



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

Initiative 108

Fiscal Summary

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LCS TITLE: DEDICATED STATE INCOME TAX REVENUE FOR AFFORDABLE HOUSING PROGRAMS

Fiscal Summary of Initiative 108

This fiscal summary, prepared by the nonpartisan Director of Research of the Legislative Council, contains a preliminary assessment of the measure's fiscal impact. A full fiscal impact statement for this initiative is or will be available at www.colorado.gov/bluebook. This fiscal summary identifies the following impact.

State diversions and transfers. The measure diverts income tax revenue representing 0.1 percent of taxable income from the General Fund to the State Affordable Housing Fund. Diversions are estimated at \$135 million in FY 2022-23 (half-year impact) and \$270 million in FY 2023-24.

On July 1, the balance of the State Affordable Housing Fund is transferred in shares of 60 percent to the Affordable Housing Financing Fund in the Office of Economic Development and International Trade (OEDIT) and 40 percent to the Affordable Housing Support Fund in the Department of Local Affairs (DOLA). Transfers for FY 2023-24 are estimated at \$81 million to OEDIT and \$54 million to DOLA. Transfers for FY 2024-25 are estimated at \$162 million to OEDIT and \$108 million to DOLA.

State expenditures. The measure increases state expenditures by the amounts of diversions above. From these amounts, it is estimated that at least \$4 million in FY 2022-23 and at least \$6 million annually thereafter will be spent by OEDIT and DOLA for staff to administer the new affordable housing programs and for procurement and contracts with vendors. The remaining amounts, or about \$131 million in FY 2022-23 and \$264 million in future years, will be spent on affordable housing grants and loans.

The measure allows the state to retain and spend revenue diverted from the General Fund to the State Affordable Housing Fund as a voter-approved revenue change to its spending limit ("TABOR limit"). It therefore reduces refunds to taxpayers by an estimated \$135 million for FY 2022-23 and \$270 million for FY 2023-24.

Local government impact. Local governments seeking grants under the measure are required to satisfy certain requirements related to zoning and affordable housing availability. Governments that receive grants will experience corresponding increases in revenue and expenditures.

Economic impacts. The measure will increase investments in affordable housing developments, boosting incomes for developers and construction firms. Some households that would otherwise face

housing insecurity may find stable housing under the measure, increasing their financial security and opportunities for employment. By reducing refunds to taxpayers, the measure decreases after-tax household and business income that may be spent or saved elsewhere in the economy.