



## Fiscal Summary

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

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**Measure:** Initiative 145 – GRADUATED INCOME TAX

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## Fiscal Summary of Initiative 145

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 replacing the state flat income tax with a graduated income tax system, the measure increases General Fund revenue from income taxes by an estimated \$1.2 billion in FY 2026-27, \$2.4 billion in FY 2027-28, and 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. The increased revenue is exempt from TABOR as a voter-approved revenue change.

### Maximum Dollar Change

The estimates in the previous paragraph represent the revenue impact of the measure under the current LCS revenue forecast. Based on forecast error that could occur, the maximum dollar amount of the change in state government revenue and fiscal year spending for FY 2027-28 is preliminarily estimated as an increase of \$3.25 billion.

### State Expenditures

The measure increases the amount of state General Fund revenue available to spend for the purposes identified in the measure in FY 2026-27 and future fiscal years. To administer the tax rate change, the measure is expected to increase one-time General Fund expenditures for the Department of Revenue by \$90,000.

### Economic Impacts

Depending on their incomes, taxpayers will have either more or less after-tax income available to spend or save. On net, total after-tax household and business incomes in Colorado will be less than under current law, potentially decreasing consumption of goods and services. Any overall change in economic activity will depend on the net economic impact of changes to after-tax household and business income and the level of investment in public services.

# Initiative 145

## Taxpayer Impacts

The table below shows the average estimated change in in state income tax owed for individual income taxpayers with different levels of adjusted gross income by replacing the state flat income tax with a graduated income tax system.

### Initiative 145 Change in Income Taxes Owed by Income Category

| Income Categories         | Current Average<br>Income Tax Owed | Proposed Average<br>Income Tax Owed | Proposed Change<br>in Average<br>Income Tax Owed<br>if Passed<br>+ or - |
|---------------------------|------------------------------------|-------------------------------------|-------------------------------------------------------------------------|
| \$25,000 or less          | \$74                               | \$71                                | -\$3                                                                    |
| \$25,001 - \$50,000       | \$818                              | \$781                               | -\$37                                                                   |
| \$50,001 - \$100,000      | \$1,998                            | \$1,907                             | -\$91                                                                   |
| \$100,001 - \$200,000     | \$4,296                            | \$4,118                             | -\$178                                                                  |
| \$200,001 - \$500,000     | \$9,481                            | \$9,281                             | -\$200                                                                  |
| \$500,001 - \$1,000,000   | \$20,462                           | \$20,803                            | +\$341                                                                  |
| \$1,000,001 - \$2,000,000 | \$32,157                           | \$39,274                            | +\$7,117                                                                |
| \$2,000,001 - \$5,000,000 | \$46,166                           | \$66,968                            | +\$20,802                                                               |

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