



## Legislative Council Staff

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# Fiscal Note

**Drafting Number:** LLS 22-0580  
**Prime Sponsors:** Rep. Valdez A.

**Date:** January 21, 2022  
**Bill Status:** House Finance  
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**Bill Topic:** **INCOME TAX CREDIT FOR PACKAGE ANTI-THEFT DEVICES**

**Summary of Fiscal Impact:**

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill creates a refundable income tax credit for the purchase of package anti-theft devices. It decreases state revenue beginning in FY 2021-22 and increases state expenditures beginning in FY 2022-23.

**Appropriation Summary:** For FY 2022-23, the bill requires an appropriation of \$121,177 and 0.7 FTE to the Department of Revenue.

**Fiscal Note Status:** The fiscal note reflects the introduced bill.

**Table 1**  
**State Fiscal Impacts Under HB 22-1030**

		Current Year FY 2021-22	Budget Year FY 2022-23	Out Year FY 2023-24
<b>Revenue</b>	General Fund	(\$245,625)	(\$517,500)	(\$534,750)
<b>Expenditures</b>	General Fund	-	\$121,177	\$58,728
	Centrally Appropriated	-	\$9,875	\$14,585
	<b>Total Expenditures</b>	-	<b>\$137,052</b>	<b>\$73,645</b>
	<b>Total FTE</b>	-	<b>0.7 FTE</b>	<b>1.0 FTE</b>
<b>Transfers</b>		-	-	-
<b>Other Budget Impacts</b>	TABOR Refund	(\$245,626)	(\$517,500)	(\$534,750)
	General Fund Reserve		\$19,077	\$8,809

## **Summary of Legislation**

The bill creates a refundable income tax credit for tax years 2022, 2023, and 2024 for eligible individuals or package delivery companies. The credit can be claimed in an amount equal to the claimant's cost for purchasing a package anti-theft device during the tax year, up to \$75. The credit may be claimed by an individual who has filed a police report for a stolen package and subsequently purchases a package anti-theft device or by a package delivery company who donates a package anti-theft device to such a person.

## **Assumptions**

There are various estimates for the percentage of individuals who have had a package stolen in the previous 12 months, ranging from under 20 percent to over 50 percent depending on the source. However, this tax credit is only available to individuals who also report a package as stolen to the police and subsequently purchase a package anti-theft device.

According to data from the Denver Police Department (DPD), 1,356 individuals, or about 0.2 percent of the city's population, reported the theft of a package in 2021. This fiscal note assumes that individuals across the state report package thefts at a similar rate, equaling about 10,940 individuals reporting package thefts in 2021 across the state. According to data from the DPD, reports of package theft increased by 3.4 percent in 2021 over 2020. As such, this fiscal note assumes that the number of individuals reporting package thefts will increase by 3.4 percent in 2022, 2023, and 2024.

As discussed above, only individuals who also purchase a package anti-theft device are eligible for this tax credit, and these devices are largely designed to occupy an individual's front porch. According to data from Parcel Pending, roughly 40 percent of package thefts occur from apartment buildings, where individual recipients are unlikely to be able to utilize a package anti-theft device. As such, this fiscal note assumes that only 60 percent of individuals that report a package theft will obtain a package anti-theft device or have a package anti-theft device donated to them by a delivery company. This results in approximately 6,790 applicants for the tax credit in tax year 2022, 7,010 in 2023, and 7,250 in 2024.

Additionally, locking package anti-theft devices tend to cost at least \$100. As such, this fiscal note assumes that every individual will claim the full \$75 tax credit in this bill.

## **State Revenue**

The bill is expected to decrease state revenue by \$254,625 in FY 2021-22 (a half-year impact), by \$517,500 in FY 2022-23, by \$534,750 in FY 2023-24, and by \$271,875 in FY 2024-25 (a half-year impact). The bill decreases revenue from income taxes, which are subject to TABOR. Taxpayer and revenue estimates are presented on a tax year basis in Table 2 and on a fiscal year basis in Table 3.

**Table 2**  
**Revenue Impacts by Tax Year Under HB 22-1030**

<b>Tax Year</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Eligible Population	6,790	7,010	7,250
Credit Amount	\$75	\$75	\$75
<b>Total Revenue Impact</b>	<b>(\$509,250)</b>	<b>(\$525,750)</b>	<b>(\$543,750)</b>

**Table 3**  
**Revenue Impacts by Fiscal Year Under HB 22-1030**

	<b>FY 2021-22*</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25*</b>
Revenue	(\$254,625)	(\$517,500)	(\$534,750)	(\$271,875)

\* Fiscal year impacts comprise half-year impacts for each of the two component tax years.

## State Expenditures

The bill increases state expenditures in the Department of Revenue by \$130,944 in FY 2022-23 and \$73,645 in FY 2023-24 through FY 2025-26 from the General Fund. Expenditures are shown in Table 2 and detailed below.

**Table 4**  
**Expenditures Under HB 22-1030**

	<b>FY 2022-23</b>	<b>FY 2023-24</b>
<b>Department of Revenue</b>		
Personal Services	\$31,960	\$50,978
Standard Operating	\$945	\$1,350
Capital Outlay	\$6,200	-
GenTax Programming	\$18,000	-
Computer and User Acceptance Testing	\$46,490	-
Tax Form Changes	\$17,182	-
Data Reporting	\$6,400	\$6,400
Centrally Appropriated Costs <sup>1</sup>	\$9,875	\$14,585
<b>Total Cost</b>	<b>\$137,052</b>	<b>\$73,313</b>
<b>Total FTE</b>	<b>0.7 FTE</b>	<b>1.0 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Department of Revenue.** The Department of Revenue (DOR) will require an additional 0.7 FTE tax examiners in FY 2022-23 and 1.0 FTE tax examiners in FY 2023-24 and subsequent years. The tax examiners are necessary to process and review additional returns claiming the new tax credit and to resolve errors in returns.

- **Computer programming and testing.** For FY 2022-23 only, the bill will require changes to DOR's GenTax software system and additional testing. Changes are programmed by a contractor at a cost of \$225 per hour. Approximately 80 hours of computer programming will be required to implement this bill, totaling \$18,000. Additional computer and user acceptance testing are required to ensure programming changes are tested and functioning properly, resulting in an additional \$46,400 in expenditures by the department.
- **Tax form changes.** The bill requires \$17,182 in expenditures in FY 2022-23 to implement tax form changes and document management. These expenditures will take place in the Department of Personnel and Administration using reappropriated funds from the DOR.
- **Data reporting.** Beginning in FY 2022-23, the Office of Research and Analysis within DOR will expend \$6,400 each year to collect and report data on the new tax credit.

**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 4.

## Other Budget Impacts

**TABOR refunds.** The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. Because TABOR refunds are paid from the General Fund, decreased General Fund revenue will lower the TABOR refund obligation, but result in no net change to the amount of General Fund otherwise available to spend or save.

**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 beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by \$19,077 in FY 2022-23 and \$8,809 in FY 2023-24, which will decrease the amount of General Fund available for other purposes.

## Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## **State Appropriations**

For FY 2022-23, the bill requires a General Fund appropriation of \$127,177 and 0.7 FTE to the Department of Revenue. From this amount, \$17,182 should be reappropriated to the Department of Personnel and Administration.

## **State and Local Government Contacts**

Personnel

Revenue