



# Fiscal Note

## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

### HB 26-1015: CO HOMELESS CONTRIBUTION TAX CREDIT EXTENSION

**Prime Sponsors:**

Rep. McCormick; Taggart  
Sen. Michaelson Jenet; Simpson

**Fiscal Analyst:**

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**Fiscal note status:** The fiscal note reflects the introduced bill.

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### Summary Information

**Overview.** The bill extends the homeless contribution state income tax deduction for four income tax years.

**Types of impacts.** The bill extends an income tax credit set to expire in tax year 2026, which will continue existing impacts beginning in FY 2026-27 through at least FY 2030-31, in the following areas:

- State Revenue
- State Expenditures
- TABOR Refunds

**Appropriations.** FY 2026-27, the bill requires an appropriation of \$125,580 to the Department of Local Affairs.

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**Table 1**  
**State Fiscal Impacts**

| Type of Impact          | Budget Year<br>FY 2026-27 | Out Year<br>FY 2027-28 | Out Year<br>FY 2028-29 |
|-------------------------|---------------------------|------------------------|------------------------|
| State Revenue           | -\$4,400,000              | -\$8,900,000           | -\$9,300,000           |
| State Expenditures      | \$158,832                 | \$158,832              | \$158,832              |
| Transferred Funds       | \$0                       | \$0                    | \$0                    |
| Change in TABOR Refunds | -\$4,400,000              | -\$8,900,000           | not estimated          |
| Change in State FTE     | 1.5 FTE                   | 1.5 FTE                | 1.5 FTE                |

Fund sources for these impacts are shown in the tables below.

**Table 1A**  
**State Revenue**

| <b>Fund Source</b>   | <b>Budget Year</b><br><b>FY 2026-27</b> | <b>Out Year</b><br><b>FY 2027-28</b> | <b>Out Year</b><br><b>FY 2028-29</b> |
|----------------------|---|--------------------------------------|--------------------------------------|
| General Fund         | -\$4,400,000                            | -\$8,900,000                         | -\$9,300,000                         |
| Cash Funds           | \$0                                     | \$0                                  | \$0                                  |
| <b>Total Revenue</b> | <b>-\$4,400,000</b>                     | <b>-\$8,900,000</b>                  | <b>-\$9,300,000</b>                  |

**Table 1B**  
**State Expenditures**

| <b>Fund Source</b>        | <b>Budget Year</b><br><b>FY 2026-27</b> | <b>Out Year</b><br><b>FY 2027-28</b> | <b>Out Year</b><br><b>FY 2028-29</b> |
|---------------------------|---|--------------------------------------|--------------------------------------|
| General Fund              | \$125,580                               | \$125,580                            | \$125,580                            |
| Cash Funds                | \$0                                     | \$0                                  | \$0                                  |
| Federal Funds             | \$0                                     | \$0                                  | \$0                                  |
| Centrally Appropriated    | \$33,252                                | \$33,252                             | \$33,252                             |
| <b>Total Expenditures</b> | <b>\$158,832</b>                        | <b>\$158,832</b>                     | <b>\$158,832</b>                     |
| <b>Total FTE</b>          | <b>1.5 FTE</b>                          | <b>1.5 FTE</b>                       | <b>1.5 FTE</b>                       |

## **Summary of Legislation**

The bill extends the Colorado homeless contribution income tax credit from tax year 2027 through tax year 2030. The credit is currently set to expire after tax year 2026.

## **Background**

[House Bill 22-1083](#) created the Colorado Homeless Contribution Income Tax Credit (HCTC). The HCTC is available to taxpayers who make a monetary or in-kind contribution to an approved nonprofit organization providing services to individuals and families experiencing homelessness in Colorado. The Division of Housing, within the Colorado Department of Local Affairs (DOLA), determines which nonprofits qualify to receive the contributions and provides support for the tax credit program, and the credit is administered by the Department of Revenue (DOR).

The amount of the income tax credit is equal to 25 percent of the contribution if the project is located in a designated non-rural area and 30 percent if in a rural area. In 2024, 96 approved projects across 79 organizations were active in the HCTC program. Of these projects, 86 percent were located in non-rural areas and 14 percent were in rural areas.

Taxpayers may receive up to \$100,000 in credits per tax year. The credit is nonrefundable, meaning that the amount claimed cannot exceed a taxpayer's income tax liability for a given year. A taxpayer can carry forward the excess credit for application toward their tax due for five subsequent tax years. The credit is available to individual and corporate taxpayers through tax year 2026 under current law.

