



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Demographic Note

Drafting Number: LLS 23B-0001

Date: December 18, 2023

Prime Sponsors: Sen. Hinrichsen; Marchman
Rep. Mabrey; Dickson

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Bill Topic: IDENTICAL TABOR REFUND

Demographics Analyzed:

- Socioeconomic Status
- Race/Ethnicity
- Disability
- Sex

Direct Impact(s):

<input checked="" type="checkbox"/> Economic	<input type="checkbox"/> Health	<input type="checkbox"/> Public Safety
<input type="checkbox"/> Employment	<input type="checkbox"/> Education	

Bill Impact: The bill directs that TABOR refunds that would otherwise be paid in FY 2023-24 via the six-tier sales tax refund mechanism be instead paid in equal amounts to qualifying taxpayers. In doing so, the bill decreases existing disparities in economic outcomes including disparities by socioeconomic status, race, ethnicity, sex, and disability status for those who qualify for the TABOR refunds.

Report Status: The demographic note reflects the enacted bill.

Demographic Impact Summary

This demographic note¹ analyzes potential impacts of SB 23B-003 on disparities in economic outcomes based on available data, including by socioeconomic status as measured by income, race, ethnicity, sex, and disability status.² The bill adjusts the mechanisms used to refund the state's FY 2022-23 TABOR surplus, replacing the graduated amounts that increase with income in the six-tier sales tax mechanism, with flat refund amounts that are equal for all taxpayers regardless of income. In doing so, the bill increases after-tax income for lower-income households claiming these refunds.

¹Pursuant to Section 2-2-322.5, C.R.S., this demographic note uses available data to outline the potential impacts of proposed legislation on disparities within the state. Disparities are defined by statute as the difference in economic, employment, health, education, or public safety outcomes between the state population as a whole and subgroups of the population, as defined by socioeconomic status, race, ethnicity, sex, gender identity, sexual orientation, disability, geography, or any other relevant characteristic for which data are available. It is beyond the scope of this analysis to examine each of the varied causes contributing to a given disparity. For further information on the contents of demographic notes, see "Demographic Notes Overview" Memorandum available at https://leg.colorado.gov/sites/default/files/images/lcs/demographic_notes_overview.pdf.

² Terminology used to distinguish demographic groups (e.g., black/African American, Hispanic or Latina/Latino) is based on the terminology used in the data sources referenced. These terms may differ from the self-identification of these populations.

Demographic characteristics of Colorado households by income suggest that lower-income, black/African American, Hispanic/Latino, and other/multiracial individuals, women, and those living with a disability are more likely to experience after-tax income increases as a result of the bill. Conversely, other demographic groups are more likely to experience declines in after-tax income under the bill. These changes will reduce economic disparities by socioeconomic status, race, ethnicity, sex, and disability, for those who qualify for and claim the refunds.

Key Provisions and Demographic Comparisons

For tax year 2023, the bill adjusts the mechanisms used to refund the state TABOR refund obligation collected in FY 2022-23. The following analysis presents the demographic considerations raised by the bill and, where data are available, compares the populations affected by the bill to the statewide population across different demographic groups. Pursuant to statute and based on available data on demographic differences between affected and statewide comparison populations, this analysis identifies potential effects of the bill on existing disparities.

TABOR Refunds by Federal Adjusted Gross Income

The bill requires that any amount that would otherwise be refunded via the six-tier sales tax refund mechanism instead be refunded on returns for tax year 2023 in equal amounts to all taxpayers who qualify for the six-tier sales tax refund. House Bill 23B-1002, also enacted during the 2023 Special Session, distributes \$182.5 million in TABOR refunds using the Colorado Earned Income Tax Credit (EITC) instead of the six-tier sales tax refund mechanism. Under SB 23B-003 in conjunction with HB 23B-1002, and using the September 2023 Legislative Council Staff forecast, \$3.10 billion will be refunded using flat refund amounts, and taxpayers filing a single return will receive \$800 and taxpayers filing a joint return will receive \$1,600.

Table 1 presents the impact of SB 23B-003 on TABOR refund amounts, relative to the six-tier refund amounts that would have been used without the passage of this bill, assuming the passage of HB 23B-1002. As shown in the table, single and married taxpayers with incomes up to \$104,000 will experience an increase in after-tax income, while those with higher incomes will experience a decrease.

