



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated February 27, 2024)

Table with 4 columns: Drafting Number, Prime Sponsors, Date, Bill Status, Fiscal Analyst. Values include LLS 24-0952, Rep. Rutinel, March 25, 2024, House Appropriations, Elizabeth Ramey | 303-866-3522, elizabeth.ramey@coleg.gov

Bill Topic: EARNED INCOME TAX CREDIT DATA SHARING

Table with 2 columns: Summary of Fiscal Impact, and a list of categories with checkboxes: State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, Statutory Public Entity.

The bill requires the Department of Revenue to share information on claimants of certain tax credits with other state agencies, and to develop a pilot program to assist individuals who may be eligible to claim federal tax credits. Beginning in FY 2024-25, the bill increases state expenditures and may reduce state revenue.

Table with 2 columns: Appropriation Summary, and text: For FY 2024-25, the bill requires an appropriation of \$167,585 to the Department of Revenue.

Table with 2 columns: Fiscal Note Status, and text: The fiscal note reflects the introduced bill, as amended by the House Finance Committee.

Table 1
State Fiscal Impacts Under HB 24-1288

Main fiscal impact table with columns: Revenue, Expenditures, Transfers, Other Budget Impacts, Budget Year FY 2024-25, Out Year FY 2025-26. Includes sub-categories like General Fund, Centrally Appropriated, and General Fund Reserve.

Summary of Legislation

The bill creates a pilot program within the Department of Revenue (DOR) to identify and assist individuals in claiming federal tax credits for prior tax years. The bill requires the DOR to select and work with a third party to implement the pilot program, to begin no later than August 15, 2025.

The bill requires the DOR to share the contact information of taxpayers who claimed the state EITC or the state child tax credit by July 1, 2025, and each July 1 thereafter, if requested, with the Behavioral Health Administration, the Department of Corrections, the Department of Early Childhood, the Department of Health Care Policy and Financing, the Department of Higher Education, the Department of Human Services, the Department of Labor and Employment, the Department of Local Affairs, and the Department of Public Health and Environment. Recipient departments may use the information, which is to remain confidential, only for the purpose of benefit outreach.

Assumptions

The fiscal note makes the following assumptions: that the pilot program will require outreach to any resident taxpayer who may have been eligible for any federal income tax credit in any prior tax year, or approximately 3.2 million taxpayers; that the pilot program implementation is not contingent upon approval from the Internal Revenue Service, as such approval may not be obtained prior to the required start date; and that data on federal taxable income will therefore not be available to inform the launch of the pilot program in order to more narrowly target the outreach population.

State Revenue

By expanding awareness of the tax credits, the bill may result in more taxpayers claiming these credits, thereby reducing state General Fund revenue from income taxes. The impact depends on the implementation of the pilot program as well as subsequent actions of taxpayers and cannot be estimated. This bill does not affect eligibility for any tax credit.

State Expenditures

The bill increases General Fund expenditures in the Department of Revenue (DOR) by about \$168,000 in FY 2024-25, and by about \$3.0 million in FY 2025-26, paid from the General Fund. After these initial costs, it is assumed that any DOR workload related to an increase in tax credit claims can be accomplished with existing appropriations. State expenditures are shown in Table 2 and described below.

Table 2
Expenditures Under HB 24-1288

	FY 2024-25	FY 2025-26
Department of Revenue		
Personal Services	-	\$511,554
Operating Expenses	-	\$11,776
Capital Outlay Costs	-	\$66,700
Computer Programming and Testing	\$160,193	-
Data Management and Reporting	\$7,392	\$7,328
Pilot Program Outreach	-	\$2,240,000
Centrally Appropriated Costs ¹	-	\$154,865
Total Costs	\$167,585	\$2,992,223
Total FTE	-	9.2 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Staff. In FY 2025-26 only, the DOR will require an additional 9.2 FTE for the DOR taxpayer services call center to respond to inquiries from taxpayers related to pilot program outreach. Standard operating and capital outlay costs are included. Staff costs assume a July 2025 start date.

Computer programming and testing. In order to develop a new report of contact information for taxpayers who claimed the state EITC and/or child tax credit, and to implement the pilot program, the DOR requires expenditures in FY 2024-25 to program, test, and update database fields in the department's GenTax software system. Programming costs are estimated at 590 hours of contract programming at a rate of \$231.75 per hour, 460 hours of innovation, strategy, and delivery programming support at a rate of \$35 per hour, and 230 hours of user acceptance testing at a rate of \$32 per hour. Actual costs may be less than this amount depending on agency data transfer protocols.

Data management and reporting. Expenditures in the Office of Research and Analysis are required for changes in the related GenTax reports so that the department can access and document tax statistics related to the new tax policy. These costs are estimated at \$7,392, representing 231 hours for data management and reporting at \$32 per hour.

Pilot program outreach. The DOR will incur printing and mailing costs for pilot program outreach of \$2.24 million in FY 2025-26 only, representing 3.2 million taxpayers at \$0.70 per letter.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2024-25, the bill requires a General Fund appropriation of \$167,585 to the Department of Revenue.

State and Local Government Contacts

Behavioral Health	Corrections	Early Childhood
Health Care Policy and Financing	Higher Education	Human Services
Information Technology	Labor	Local Affairs
Personnel	Public Health and Environment	Revenue

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).