



**Colorado  
Legislative  
Council  
Staff**

**HB16-1465**

**FINAL  
FISCAL NOTE**

**FISCAL IMPACT:**  State  Local  Statutory Public Entity  Conditional  No Fiscal Impact

**Drafting Number:** LLS 16-0159 **Date:** August 18, 2016  
**Prime Sponsor(s):** Rep. Duran; Becker J. **Bill Status:** Signed into Law  
 Sen. Ulibarri; Cooke **Fiscal Analyst:** Larson Silbaugh (303-866-4720)

**BILL TOPIC:** MODIFICATIONS LOW-INCOME HOUSING TAX CREDIT

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
<b>State Revenue</b>	<b>(\$1.5 million)</b>	<b>(\$4.75 million)</b>
General Fund	(\$1.5 million)	(\$4.75 million)
<b>State Expenditures</b>		
<b>TABOR Impact</b>	(\$1.5 million)	Not estimated.
<b>FTE Position Change</b>		
<b>Appropriation Required:</b> None.		
<b>Future Year Impacts:</b> Ongoing revenue reduction.		

**Summary of Legislation**

This bill extends the number of years, from two to five years, in which the Colorado Housing and Finance Authority (CHFA) may allocate low-income housing income tax credits.

**Background**

**Low-Income Housing Income Tax Credit.** House Bill 14-1017 restored an income tax credit to owners of qualified low-income housing developments. The bill allowed CHFA to issue \$30 million of income tax credits in 2015 and 2016, or a total of \$60 million. Each year's \$30 million allocation is required to be spread out over a six-year period, so that no more than \$5 million of the initial \$30 million may be claimed each year. Any portion of the credit that exceeds the tax due for the taxable year may be carried forward eleven years from when the allocation from CHFA was made. Any unused credit is nonrefundable.

**State Revenue**

**General fund revenue will be reduced by \$1.5 million in FY 2017-18, \$4.75 million in FY 2018-19, and \$8.5 million in FY 2019-20.** This bill authorizes an additional three years of credit, or a total of \$90 million for tax years 2017 through 2019. Table 1 shows the total phase-in revenue impact for the new credits allowed under this bill.

**Assumptions.** A taxpayer cannot claim the credit until the qualified development is placed in service. On average, it takes one year to complete the type of development that would qualify for the credit. Hence, the fiscal note assumes a one-year lag from the time CHFA allocates the credit to when the taxpayer claims the credit.

<b>Fiscal Year</b>	<b>General Fund Revenue Change</b>	<b>Fiscal Year</b>	<b>General Fund Revenue Change</b>
FY 2017-18	(\$1.5 million)	FY 2024-25	(\$10.25 million)
FY 2018-19	(\$4.75 million)	FY 2025-26	(\$6.50 million)
FY 2019-20	(\$8.50 million)	FY 2026-27	(\$3.75 million)
FY 2020-21	(\$11.25 million)	FY 2027-28	(\$2.25 million)
FY 2021-22	(\$12.75 million)	FY 2028-29	(\$1.00 million)
FY 2022-23	(\$14.00 million)	FY 2029-30	(\$0.25 million)
FY 2023-24	(\$13.25 million)	<b>Total</b>	<b>(\$90.0 million)</b>

**TABOR Impact**

This bill reduces state revenue from income taxes, which will reduce the amount of money required to be refunded under TABOR for FY 2017-18. TABOR refunds are paid out of the General Fund. TABOR refund obligations are not expected for FY 2016-17. Since the bill reduces both revenue to the General Fund and the refund obligation by equal amounts, there is no net impact on the amount of money available in the General Fund for the budget. However, the bill will reduce money available for the General Fund budget in the future during years the state does not collect money above the TABOR limit.

**State Expenditures**

The Department of Revenue (DOR) is administering the current low income housing tax credits. This bill extends existing credits for an additional three years, which will require the existing programing to continue.

**Statutory Public Entity Impact**

The Colorado Housing Finance Agency (CHFA) will have to determine which projects receive the credit. They are currently issuing the two years worth of credits and it is assumed that can continue to issue the credits with existing resources.

CHFA has not had sufficient time to review the bill and provide an estimate of the costs to administer the bill.

## Effective Date

The bill was signed into law by the Governor and took effect on June 6, 2016. The first year for which the bill will impact low income housing credits is 2017.

## State and Local Government Contacts

Information Technology

Local Affairs

Revenue