDENCE.

2 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
3 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSE
4 SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE NUMBER
5 AND VALUE OF CREDITS CLAIMED.

6 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
7 REQUIRES:

8 (a) "DISABILITY RATING" MEANS THE PERCENTAGE ASSIGNED BY
9 THE UNITED STATES DEPARTMENT OF VETERANS AFFAIRS TO INDICATE THE
10 DEGREE OF A VETERAN'S SERVICE-CONNECTED DISABILITY.

11 (b) "ELIGIBLE VETERAN" MEANS A VETERAN WHO:

12 (I) IS HONORABLY DISCHARGED;

13 (II) POSSESSES A DISABILITY RATING OF AT LEAST TEN PERCENT;

14 AND

15 (III) OWNS AND OCCUPIES A PRIMARY RESIDENCE.

16 (c) "PRIMARY RESIDENCE" MEANS A PROPERTY IN THE STATE THAT
17 A VETERAN OWNS AND OCCUPIES AS THEIR PRINCIPAL PLACE OF
18 RESIDENCE.

19 (d) "VETERAN" MEANS A PERSON WHO HAS SERVED IN THE UNITED
20 STATES ARMED FORCES.

21 (3) FOR ANY INCOME TAX YEAR COMMENCING ON OR AFTER
22 JANUARY 1, 2026, AN ELIGIBLE VETERAN IS ALLOWED AN INCOME TAX
23 CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE 22 IN AN AMOUNT
24 EQUAL TO A PERCENTAGE, SPECIFIED IN SUBSECTION (4) OF THIS SECTION,
25 OF THE AMOUNT THAT THE ELIGIBLE VETERAN PAID IN PROPERTY TAX ON
26 THEIR PRIMARY RESIDENCE DURING THE INCOME TAX YEAR.

27 (4) THE AMOUNT OF THE TAX CREDIT ALLOWED TO AN ELIGIBLE

1 VETERAN PURSUANT TO SUBSECTION (3) OF THIS SECTION IS AS FOLLOWS:

2 (a) FOR AN ELIGIBLE VETERAN WITH A DISABILITY RATING OF TEN
3 PERCENT TO NINETEEN PERCENT, AN AMOUNT EQUAL TO TEN PERCENT OF
4 THE AMOUNT OF PROPERTY TAX PAID;

5 (b) FOR AN ELIGIBLE VETERAN WITH A DISABILITY RATING OF
6 TWENTY PERCENT TO TWENTY-NINE PERCENT, AN AMOUNT EQUAL TO
7 TWENTY PERCENT OF THE AMOUNT OF PROPERTY TAX PAID;

8 (c) FOR AN ELIGIBLE VETERAN WITH A DISABILITY RATING OF
9 THIRTY PERCENT TO THIRTY-NINE PERCENT, AN AMOUNT EQUAL TO THIRTY
10 PERCENT OF THE AMOUNT OF PROPERTY TAX PAID;

11 (d) FOR AN ELIGIBLE VETERAN WITH A DISABILITY RATING OF
12 FORTY PERCENT TO FORTY-NINE PERCENT, AN AMOUNT EQUAL TO FORTY
13 PERCENT OF THE AMOUNT OF PROPERTY TAX PAID;

14 (e) FOR AN ELIGIBLE VETERAN WITH A DISABILITY RATING OF FIFTY
15 PERCENT TO FIFTY-NINE PERCENT, AN AMOUNT EQUAL TO FIFTY PERCENT
16 OF THE AMOUNT OF PROPERTY TAX PAID;

17 (f) FOR AN ELIGIBLE VETERAN WITH A DISABILITY RATING OF SIXTY
18 PERCENT TO SIXTY-NINE PERCENT, AN AMOUNT EQUAL TO SIXTY PERCENT
19 OF THE AMOUNT OF PROPERTY TAX PAID;

20 (g) FOR AN ELIGIBLE VETERAN WITH A DISABILITY RATING OF
21 SEVENTY PERCENT TO SEVENTY-NINE PERCENT, AN AMOUNT EQUAL TO
22 SEVENTY PERCENT OF THE AMOUNT OF PROPERTY TAX PAID;

