



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated March 25, 2024)

Drafting Number:	LLS 24-0952	Date:	April 17, 2024
Prime Sponsors:	Rep. Rutinel	Bill Status:	House Second Reading
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Bill Topic: EARNED INCOME TAX CREDIT DATA SHARING

Summary of Fiscal Impact:	<input type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> 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 decrease state revenue.

Appropriation Summary: For FY 2024-25, the bill includes an appropriation of \$167,585 to the Department of Revenue.

Fiscal Note Status: The fiscal note reflects the introduced bill, as amended by the House Finance Committee and the House Appropriations Committee.

**Table 1
State Fiscal Impacts Under HB 24-1288**

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-
Expenditures	General Fund	\$167,585	\$77,328
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$25,138	\$11,599

Summary of Legislation

The bill creates a pilot program within the Department of Revenue (DOR) to identify and assist up to 100,000 individuals in claiming the federal and state earned income tax credits (EITC) and child tax credits (CTC) for the previous two 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 CTC 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.

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 \$77,000 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		
Computer Programming and Testing	\$160,193	-
Data Management and Reporting	\$7,392	\$7,328
Pilot Program Outreach	-	\$70,000
Total Costs	\$167,585	\$77,328

Computer programming and testing. In order to develop a new report of contact information for taxpayers who claimed the state EITC and/or CTC, 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 \$77,000 in FY 2025-26 only, representing 100,000 taxpayers at \$0.70 per letter.

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 and includes a General Fund appropriation of \$167,585 to the Department of Revenue.

Departmental Difference

The Department of Labor and Employment (CDLE) estimates the need for \$50,000, paid from the General Fund in FY 2024-25, for contract software development in order to receive taxpayer contact information and other identifying information from the DOR and conduct benefit outreach. The fiscal note assumes that CDLE can receive this information and conduct benefit outreach within existing appropriations and under the normal course of its programming, in line with the other state agencies similarly affected by the bill.

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](#).