



# HB 24-1312

## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Revised Fiscal Note

(replaces fiscal note dated March 28, 2024)

<b>Drafting Number:</b>	LLS 24-0944	<b>Date:</b>	April 24, 2024
<b>Prime Sponsors:</b>	Rep. Sirota; Garcia Sen. Rodriguez	<b>Bill Status:</b>	House Appropriations
		<b>Fiscal Analyst:</b>	Emily Dohrman   303-866-3687 emily.dohrman@coleg.gov

### Bill Topic: STATE INCOME TAX CREDIT FOR CAREWORKERS

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

The bill creates an income tax credit for tax years 2025 through 2029 for workers in the care workforce. The bill decreases state revenue and increase expenditures beginning in FY 2024-25.

**Appropriation Summary:** For FY 2024-25, the bill requires an appropriation of \$47,193 million to the Department of Early Childhood.

**Fiscal Note Status:** The fiscal note reflects the introduced bill, as amended by the House Finance Committee.

**Table 1**  
**State Fiscal Impacts Under HB 24-1312**

		Budget Year FY 2024-25	Out Year FY 2025-26
<b>Revenue</b>	General Fund	(\$65.4 million)	(\$132.2 million)
	<b>Total Revenue</b>	<b>(\$65.4 million)</b>	<b>(\$132.2 million)</b>
<b>Expenditures</b>	General Fund	\$47,193	\$1,157,727
	Centrally Appropriated	\$3,326	\$242,735
	<b>Total Expenditures</b>	<b>\$50,519</b>	<b>\$1,400,462</b>
	<b>Total FTE</b>	<b>0.2 FTE</b>	<b>13.2 FTE</b>
<b>Transfers</b>		-	-
<b>Other Budget Impacts</b>	TABOR Refund	(\$65.4 million)	(\$132.2 million)
	General Fund Reserve	\$7,079	\$173,659

## Summary of Legislation

For tax years 2025 through 2029, the bill creates a state income tax credit of \$1,500 for:

- home health care workers who earned at least \$7,000 in wages performing home health care in the relevant tax year;
- qualified personal care workers who earned at least \$7,000 in wages performing personal care services in the relevant tax year;
- certified nurse aides;
- child care workers who are employed or licensed by an early childhood education program or a licensed family child care home;
- informal family, friend, or neighbor care child care workers who provided at least 720 hours of care in the relevant tax year and are registered in the Department of Early Childhood's (CDEC) Colorado Shines Professional Development Information System (PDIS);
- other qualifying care workers (see Technical Note).

Taxpayers must have an income of less than \$75,000 for single filers or less than \$150,000 for joint filers to be eligible for the credit. The tax credit is fully refundable.

## Data and Assumptions

**Income threshold.** According to income tax data from the Department of Revenue (DOR), approximately 81 percent of single filers had an income below \$75,000 and 63 percent of joint filers had an income below \$150,000 in 2021. The fiscal note also assumes that all child care workers, home healthcare workers, personal care aides, and certified nurse assistants who file a single tax return will fall under the \$75,000 income threshold, but some who file jointly will exceed the \$150,000 joint filer income threshold, such that about 86 percent will fall under the income thresholds in the bill.

**Child care workers.** Data from the Quarterly Census of Employment and Wages show that there were 15,541 workers in the child care services industry in Colorado in 2022. This amount is expected to grow in line with the LCS forecast for employment growth in Colorado. Of the eligible population, 95 percent are expected to claim the credit.

**Home healthcare workers and personal care aides.** Based on data from the Occupational Employment and Wage Statistics, there were 35,910 home healthcare workers and personal care aides in Colorado in 2022. This amount is expected to grow in line with the LCS forecast for employment growth in Colorado. Of the eligible population, 95 percent are expected to claim the credit.

**Certified nurse aides.** According to the Department of Regulatory Agency's roster, there are approximately 49,000 certified nurse aides with active licenses. This amount is expected to grow in line with the LCS forecast for employment growth in Colorado. Of the eligible population, 95 percent are expected to claim the credit.

**Friend, family, and neighbor care workers.** The fiscal note assumes that approximately 3,000 FFN care workers will meet the criteria outlined in the bill and claim the credit, with the number growing in future years. The assumption is based on CDEC stakeholder engagement and reported uptake from prior initiatives affecting this population.

## State Revenue

The bill is expected to decrease General Fund revenue by \$65.4 million in FY 2024-25 (half-year impact) and \$132.2 million in FY 2025-26, with ongoing impacts through FY 2029-30. The bill reduces individual income tax revenue, which is subject to TABOR. The revenue impact is detailed in tables 2 and 3 below.

**Table 2  
 Estimated Taxpayer and Revenue Impacts Under HB 24-1312**

	Tax Year 2025	Tax Year 2026
<b>Eligible Population</b>		
Childcare Workers	13,269	13,428
Home Healthcare/Personal Care	30,660	31,028
Certified Nursing Assistant	40,234	40,717
FFN Provider	3,000	3,900
<b>Total Eligible Population</b>	<b>87,163</b>	<b>89,073</b>
<b>Revenue Impact</b>		
Childcare Workers	(\$19.9 million)	(\$20.1 million)
Home Healthcare/Personal Care	(\$46.0 million)	(\$46.5 million)
Certified Nursing Assistant	(\$60.4 million)	(\$61.1 million)
FFN Provider	(\$4.5 million)	(\$5.9 million)
<b>Total Revenue Impact</b>	<b>(\$130.7 million)</b>	<b>(\$133.6 million)</b>

<sup>1</sup> Revenue impacts in Table 2 reflect calendar year impacts. Table 3 below converts these impacts into state fiscal year impacts.

