HB24-1134

JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE

CONCERNING ADJUSTMENTS TO EXISTING INCOME TAX EXPENDITURES TO REDUCE TAXPAYER BURDEN, AND, IN CONNECTION THEREWITH, MAKING ADJUSTMENTS TO THE CREDIT FOR CHILD AND DEPENDENT CARE EXPENSES; INCREASING THE VALUE OF THE EARNED INCOME TAX CREDIT AS A PERCENTAGE OF THE FEDERAL CREDIT FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2024; REPEALING OBSOLETE PROVISIONS CONCERNING THE CORPORATE INCOME TAX; AND MAKING THE STATE'S CORPORATE INCOME TAX MORE UNIFORM COMPARED TO OTHER STATES BY REPLACING THE CURRENT COMBINED REPORTING STANDARD WITH THE MULTISTATE TAX COMMISSION'S STANDARD AND MODIFYING THE COMPUTATION OF THE RECEIPTS FACTOR TO MAKE IT MORE CONGRUENT WITH THE UNITARY BUSINESS PRINCIPLE.

Prime Sponsors: Reps. Weissman and Rutinel
Senator Hinrichsen

JBC Analyst: Jon Catlett
Phone: 303-866-4386
Date Prepared: April 29, 2024

Appropriation Items of Note

Appropriation Not Required, Amendment in Packet

General Fund/TABOR Impact

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/22/24.

XXX	**No Change:** Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	Update: Fiscal impact has changed due to *new information or technical issues*
	Update: Fiscal impact has changed due to *amendment adopted* after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The revised fiscal note (attached) reflects the introduced bill as amended by the House Finance Committee (02/26/24).

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
L.006	Bill Sponsor amendment - changes fiscal impact *not* appropriation

Current Appropriations Clause in Bill
The bill neither requires nor contains an appropriation clause for FY 2024-25.

Description of Amendments in This Packet
L.006 Bill Sponsor amendment **L.006** (attached) sets the state-earned income tax credit (EITC) equal to 50 percent of the federal EITC in tax year 2024. In subsequent tax years, the EITC is up to 50 percent of the federal EITC, but is dependent on the forecasted growth in state revenue subject to TABOR. The General Fund revenue impact of amendment **L.006** is contingent upon the statewide growth in TABOR nonexempt revenue beginning in tax year 2025, but will be less than or equal to the General Fund revenue impact of the current bill as stated in the current Revised Fiscal Note (attached). Additionally, amendment **L.006** makes other technical changes to the bill.

Points to Consider

TABOR/ Excess State Revenues Impact
The March 2024 Office of State Planning and Budgeting (OSPB) revenue forecast projects a TABOR surplus liability of $2.0 billion for FY 2023-24, $1.3 billion for FY 2024-25, and $1.8 billion for FY 2025-26. These sums must be refunded to taxpayers out of the General Fund. This bill is estimated to decrease General Fund revenues by $44.0 million in FY 2023-24, $136.0 million in FY 2024-25, and $207.0 million in FY 2025-26, which will result in a decrease in the TABOR surplus liability of equal amounts.

If amendment **L.006** is adopted, the General Fund revenue impact of the bill would be contingent upon the statewide growth in TABOR nonexempt revenue beginning in tax year 2025.

Future Fiscal Impact
Although this bill would not require a General Fund appropriation for FY 2024-25, it is projected to require a General Fund appropriation of $19,058 in FY 2026-27.