## **Assumptions**

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In tax year 2024, nearly 10,000 taxpayers claimed the homeless contribution income tax credit, averaging \$648 per taxpayer, reducing state revenue by \$6.5 million. This represents a 24.8 percent increase from the previous year. The increase is partly due to [Senate Bill 24-016](#), which clarified that donations made through a qualified intermediary are eligible for the credit.

The fiscal note assumes that by tax year 2027, when the income tax credit is first extended, about 11,000 taxpayers will claim the credit, averaging \$791 per taxpayer. This is expected to reduce state revenue by \$8.7 million. Contributions are expected to increase through 2030, when the credit expires, although the growth rate will slow each year, consistent with trends for other income tax credits.

To the extent that the amount of the credit grows at a different pace than anticipated here, the impact on revenue will be correspondingly greater or less.

## **State Revenue**

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The bill is estimated to reduce General Fund revenue by \$4.4 million in FY 2026-27 (a half-year impact for tax year 2027), \$8.9 million in FY 2027-28, and by similar increasing amounts through FY 2029-30, with a final half-year impact occurring in FY 2030-31, when the credit is set to expire. The bill decreases individual and corporate income tax revenue, which is subject to TABOR.

## **State Expenditures**

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The bill will increase General Fund expenditures by \$158,832 and 1.5 FTE in FY 2026-27 and by similar amounts through FY 2030-31, when the credit is set to expire. These costs, which are incurred in Division of Housing in DOLA, are summarized in Table 2 and described below.

**Table 2**  
**State Expenditures**  
**Department of Local Affairs**

| <b>Cost Component</b>        | <b>Budget Year</b><br><b>FY 2026-27</b> | <b>Out Year</b><br><b>FY 2027-28</b> | <b>Out Year</b><br><b>FY 2028-29</b> |
|------------------------------|---|--------------------------------------|--------------------------------------|
| Personal Services            | \$123,660                               | \$123,660                            | \$123,660                            |
| Operating Expenses           | \$1,920                                 | \$1,920                              | \$1,920                              |
| Centrally Appropriated Costs | \$33,252                                | \$33,252                             | \$33,252                             |
| <b>Total Costs</b>           | <b>\$158,832</b>                        | <b>\$158,832</b>                     | <b>\$158,832</b>                     |
| <b>Total FTE</b>             | <b>1.5 FTE</b>                          | <b>1.5 FTE</b>                       | <b>1.5 FTE</b>                       |

### **Department of Local Affairs**

The bill increases expenditures in the Division of Housing by \$158,832 and 1.5 FTE in FY 2026-27, and similar amounts annually through FY 2030-31, to manage the income tax credit program. These costs are similar to those for which an appropriation was included in HB 22-1083, and represent a continuation of current costs that would otherwise end when the credit expires. Responsibilities include managing the tax credit program, monitoring and auditing approved projects, verifying eligible donations, and providing education to qualified nonprofit organizations and governmental entities to ensure compliance with program requirements. The Division will also maintain the program database, respond to inquiries from organizations and contributors, update website information, and prepare the required annual program report.

### **Department of Revenue**

The DOR currently administers the existing state income tax credit. This bill extends the program, which will result in ongoing workload impacts. Given that the credit is currently programmed into the GenTax system and DOLA is responsible for management and verification related to the tax credit, no change in appropriations to DOR is required to continue this existing tax credit.

### **Office of the State Auditor**

The OSA performs an evaluation of all tax expenditures. It can examine this tax credit within its existing evaluations.

### **Centrally Appropriated Costs**

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or

supplemental appropriations bills, rather than in this bill. These costs, which may include employee insurance, supplemental employee retirement payments, indirect cost assessments, and other costs, are shown in Table 2 above.

## **TABOR Refunds**

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The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by \$4.4 million in FY 2026-27 and \$8.9 million in FY 2027-28. This estimate assumes the December 2025 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2027-28. 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 in FY 2026-27, FY 2027-28, and any future years when the state is over its revenue limit.

## **Effective Date**

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The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## **State Appropriations**

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For FY 2026-27, the bill requires a General Fund appropriation of \$125,580 to the Department of Local Affairs, and 1.5 FTE.

## **State and Local Government Contacts**

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|------------------------|--------------------|
| Information Technology | Revenue            |
| Local Affairs          | Secretary of State |
| Personnel              |                    |