

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING THE ENLARGEMENT OF CERTAIN INCOME TAX CREDITS FOR LOW- AND MIDDLE-INCOME WORKING INDIVIDUALS OR FAMILIES, AND, IN CONNECTION THEREWITH, REDUCING STATE INCOME TAX REVENUE BY INCREASING THE EARNED INCOME TAX CREDIT AND EXPANDING ELIGIBILITY FOR AND INCREASING THE CHILD TAX CREDIT.

Prime Sponsors: Representative Bird  
Sens. Hansen and Kolker

JBC Analyst: Jon Catlett  
Phone: 303-866-4386  
Date Prepared: April 24, 2023

**Appropriation Items of Note**

**Appropriation Not Required, Amendments in Packet**

**General Fund/TABOR Impact**

**Significant Cost Increase in Second Year**

**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 04/20/23.

<b>XXX</b>	<b>No Change:</b> Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	<b>Update:</b> Fiscal impact has changed due to <i>new information or technical issues</i>
	<b>Update:</b> Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	<b>Non-Concurrence:</b> JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

**Amendments in This Packet for Consideration by Appropriations Committee**

<b>Amendment</b>	<b>Description</b>
L.004	Bill Sponsor amendment
L.005	Bill Sponsor amendment

**Current Appropriations Clause in Bill**

The bill neither requires nor contains an appropriation clause for FY 2023-24.

**Description of Amendments in This Packet**

**L.004** Bill Sponsor amendment **L.004** (attached) limits the expansion of the Earned Income Tax Credit from 25 percent to 40 percent for FY 2023-24 only, after which time it would revert to current law. This amendment does not change the General Fund revenue impact in FY 2023-24 and reduces General Fund revenue impact by \$60.1 million in FY 2024-25.

**L.005** Bill Sponsor amendment **L.005** (attached) strikes the change to the definition of an eligible child qualifying for the Child Tax Credit, and maintains the definition under current law. Additionally, this amendment limits the expansion of the Child Tax Credit to FY 2023-24 only. This amendment reduces the General Fund revenue impact by \$124.8 million in FY 2023-24 and by \$264.0 million in FY 2024-25.

Legislative Council Staff and JBC Staff agree that amendments **L.004** and **L.005** do not change FY 2023-24 expenditures and no appropriation for FY 2023-24 is required. Additionally, LCS and JBC Staff agree that **L.004** and **L.005**, cumulatively, reduce the General Fund revenue impact by \$124.8 million in FY 2023-24 and by \$324.1 million in FY 2024-25.

**Points to Consider***TABOR/ Excess State Revenues Impact*

The March 2023 Office of State Planning and Budgeting (OSPB) revenue forecast projects a TABOR surplus liability of \$720.9 million for FY 2023-24 and \$1.2 billion for FY 2024-25. These sums must be refunded to taxpayers out of the General Fund. This bill is estimated to decrease General Fund revenues by \$199.2 million in FY 2023-24 and by \$398.5 million in FY 2024-25, which will result in a decrease in the TABOR surplus liability of equal amounts.

If **L.004** is adopted, it is estimated that General Fund revenues will decrease by \$199.2 million in FY 2023-24 and by \$338.4 million in FY 2024-25, which will result in a decrease in the TABOR surplus liability of equal amounts.

If **L.005** is adopted, it is estimated that General Fund revenues will decrease by \$74.4 million in FY 2023-24 and by \$134.5 million in FY 2024-25, which will result in a decrease in the TABOR surplus liability of equal amounts.

If **L.004** and **L.005** are adopted, it is estimated that General Fund revenues will decrease by \$74.4 million in FY 2023-24 and FY 2024-25, 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 2023-24, it is projected to require General Fund appropriations of \$498,506 in FY 2024-25 and \$408,797 in FY 2025-26.