



## Fiscal Note

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## HB 25-1005: TAX INCENTIVE FOR FILM FESTIVALS

**Prime Sponsors:**

Rep. McCluskie; Titone

Sen. Amabile; Baisley

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**Fiscal note status:** This revised fiscal note reflects the introduced bill, as amended by the House Business Affairs & Labor and Finance Committees.

### 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
- State Expenditures
- TABOR Refunds

**Appropriations.** No appropriation is required.

**Table 1  
State Fiscal Impacts**

Type of Impact <sup>1</sup>	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
State Revenue	\$0	\$0	-\$2,250,000	-\$4,500,000
State Expenditures	\$0	\$166,857	\$124,347	\$124,347
Transferred Funds	\$0	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$0	Not estimated	Not estimated
Change in State FTE	0.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE

<sup>1</sup> Fund sources for these impacts are shown in the tables below.

**Table 1A  
State Revenue**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>	<b>Out Year FY 2028-29</b>
General Fund	\$0	\$0	-\$2,250,000	-\$4,500,000
Cash Funds	\$0	\$0	\$0	\$0
<b>Total Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>-\$2,250,000</b>	<b>-\$4,500,000</b>

**Table 1B  
State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>	<b>Out Year FY 2028-29</b>
General Fund	\$0	\$145,019	\$102,509	\$102,509
Cash Funds	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0
Centrally Appropriated	\$0	\$21,838	\$21,838	\$21,838
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$166,857</b>	<b>\$124,347</b>	<b>\$124,347</b>
<b>Total FTE</b>	<b>0.0 FTE</b>	<b>1.0 FTE</b>	<b>1.0 FTE</b>	<b>1.0 FTE</b>

## 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. A qualifying global film festival entity may be allowed a tax credit each year a film festival occurs. 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

The bill increases state expenditures by \$166,857 in FY 2026-27, \$124,347 in FY 2027-28, and by similar amounts through FY 2036-37. These costs will be incurred by OEDIT and paid from the General Fund. Cost are shown in Table 2 and described in the sections below. The bill will also increase workload in the Department of Revenue and the Office of the State Auditor.

**Table 2**  
**State Expenditures**  
**Office of Economic Development**

<b>Cost Component</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>	<b>Out Year FY 2028-29</b>
Personal Services	\$0	\$101,229	\$101,229	\$101,229
Operating Expenses	\$0	\$1,280	\$1,280	\$1,280
Capital Outlay Costs	\$0	\$6,670	\$0	\$0
Computer Programming	\$0	\$35,840	\$0	\$0
Centrally Appropriated Costs	\$0	\$21,838	\$21,838	\$21,838
<b>Total Costs</b>	<b>\$0</b>	<b>\$166,857</b>	<b>\$124,347</b>	<b>\$124,347</b>
<b>Total FTE</b>	<b>0.0 FTE</b>	<b>1.0 FTE</b>	<b>1.0 FTE</b>	<b>1.0 FTE</b>

## Staff

Beginning in FY 2026-27, the bill requires 1.0 FTE in OEDIT to implement the new state income tax credits. Of this, 0.5 FTE will go to the Business Funding and Incentives Division, while the remaining 0.5 FTE is for the Colorado Office of Film, Television and Media Division within OEDIT. This includes marketing and outreach to explain the credit, creation of the application process, administrating, reporting, ensuring compliance, and interacting with the Department of Revenue. In addition, OEDIT will be responsible for developing a rubric to award and administer the small Colorado film festival entities income tax credit. As of the date of this fiscal note, 50 small film festivals in the state will be eligible to apply for the income tax credit, which may result in several reviews and small dollar awards. Finally, for any businesses qualifying for the global film festival entity income tax credit, it is expected there will be significant time reviewing the audits and ensuring their procurement practices meet the criteria for the income tax credit. These costs are expected to occur through FY 2036-37.

## Computer Programming

For FY 2026-27 only, computer programming is required to administer the tax credit, estimated at a cost of \$35,840. This assumes 160 hours of programming at \$224 per hour.

## 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. Since the expected number of taxpayers claiming the new credits will be relatively small, the fiscal note assumes the two credits in the bill will be claimed on the same line of the state income tax forms as the existing film production credit.

## Office of the State Auditor

The OSA performs an [evaluation of all tax expenditures](#). It can accomplish these tax credits within its existing evaluation appropriations.

## TABOR Refunds

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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

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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 and Local Government Contacts

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Counties	Office Of Economic Development
Information Technology	Personnel
Local Affairs	Revenue
Municipalities	

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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](#).