



Legislative Council Staff

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FISCAL NOTE

Drafting Number: LLS 19-0746
Prime Sponsors: Rep. Gray

Date: February 6, 2019
Bill Status: House Finance
Fiscal Analyst: Louis Pino | 303-866-3556
louis.pino@state.co.us

Bill Topic: CLARIFY INCOME TAX CREDIT FOR RETROFITTING A HOME

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

The bill clarifies that the income tax credit for retrofitting a residence is available for changes made to a residence that benefit a qualified individual's dependent. The bill minimally increases state workload on an ongoing basis.

Appropriation Summary: No appropriation is required.

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

Summary of Legislation

The bill clarifies that the income tax credit for retrofitting a residence is available for changes made to a residence that benefit a qualified individual or the qualified individual's dependent.

Background

House Bill 18-1267 allows taxpayers to claim a state income tax credit for a portion of qualified costs incurred while retrofitting their residence for the purpose of improving accessibility, increasing visitability, or allowing qualified individuals to age in place. The bill defines a qualified individual as an individual with a family income at or below \$150,000 in tax year 2019, and as adjusted for inflation for each income tax year thereafter.

The credit is available for tax years 2019 through 2023 and the amount is equal to the cost of the retrofit or \$5,000, whichever is less. The bill caps the total amount of credits that can be issued in each year to \$1 million. The credit certificates are issued in the order in which they are requested. The credit is neither refundable nor transferable but may be carried forward for a period not to exceed five years.

The Division of Housing (DOH) in the Department of Local Affairs is responsible for certifying that the taxpayer meets the requirements for the income tax credit. The DOH also issues the tax credits and ensures that the total amount of credits issued does not exceed the \$1 million annual cap.

## State Expenditures

The bill is anticipated to have a minimal impact on state expenditures.

The fiscal note for HB 18-1267 estimated that the DOH would issue the full \$1 million in credits in each year the credit is available, with approximately 260 taxpayers claiming the income tax credit, with an average amount of \$3,846 per credit. It is assumed that by clarifying the eligibility for the credit that the population size will remain relatively unchanged under this bill. To the extent that the bill does generate a measurable workload, the DOH and the Department of Revenue can absorb the additional workload impact with existing resources.

## Effective Date

The bill takes effect August 2, 2019, if the General Assembly adjourns on May 3, 2019, as scheduled, and no referendum petition is filed.

## State and Local Government Contacts

Information Technology

Local Affairs

Personnel

Revenue