Table 1
Estimated 2023 TABOR Refunds, Tax Year 2023
Amounts and changes under SB 23B-003, assuming HB 23B-1002

Adjusted Gross Income	Current Law Refund <i>Single / Joint</i>	SB 23B-003 Refund with HB 23B-1002¹ <i>Single / Joint</i>	Change in Refund <i>Single / Joint</i>
Up to \$51,000	\$553 / \$1,106	\$800 / \$1,600	+\$247 / +\$494
\$51,001 to \$104,000	\$726 / \$1,452	\$800 / \$1,600	+\$74 / +\$148
\$104,001 to \$166,000	\$850 / \$1,700	\$800 / \$1,600	-\$50 / -\$100
\$166,001 to \$235,000	\$1,994 / \$1,988	\$800 / \$1,600	-\$194 / -\$388
\$235,001 to \$309,000	\$1,079 / \$2,158	\$800 / \$1,600	-\$279 / -\$558
\$309,000 and up	\$1,732 / \$3,464	\$800 / \$1,600	-\$932 / -\$1,864

¹ This table assumes the September 2023 Legislative Council Staff forecast adjusted for the enacted House Bill 23B-1002, which distributes \$182.5 million in 2023 TABOR refunds using the Colorado EITC prior to this mechanism.

Demographics of Colorado Households by Income

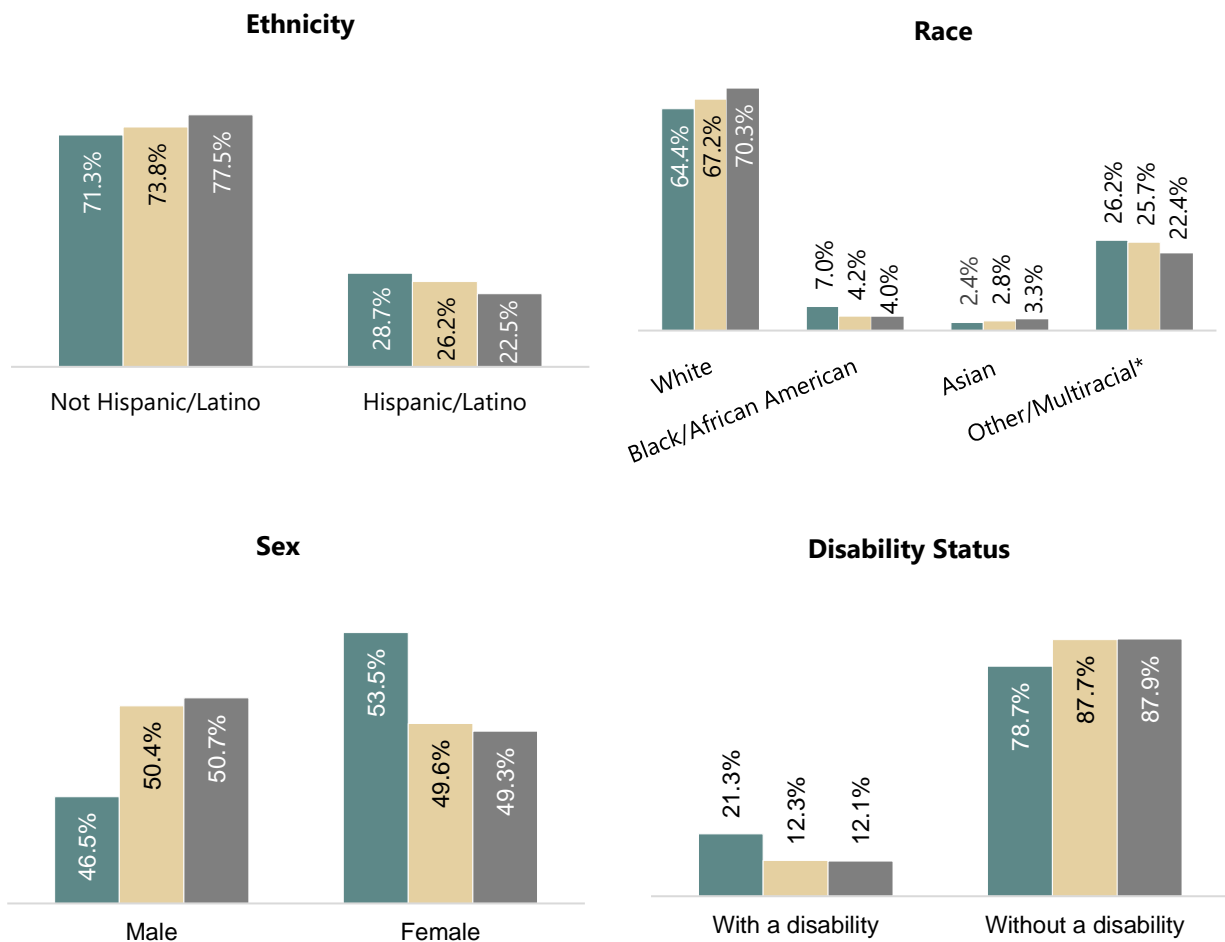
Income is often correlated with other demographic characteristics, as shown in Figure 1, which compares the racial and ethnic composition of lower income households and the statewide population.