**Table 3  
 Revenue Impacts by Fiscal Year Under HB 24-1312**

	FY 2024-25	FY 2025-26
<b>General Fund</b>	(\$65.4 million)	(\$132.2 million)

**State Expenditures**

The bill increases state expenditures by about \$50,000 in FY 2024-25 and \$1.4 million in FY 2025-26, with ongoing impacts through FY 2029-30, paid from the General Fund. Expenditures are summarized in Table 4 and detailed below.

**Table 4  
 Expenditures Under HB 24-1312**

	FY 2024-25	FY 2025-26
<b>Department of Revenue</b>		
Personal Services	-	\$931,650
Operating Expenses	-	\$16,384
Capital Outlay Costs	-	\$106,720
GenTax Programming	-	\$37,080
ISD Software Testing	-	\$4,165
User Acceptance Testing	-	\$1,920
Office of Research and Analysis	-	\$7,392
Document Management	-	\$8,029
Centrally Appropriated Costs <sup>1</sup>	-	\$236,083
FTE – Personal Services	-	12.8 FTE
<b>DOR Subtotal</b>	<b>-</b>	<b>\$1,349,423</b>
<b>Department of Early Childhood</b>		
Personal Services	\$10,943	\$21,887
Salesforce Programming	\$25,000	-
PDIS Licenses	\$11,250	\$22,500
Centrally Appropriated Costs <sup>1</sup>	\$3,326	\$6,652
FTE – Personal Services	0.2 FTE	0.4 FTE
<b>CDEC Subtotal</b>	<b>\$50,519</b>	<b>\$51,039</b>
<b>Total Costs</b>	<b>\$50,519</b>	<b>\$1,400,462</b>
<b>Total FTE</b>	<b>0.2 FTE</b>	<b>13.2 FTE</b>

**Department of Revenue.** The bill increases costs in DOR for auditing, tax examination, computer programming, document management, and data reporting.

- **Tax credit administration and audit.** The department requires 17.0 FTE, including 12.7 auditors, 2.9 tax examiners, 0.7 program managers, and 0.7 compliance specialists. The tax examiners are required to review tax credit claims, staff call centers and manage correspondence associated with the income tax credit for FFN care workers and child care workers which are certified by CDEC. Because CNAs, home health care workers, and personal care workers are not credentialed by a third party, the department will need to conduct audits to determine compliance. The fiscal note assumes the department will audit 1 percent of returns claiming this credit without a credential and that each audit will take an average of 25 hours to complete. Expenditures for FY 2025-26 are prorated to reflect an assumed October 2025 start date and reflect standard operating expenses and capital outlay costs.
- **Computer programming and testing.** DOR will have costs of \$43,165 to program, test, and update database fields in its GenTax software system. Programming costs are estimated at \$37,080, representing 160 hours of contract programming at a rate of \$231.75 per hour. Costs for testing at the department include \$4,165 for 119 hours of innovation, strategy, and delivery programming support at a rate of \$35 per hour, and \$1,920 for 60 hours of user acceptance testing at a rate of \$32 per hour.
- **Data reporting.** Expenditures in the Office of Research and Analysis are required for changes in the related GenTax reports so that the department can access and document tax statistics related to the new tax policy. These costs are estimated at \$7,392, representing 231 hours for data management and reporting at \$32 per hour.
- **Document management and tax form changes.** For FY 2025-26 only, the bill requires changes to tax forms and processing paper returns. These expenditures occur in the Department of Personnel using reappropriated funds.

**Department of Early Childhood.** The bill increases costs in CDEC to update software and provide technical support for new registrants in PDIS.

- **Staff.** Starting in FY 2024-25, CDEC requires 0.4 FTE to provide technical support to new registrants and certify eligibility for the tax credit for child care workers and FFN caretakers. Staff costs and FTE are prorated in the first year assuming a January 2025 start date.
- **PDIS licenses.** The tax credit is expected to increase the number of FFN providers registered in PDIS. Each new user requires CDEC to purchase an additional license at a cost of \$7.50 per license. The tax credit is expected to result in 1,500 new users in FY 2024-25 (half-year) and 3,000 new users in FY 2024-25.

## Other Budget Impacts

**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 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2025-26. 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.

## Technical Note

The bill allows the tax credit to be claimed by each of the groups identified in the fiscal note above, or “another qualifying personal care worker”. The fiscal impact of providing this tax credit to “another qualifying personal care worker” is not identified in this fiscal note because it is not clear who would qualify under this provision or how this would be administered.

## Effective Date

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

## State Appropriations

For FY 2024-25, the bill requires a General Fund appropriation of \$47,193 to the Department of Early Childhood, and 0.2 FTE.

## State and Local Government Contacts

Early Childhood  
Regulatory Agencies

Information Technology  
Revenue

Public Health and Environment

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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](#).