23 (h) FOR AN ELIGIBLE VETERAN WITH A DISABILITY RATING OF
24 EIGHTY PERCENT TO EIGHTY-NINE PERCENT, AN AMOUNT EQUAL TO
25 EIGHTY PERCENT OF THE AMOUNT OF PROPERTY TAX PAID;

26 (i) FOR AN ELIGIBLE VETERAN WITH A DISABILITY RATING OF
27 NINETY PERCENT TO NINETY-NINE PERCENT, AN AMOUNT EQUAL TO

1 NINETY PERCENT OF THE AMOUNT OF PROPERTY TAX PAID; AND

2 (j) FOR AN ELIGIBLE VETERAN WITH A DISABILITY RATING OF ONE
3 HUNDRED PERCENT, AN AMOUNT EQUAL TO ONE HUNDRED PERCENT OF
4 THE AMOUNT OF PROPERTY TAX PAID.

5 (5) (a) (I) TO CLAIM A TAX CREDIT PURSUANT TO THIS SECTION, A
6 TAXPAYER MUST SUBMIT AN APPLICATION FOR A TAX CREDIT CERTIFICATE
7 TO THE COUNTY ASSESSOR FOR THE COUNTY IN WHICH THE TAXPAYER'S
8 PRIMARY RESIDENCE IS LOCATED. A TAXPAYER MUST SUBMIT AN
9 APPLICATION FOR A TAX CREDIT CERTIFICATE ON OR BEFORE SEPTEMBER
10 1 OF THE YEAR FOR WHICH THE TAXPAYER INTENDS TO CLAIM THE TAX
11 CREDIT.

12 (II) WITH AN APPLICATION SUBMITTED PURSUANT TO SUBSECTION
13 (5)(a)(I) OF THIS SECTION, A TAXPAYER MUST SUBMIT A DECISION LETTER
14 FROM THE UNITED STATES DEPARTMENT OF VETERANS AFFAIRS THAT SETS
15 FORTH THE TAXPAYER'S DISABILITY RATING.

16 (b) THE DIVISION OF PROPERTY TAXATION IN THE DEPARTMENT OF
17 LOCAL AFFAIRS, IN CONSULTATION WITH THE DEPARTMENT OF MILITARY
18 AND VETERANS AFFAIRS, SHALL DEVELOP AND PROVIDE TO EACH COUNTY
19 ASSESSOR THE APPLICATION TO BE USED BY A TAXPAYER TO APPLY FOR A
20 TAX CREDIT CERTIFICATE PURSUANT TO SUBSECTION (5)(a) OF THIS
21 SECTION AND SHALL INCLUDE ANY NECESSARY INSTRUCTIONS FOR A
22 COUNTY ASSESSOR IN THEIR REVIEW OF AN APPLICATION PURSUANT TO
23 SUBSECTION (5)(c) OF THIS SECTION.

24 (c) THE COUNTY ASSESSOR SHALL REVIEW A TAXPAYER'S
25 APPLICATION SUBMITTED PURSUANT TO SUBSECTION (5)(a) OF THIS
26 SECTION TO DETERMINE:

27 (I) WHETHER THE TAXPAYER IS AN ELIGIBLE VETERAN; AND

1 (II) IF THE TAXPAYER IS AN ELIGIBLE VETERAN, THE AMOUNT OF
2 THE CREDIT THAT THE ELIGIBLE VETERAN MAY CLAIM FOR THE APPLICABLE
3 INCOME TAX YEAR BASED ON THE AMOUNT OF PROPERTY TAX PAID BY THE
4 ELIGIBLE VETERAN ON THEIR PRIMARY RESIDENCE IN THE APPLICABLE
5 PROPERTY TAX YEAR AND ON THE ELIGIBLE VETERAN'S DISABILITY RATING.

6 (d) UPON APPROVING AN ELIGIBLE VETERAN'S APPLICATION AND
7 MAKING THE DETERMINATIONS DESCRIBED IN SUBSECTION (5)(c) OF THIS
8 SECTION, THE APPLICABLE COUNTY ASSESSOR SHALL ISSUE A TAX CREDIT
9 CERTIFICATE TO THE ELIGIBLE VETERAN IN AN AMOUNT EQUAL TO THE
10 AMOUNT DETERMINED BY THE COUNTY ASSESSOR PURSUANT TO
11 SUBSECTION (5)(c)(II) OF THIS SECTION.

