



## Legislative Council Staff Nonpartisan Services for Colorado's Legislature

# Fiscal Note

**Drafting Number:** LLS 23B-0008  
**Prime Sponsors:** Rep. Willford; Young  
Sen. Kolker

**Date:** November 17, 2023  
**Bill Status:** House Finance  
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**Bill Topic:** **INCREASED EARNED INCOME TAX CREDIT 2023**

<b>Summary of Fiscal Impact:</b>	<input checked="" type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill expands the state earned income tax credit for tax year 2023. It decreases state revenue and minimally increases expenditure and workload in FY 2023-24 only.

**Appropriation Summary:** No appropriation is required.

**Fiscal Note Status:** The fiscal note reflects the introduced bill.

**Table 1  
State Fiscal Impacts Under HB 23B-1002**

		<b>Current Year FY 2023-24</b>	<b>Budget Year FY 2024-25</b>	<b>Out Year FY 2025-26</b>
<b>Revenue</b>	General Fund	(\$370,000,000)	-	-
<b>Expenditures</b>		-	-	-
<b>Transfers</b>		-	-	-
<b>Other Budget Impacts</b>	TABOR Refund	(\$370,000,000)	-	-

## Summary of Legislation

The Colorado earned income tax credit (EITC) is available to taxpayers who claim the federal EITC, and to taxpayers who would otherwise be able to claim the federal EITC but who are ineligible because they do not have a valid social security number. The Colorado EITC is a refundable credit calculated as a percentage of the federal EITC. For tax year 2023 only, the bill expands the Colorado EITC from 25 percent to 75 percent of the federal EITC.

## State Revenue

The bill is expected to decrease state General Fund revenue by \$370 million in FY 2023-24, a one-time, full-year impact. Estimates are based on actual EITC claims, adjusted for expected increases in the eligible population and for the impact of increasing the value of the state credit. The estimate does not incorporate an adjustment to utilization rates. If the bill causes a greater share of eligible taxpayers to claim the credit than anticipated under current law, the revenue decrease will be greater than estimated.

## State Expenditures

The Department of Revenue (DOR) will have an increase in expenditures and workload to update publications and for programming, including \$516 for form changes, in FY 2023-24. Document management services are performed in the Department of Personnel and Administration using reappropriated DOR funds. The increase is minimal and can be accomplished within existing appropriations.

## Other Budget Impacts

**TABOR Refunds.** The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by the amount shown in the State Revenue section above. This estimate assumes the September 2023 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.

## Effective Date

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

## State and Local Government Contacts

Information Technology

Personnel

Revenue