



Legislative Council Staff

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Fiscal Note

Drafting Number: LLS 23-0443
Prime Sponsors: Rep. Young
Sen. Exum

Date: January 23, 2023
Bill Status: House Business
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Bill Topic: **EMPLOYER NOTICE OF INCOME TAX CREDITS**

Summary of Fiscal Impact:

- | | |
|---|--|
| <input checked="" type="checkbox"/> State Revenue | <input type="checkbox"/> TABOR Refund |
| <input checked="" type="checkbox"/> State Expenditure | <input checked="" type="checkbox"/> Local Government |
| <input type="checkbox"/> State Transfer | <input type="checkbox"/> Statutory Public Entity |

The bill requires employers to notify their employees annually of the availability of certain federal and state tax credits. The bill increases state expenditures and workload in multiple agencies by a minimal amount, and potentially decreases state revenue from greater awareness of certain tax credits, starting in FY 2023-24.

Appropriation Summary: No appropriation is required.

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

Summary of Legislation

Current law requires employers to provide employees with an annual statement of total compensation paid and income tax withheld for the previous calendar year. This bill requires employers to also provide, within a week before or after providing the statement and in the same manner as the statement is provided, written notice of the availability of certain federal and state tax credits, including the Earned Income Tax Credit and the Child Tax Credit. The written notice must be in English and any other language the employer uses to communicate with employees and must include any additional content as prescribed by the Department of Revenue.

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 actions of taxpayers and cannot be estimated. This bill does not affect eligibility for any tax credit.

State Expenditures

Beginning in FY 2023-24, the bill increases workload in the Department of Revenue to develop a model notice and publish it on the department's website. In addition, the bill increases workload and expenditures in multiple state agencies, including institutions of higher education, to adjust current employee notification practices to meet the bill's requirements. These increases are expected to be minimal and can be accomplished with existing resources or handled through the annual budget process.

Local Government

Similar to the state impact above, the bill increases workload and costs for local governments to adjust current employee notification practices to meet the bill's requirements. The workload and cost increase is expected to be minimal.

Effective Date

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

State and Local Government Contacts

Counties	Higher Education	Information Technology
Labor	Municipalities	Personnel
Revenue		