It is expected that 62 percent of Colorado income tax filers will report adjusted gross income of \$104,000 or less, and 35 percent of filers will report adjusted gross income of \$51,000 or less. However, data from the U.S. Census Bureau's American Community Survey indicate that those with income under \$104,000 constitute about 46 percent of the statewide population, and those with income under \$51,000 constitute 20 percent. This analysis uses the Census data to show the impact of the bill on economic outcomes for different demographic groups, as data on the demographic characteristics of taxpayers are otherwise unavailable. Median household income in Colorado in 2022 was approximately \$90,000.

The data suggest that Coloradans living in lower income households are more likely to be women; living with a disability; Hispanic or Latino; black or African American; or multiracial or of another race than the statewide population as a whole. For example, while 22.5 and 4.0 percent of the statewide population identify as Hispanic/Latino or black/African American, respectively, 28.7 percent and 7.0 percent of those with income of \$51,000 or less identify as Hispanic or Latino and black or African American, respectively. Likewise, women and people living with a disability are disproportionately represented among those with incomes of \$51,000 or less, compared to their share in the statewide population as a whole. For more detailed information on the data used, see Appendix A.

Figure 1
Population Comparisons
Share of Total Population

■ Income \$51,000 or Less
■ Income \$51,001 to \$104,000
■ Statewide Comparison: All Coloradans



Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2022.

* Other races include American Indian, Alaska Native, Native Hawaiian, other Pacific Islander, or some other race alone.

Analysis and Findings

The bill is expected to increase after-tax income for many low-income taxpayers who qualify for and claim TABOR refunds. Those with the greatest economic benefit have incomes of \$51,000 or less. Based on a comparison between the statewide population and those expected to experience an increase in TABOR refunds under the bill, this analysis suggests that the bill will reduce economic disparities by socioeconomic status, race, ethnicity, sex, and disability status. Demographic characteristics of Colorado households by income suggest that individuals living in lower-income households expected to experience the greatest increase in TABOR refunds under the bill are more likely than the statewide population to be black or African American,

multiracial or of another race, Hispanic or Latino, women, or living with a disability. The bill's impact on disparities is limited to populations filing tax returns, which excludes many of the lowest income taxpayers.

Disparities In Context

While SB 23B-003 reduces income disparities for many low-income households, it is unlikely to influence other factors that contribute to income or other disparities. It is important to note that economic disparities such as those discussed here have multiple and interacting causes, including not only individual behavior and choices, but also historical and structural factors that can shape or constrain individual choices and distribute economic and other opportunities unevenly to individuals on the basis of their membership in particular demographic groups.

Demographics Not Analyzed

Some demographic groups have not been included in the analysis due to data limitations. Data on the relevant populations delineated by gender identity, sexual orientation, and geography were not available at the time of the analysis. Should data become available, this analysis may be updated.

Data Sources and Agencies Contacted

Revenue	U.S. Census Bureau
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Appendix A
Population Data Used in Analysis

Colorado Population by Income and Ethnicity, 2022

Ethnicity	Income \$51,000 or Less		Income \$51,001 to \$104,000		Statewide	
	Population	Share of Total	Population	Share of Total	Population	Share of Total
Not Hispanic/Latino	820,045	71.3%	1,114,738	73.8%	4,525,238	77.5%
Hispanic/Latino	330,516	28.7%	396,352	26.2%	1,314,688	22.5%
TOTAL	1,150,561	100.0%	1,511,090	100.0%	5,839,926	100.0%

Colorado Population by Income and Race, 2022

Race	Income \$51,000 or Less		Income \$51,001 to \$104,000		Statewide	
	Population	Share of Total	Population	Share of Total	Population	Share of Total
White	740,933	64.4%	1,016,201	67.2%	4,105,422	70.3%
Black/African American	80,389	7.0%	64,033	4.2%	234,513	4.0%
Asian	27,228	2.4%	42,338	2.8%	193,254	3.3%
Other/Multiracial*	302,011	26.2%	388,518	25.7%	1,306,737	22.4%
TOTAL	1,150,561	100.0%	1,511,090	100.0%	5,839,926	100.0%

Colorado Population by Income and Sex, 2022

Sex	Income \$51,000 or Less		Income \$51,001 to \$104,000		Statewide	
	Population	Share of Total	Population	Share of Total	Population	Share of Total
Male	535,302	46.5%	761,246	50.4%	2,961,075	50.7%
Female	615,259	53.5%	749,844	49.6%	2,878,851	49.3%
TOTAL	1,150,561	100.0%	1,511,090	100.0%	5,839,926	100.0%

Colorado Population by Income and Disability Status, 2022

Disability Status	Income \$51,000 or Less		Income \$51,001 to \$104,000		Statewide	
	Population	Share of Total	Population	Share of Total	Population	Share of Total
With a disability	245,289	21.3%	185,751	12.3%	704,591	12.1%
Without a disability	905,272	78.7%	1,325,339	87.7%	5,135,335	87.9%
TOTAL	1,150,561	100.0%	1,511,090	100.0%	5,839,926	100.0%

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2022

* Other races include American Indian, Alaska Native, Native Hawaiian, other Pacific Islander, or some other race alone