



## Fiscal Summary

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

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**Measure:** Initiative 157 – REDUCE INCOME TAX RATE AND DEPARTMENT OF REVENUE FUNDING

**Analyst:** Louis Pino, louis.pino@coleg.gov, 303-866-3556

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## Fiscal Summary of Initiative 157

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 [leg.colorado.gov/bluebook](https://leg.colorado.gov/bluebook). This fiscal summary identifies the following impact.

### State Revenue

By reducing the state tax rate from 4.40 percent to 4.38 percent, the measure reduces General Fund revenue from income taxes by an estimated \$31.1 million in FY 2026-27 and \$65.8 million in FY 2027-28, with increasing amounts in future years based on income and population growth. The estimate for FY 2026-27 represents a half-year impact for tax year 2027.

### State Expenditures

The measure reduces the amount of state General Fund revenue available to spend, save, or refund to taxpayers in FY 2026-27, FY 2027-28 and future fiscal years. It specifies that the reduction in revenue under the measure must reduce spending in the Department of Revenue; however, based on current forecasts through FY 2027-28, the measure is assumed to reduce refunds to taxpayers of revenue above the state's revenue limit. A forecast of state revenue subject to TABOR is not available beyond FY 2027-28. It is assumed that the General Assembly will make decisions on the future use of state General Fund revenue through the annual budget and specific changes cannot be estimated at this time. To administer the tax rate change, the measure is expected to increase one-time General Fund expenditures for the Department of Revenue by \$10,000.

### Economic Impacts

Taxpayers will have more after-tax income available to spend or save, increasing their consumption of goods and services. Any overall change in economic activity will depend on the net economic impact of higher after-tax household and business income and reduced spending on public services.

# Initiative 157

## Taxpayer Impacts

Table 1 below shows the estimated decrease in state income tax owed for individual income taxpayers with different levels of adjusted gross income for tax year 2027, the first tax year in which the tax rate changes to 4.38 percent.

### Initiative 157 Change in Income Taxes Owed by Income Category (Tax Year 2027)

Income Categories	Current Average Income Tax Owed	Proposed Average Income Tax Owed	Proposed Change in Average Income Tax Owed + or -
\$25,000 or less	\$57.58	\$57.32	-\$0.26
\$25,001 - \$50,000	\$758	\$754	-\$3
\$50,001 - \$100,000	\$1,897	\$1,888	-\$9
\$100,001 - \$200,000	\$4,137	\$4,118	-\$19
\$200,001 - \$500,000	\$9,248	\$9,206	-\$42
\$500,001 - \$1,000,000	\$18,028	\$17,946	-\$82
\$1,000,001 - \$2,000,000	\$26,419	\$26,299	-\$120
\$2,000,001 - \$5,000,000	\$40,671	\$40,486	-\$185

Income categories reflect adjusted gross income reported to the Internal Revenue Service.