



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

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Published for: House Finance
Drafting number: LLS 26-0172

Version: First Revised Note
Date: February 10, 2026

Fiscal note status: The fiscal note reflects the introduced bill. It has been revised to reflect new information.

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. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
State Revenue	-\$4,400,000	-\$8,900,000	-\$9,300,000
State Expenditures	\$0	\$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	0.0 FTE	1.5 FTE	1.5 FTE

Fund sources for these impacts are shown in the tables below. These revenue and expenditure estimates reflect the continuation of existing impacts from the homeless contribution state income tax deduction.

**Table 1A
State Revenue**

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

**Table 1B
State Expenditures**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
General Fund	\$0	\$125,580	\$125,580
Cash Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0
Centrally Appropriated	\$0	\$33,252	\$33,252
Total Expenditures	\$0	\$158,832	\$158,832
Total FTE	0.0 FTE	1.5 FTE	1.5 FTE

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

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

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

The bill maintains General Fund expenditures of \$158,832 and 1.5 FTE in FY 2027-28, with comparable amounts each year 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**

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
Personal Services	\$0	\$123,660	\$123,660
Operating Expenses	\$0	\$1,920	\$1,920
Centrally Appropriated Costs	\$0	\$33,252	\$33,252
Total Costs	\$0	\$158,832	\$158,832
Total FTE	0.0 FTE	1.5 FTE	1.5 FTE

Department of Local Affairs

The bill continues state expenditures in the Division of Housing of \$158,832 and 1.5 FTE beginning in FY 2027-28, 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

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

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

Information Technology

Revenue

Local Affairs

Secretary Of State

Personnel

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](#).