



Legislative
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FISCAL NOTE

Drafting Number: LLS 18-1206
Prime Sponsors: Rep. Roberts
 Sen. Coram

Date: April 20, 2018
Bill Status: House Judiciary
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Bill Topic: DOMESTIC RELATIONS CHANGES DUE TO FEDERAL TAX LAW

- Summary of Fiscal Impact:**
- State Revenue
 - State Expenditure (*minimal*)
 - State Transfer
 - TABOR Refund
 - Local Government (*minimal*)
 - Statutory Public Entity

This bill makes changes to the definitions of "gross income" and "adjusted gross income" and spousal maintenance and child support calculation guidelines to reflect recent changes in federal law. This bill increases state and local government workload on an ongoing basis.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Summary of Legislation

Under federal law, prior to December 2017, spousal maintenance also known as alimony, could be classified as deductible by the payor spouse for federal income tax purposes and as taxable income for the recipient spouse. Colorado spousal maintenance and child support laws and guidelines are based on this and account for the expected payor deduction and payee taxes paid on maintenance received. Under the federal Tax Cuts and Jobs Act of 2017, the payor spouse may not deduct spousal maintenance and spousal maintenance is not taxable income. To reflect this federal change, this bill makes changes to the definitions of "gross income" and "adjusted gross income" and calculation guidelines. The guideline calculation is adjusted down to ensure spousal maintenance or child support awarded does not factor in the payor deduction or payee taxes.

Background

In 2017, there were 26,586 new dissolution of marriage, marriage invalidity, and legal separation cases filed. Of these, there were 2,722 new maintenance orders entered. The number of cases in which maintenance modification was made due to a change in circumstances is not known, but is believed to be approximately 10 percent or 272. Combined, approximately 3,000 cases per year require maintenance calculations.

While this bill impacts the calculation of spousal maintenance and child support, it is not expected to impact state revenue from income taxes because 2019 tax payments will be based on the changes made by the federal Tax Cuts and Jobs Act of 2017.

State Expenditures

Beginning in FY 2018-19, this bill increases Judicial Department and Department of Human Services workload as described below.

Judicial Department. This bill increases trial court workload in the Judicial Department to ensure maintenance calculations properly factor in the maintenance adjustments made by this bill. Because this bill only changes the manner in which spousal maintenance is calculated and does not increase the number of cases in which spousal maintenance is calculated and does not constitute a change in circumstance in which existing maintenance could be recalculated, this workload increase is considered minimal and can be accomplished within existing Judicial Department appropriations.

Department of Human Services. Workload increases for the child support services program in the Department of Human Services to update policies and procedures and to update the Automated Child Support Enforcement System. This work can be accomplished as part of the department's normal program and system updates; therefore, no appropriation is needed.

Local Government

Similar to the state, this bill increases Denver County Court workload to ensure maintenance calculations properly factor in the maintenance adjustments made by this bill. Workload for county departments of human services increases to update policies and procedures and to provide training on the new child support guidelines. Overall, these impacts are anticipated to be minimal.

Effective Date

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Counties	Judicial	Revenue
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