



Fiscal Note
Legislative Council Staff
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SB 25-302: ACHIEVING A BETTER LIFE EXPERIENCE TAX DEDUCTION

Prime Sponsors:

Sen. Kipp
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Published for: Senate Finance
Drafting number: LLS 25-0478

Version: Initial Fiscal Note
Date: April 22, 2025

Fiscal note status:

Summary Information

Overview. The bill extends the Achieving a Better Life Experience (ABLE) state income tax deduction.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis through at least through FY 2030-31:

- State Revenue
- TABOR Refunds
- Minimal State Workload

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

| Type of Impact | Budget Year FY 2025-26 | Out Year FY 2026-27 | Out Year FY 2027-28 |
|-------------------------|---------------------------|------------------------|------------------------|
| State Revenue | -\$0.5 million | -\$1.1 million | -\$1.4 million |
| State Expenditures | \$0 | \$0 | \$0 |
| Transferred Funds | \$0 | \$0 | \$0 |
| Change in TABOR Refunds | -\$0.5 million | -\$1.1 million | not estimated |
| Change in State FTE | 0.0 FTE | 0.0 FTE | 0.0 FTE |

Summary of Legislation

The bill extends the Achieving a Better Life Experience (ABLE) state income tax deduction through tax year 2030. Under current law, the income tax deduction is set to expire after tax year 2025.

Background

[HB 22-1320](#) created the ABLE state income tax deduction. The bill allows taxpayers to deduct contributions to an ABLE savings account from their state taxable income. The CollegeInvest authority administers the ABLE savings program. Individuals who were declared disabled, as defined under federal law, before reaching 26 years of age are eligible to open an ABLE savings account. ABLE savings accounts under section 529A of the internal revenue code are modeled after section 529 college savings accounts, but, unlike those accounts, ABLE savings accounts may be used to save for many expenses related to an individual's disability without disqualifying the individual for certain federal benefits.

In 2022, Congress passed the [ABLE Age Adjustments Act](#), which expands the eligibility requirements to open an ABLE account for disabilities that occur before age 46, up from age 26. The new eligibility requirements begin in 2026.

Assumptions

In 2023, the first year the ABLE state income tax deduction was available, the number of new ABLE savings accounts from Colorado residents increased by 63.4 percent, while total contributions increased by 53.3 percent to almost \$9.8 million, an average of \$3,873 per account. In 2024, saving accounts increased by another 19 percent and contributions totaled almost \$12.4 million, an 18.8 percent increase with an average of \$4,139 per account.

The fiscal note assumes by 2026, the first year of the new eligibility requirements and of the extension, the number of new accounts will increase by 48.5 percent with an average contribution of \$4,533 and total contributions nearing \$23 million. New accounts are expected to increase by 19.1 percent in 2027 and total contributions are expected to be \$28.3 million with an average contribution amount of approximately \$4,800.

State Revenue

Based on the assumptions described above, by extending the ABLE state income deduction, state revenue is expected to decrease by almost \$500,000 (half-year) in FY 2025-26, \$1.1 million in FY 2026-27, \$1.4 million in FY 2027-28, and by increasing amounts in subsequent years through FY 2030-31, when a final half-year impact will be incurred.

State Expenditures

The Department of Revenue currently administers the existing state income tax deduction. This bill extends the deduction, which will result in ongoing workload impacts that can be accomplished with existing resources.

TABOR Refunds

The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the March 2025 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. 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 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Department of Revenue

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).