12 (e) EACH COUNTY ASSESSOR SHALL, IN A SUFFICIENTLY TIMELY
13 MANNER TO ALLOW THE DEPARTMENT TO PROCESS RETURNS CLAIMING
14 THE TAX CREDIT ALLOWED IN THIS SECTION, PROVIDE THE DEPARTMENT
15 WITH AN ELECTRONIC REPORT FOR THE PRECEDING TAX YEAR THAT LISTS
16 EACH ELIGIBLE VETERAN TO WHICH THE COUNTY ASSESSOR ISSUED A TAX
17 CREDIT CERTIFICATE AND INCLUDES THE FOLLOWING INFORMATION:

18 (I) THE ELIGIBLE VETERAN'S NAME;

19 (II) THE AMOUNT OF THE INCOME TAX CREDIT THAT THE
20 CERTIFICATE INDICATES THE ELIGIBLE VETERAN IS ELIGIBLE TO CLAIM;
21 AND

22 (III) THE ELIGIBLE VETERAN'S SOCIAL SECURITY NUMBER OR
23 COLORADO ACCOUNT NUMBER AND FEDERAL EMPLOYER IDENTIFICATION
24 NUMBER.

25 (6) TO CLAIM THE CREDIT AUTHORIZED BY THIS SECTION, AN
26 ELIGIBLE VETERAN SHALL FILE THE TAX CREDIT CERTIFICATE ISSUED BY
27 THE COUNTY ASSESSOR PURSUANT TO SUBSECTION (5) OF THIS SECTION

1 WITH THE ELIGIBLE VETERAN'S STATE INCOME TAX RETURN.

2 (7) UPON THE DEATH OF AN ELIGIBLE VETERAN, THE ELIGIBLE
3 VETERAN'S SURVIVING SPOUSE OR LEGAL DEPENDENTS ARE ELIGIBLE TO
4 CLAIM THE INCOME TAX CREDIT ALLOWED IN THIS SECTION AT THE
5 PERCENTAGE SPECIFIED IN SUBSECTION (4) OF THIS SECTION LAST CLAIMED
6 BY THE ELIGIBLE VETERAN, UNTIL:

7 (a) THE DEATH OF THE SURVIVING SPOUSE OR LEGAL DEPENDENTS;

8 (b) THE PRIMARY RESIDENCE THAT IS THE BASIS OF THE INCOME
9 TAX CREDIT IS SOLD OR TRANSFERRED; OR

10 (c) THE SURVIVING SPOUSE OR LEGAL DEPENDANTS OF THE
11 ELIGIBLE VETERAN NO LONGER OCCUPY THE RESIDENCE THAT IS THE BASIS
12 OF THE INCOME TAX CREDIT AS THEIR PRIMARY RESIDENCE.

13 (8) IF THE AMOUNT OF THE TAX CREDIT ALLOWED PURSUANT TO
14 THIS SECTION EXCEEDS THE AMOUNT OF INCOME TAXES OTHERWISE DUE
15 ON THE INCOME OF THE ELIGIBLE VETERAN IN THE INCOME TAX YEAR FOR
16 WHICH THE CREDIT IS BEING CLAIMED, THE AMOUNT OF THE CREDIT NOT
17 USED AS AN OFFSET AGAINST INCOME TAXES IN THE INCOME TAX YEAR IS
18 REFUNDED TO THE ELIGIBLE VETERAN.

19 (9) NOTWITHSTANDING SECTION 39-21-304 (4), THE CREDIT
20 ALLOWED BY THIS SECTION CONTINUES INDEFINITELY.

21 **SECTION 2. Act subject to petition - effective date.** This act
22 takes effect at 12:01 a.m. on the day following the expiration of the
23 ninety-day period after final adjournment of the general assembly; except
24 that, if a referendum petition is filed pursuant to section 1 (3) of article V
25 of the state constitution against this act or an item, section, or part of this
26 act within such period, then the act, item, section, or part will not take
27 effect unless approved by the people at the general election to be held in

1 November 2026 and, in such case, will take effect on the date of the
2 official declaration of the vote thereon by the governor.