HB 25-1005

Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1005: TAX INCENTIVE FOR FILM FESTIVALS

Prime Sponsors:
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Fiscal note status: This fiscal note reflects the introduced bill.

Summary Information

Overview. The bill creates two refundable state income tax credits to support Colorado's film festival industry.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Revenue
- Minimal State Workload
- TABOR Refunds

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	Out Year FY 2028-29
State Revenue (General Fund)	$0	$0	-$2,250,000	-$4,500,000
State Expenditures	$0	$0	$0	$0
Transferred Funds	$0	$0	$0	$0
Change in TABOR Refunds	$0	$0	Not estimated	Not estimated
Change in State FTE	0.0 FTE	0.0 FTE	0.0 FTE	0.0 FTE

Summary of Legislation

The bill creates two refundable state income tax credits to support Colorado's film festival industry, administered by the Colorado Office of Economic Development (OEDIT).

The first credit is available to any qualifying global film festival entity, defined to include only festivals with a multi-decade operating history that achieve at least 100,000 in-person ticket sales annually. The credit is available from tax years 2027 through 2036 and is capped each year for an aggregate total of $34 million. The amount OEDIT can allocate to qualified global film festival entities for the following tax years are:

- $4.0 million in credits for 2027;
- $4.0 million in credits for 2028;
- $5.0 million in credits for 2029; and
- $3.0 million in credits for each year from 2030 through 2036.

The second credit provides an income tax credit to existing or small Colorado film festival entities. The credit is available from tax years 2027 through 2036 and is capped at $500,000 each tax year. OEDIT is also responsible for administration of these income tax credits.

The amount of both credits is based on qualified expenditures, such as employee salaries and operating costs to operate the film festival in Colorado.

Assumptions

This fiscal note assumes that the full amount of reserved tax credits allocated in the bill will be allowed to taxpayers, for a total of $39 million across all years. Consistent with other OEDIT-administered tax credits, the fiscal note also assumes that credits will usually be claimed for the tax year after the year when they are allowed. For example, the fiscal note assumes that credits allowed for tax year 2027 will be claimed on returns for tax year 2028. A different pattern of credit claims would change revenue impacts across fiscal years, but would not change the bill's total $39 million revenue reduction impact.

State Revenue

The bill is estimated to reduce General Fund revenue by a total of $39 million through 2036. General Fund revenue will decrease by $2.25 million in FY 2027-28 (half-year impact), $4.5 million FY 2027-28, $5.0 million in FY 2029-30, $4.5 in FY 2030-31, and $3.5 million in FY 2031-32 with similar impacts in subsequent years. Assumptions for this impact are outlined above. The bill decreases income tax revenue, which is subject to TABOR.

State Expenditures

OEDIT and the DOR currently administer the film production state income tax credit. This bill increases the number of credits that may be claimed by taxpayers, which will result in ongoing workload impacts that can be accomplished within existing appropriations.

Office of Economic Development

Workload in OEDIT will increase to administer the tax credits. The fiscal note assumes the population of taxpayers claiming the credit will be small—approximately 10 entities—and that this can be accomplished within the Office of Film, Television and Media's workload.

Department of Revenue

Workload to the DOR will increase to administer the tax credits. This workload is expected to be minimal due to the similarity to the existing film production credit and the narrow eligibility for the credit. It is unknown as of writing whether the department requires computer programming costs; the fiscal note will be updated if additional information is received.

Office of the State Auditor

The OSA performs an evaluation of all tax expenditures. It can absorb these tax credits within its existing evaluations.

TABOR Refunds

In years when state revenue exceeds the TABOR limit, the bill will decrease the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. 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 years when state revenue does not exceed the TABOR limit, the bill has no impact on the TABOR refund obligation and will reduce the amount of General Fund revenue 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.

Departmental Difference

OEDIT assumes that it requires 1.0 FTE at a cost of $109,179 to certify the bill's tax credits. The fiscal note does not include these costs because of the assumed low number of applications, which is at an absorbable threshold for a staff of 4.5 FTE.

State and Local Government Contacts

Counties	OEDIT
Information Technology	Personnel
Local Affairs	Revenue
Municipalities	State Auditor