



Fiscal Summary

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Measure: Initiative 48 – INCOME TAX RATE

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Fiscal Summary of Initiative 48

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. This fiscal summary identifies the following impact.

State Revenue

By reducing the state tax rate from 4.40 percent to 3.40 percent, the measure reduces General Fund revenue from income taxes by an estimated \$1.56 billion in FY 2026-27 and \$3.22 billion in FY 2027-28, with ongoing reductions in future years. 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 or save beginning in FY 2026-27 and future fiscal years. Based on current forecasts for FY 2026-27, the measure is expected to eliminate the obligation for refunds to taxpayers under TABOR, and decrease the amount available for the General Fund budget beyond that. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. It is expected that the revenue decrease in the measure will be great enough to eliminate near-term future TABOR surpluses and reduce the amount available for the General Fund budget.

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 investment in public services.

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Taxpayer Impacts

The table 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 year in which the tax rate change under the bill is in effect.

Initiative 48 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	\$58	\$44	-\$13
\$25,001 - \$50,000	\$758	\$586	-\$172
\$50,001 - \$100,000	\$1,897	\$1,466	-\$431
\$100,001 - \$200,000	\$4,137	\$3,196	-\$940
\$200,001 - \$500,000	\$9,248	\$7,146	-\$2,102
\$500,001 - \$1,000,000	\$18,028	\$13,931	-\$4,097
\$1,000,001 - \$2,000,000	\$26,419	\$20,415	-\$6,004
\$2,000,001 - \$5,000,000	\$40,671	\$31,428	-\$9,243

*Adjusted Gross Income reported to the federal Internal Revenue Service.