HB24-1134

JBC STAFF FISCAL ANALYSIS
SENATE 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

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Date Prepared: May 4, 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 05/01/24.

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

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
L.010	Bill Sponsor amendment - does not change fiscal impact or appropriation

Current Appropriations Clause in Bill

The bill neither requires nor contains an appropriation clause for FY 2024-25.

L.010 Bill Sponsor amendment **L.010** (attached) modifies the amount of the federal earned income tax credit (EITC) a taxpayer can claim for the state EITC to 25.0 percent of the federal EITC for tax years beginning in 2026. The percentage of the credit is also benchmarked to specific growth triggers and will increase based on a tiered system of adjustment factors, which are tied to the forecast compound annual growth of state revenue subject to TABOR in any fiscal year in relation to FY 2024-25. Amendment **L.010** does not increase the state EITC beyond 50.0 percent of the federal EITC in any tax year, and the General Fund revenue impact of the amendment **L.010** is consistent with the General Fund revenue projections in the most recent Revised Fiscal Note (05/01/24).

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 up to $44.0 million in FY 2023-24, up to $136.0 million in FY 2024-25, and up to $207.0 million in FY 2025-26, which will result in a decrease in the TABOR surplus liability of equal amounts.

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.