



**Colorado
Legislative
Council
Staff**

Room 029 State Capitol, Denver, CO 80203-1784
 (303) 866-3521 • FAX: 866-3855 • TDD: 866-3472
www.colorado.gov/lcs
 E-mail: lcs.ga@state.co.us

MEMORANDUM

April 15, 2015

TO: Representative Lee

FROM: Louis Pino, Economist (303-866-3556)

SUBJECT: Fiscal Assessment of Proposed Amendment **HB1260_L.001**.

This memorandum is an assessment of the fiscal impact of the attached proposed amendment to **HB15-1260**. This fiscal assessment is for the impact of the bill with inclusion of this amendment only. Any other added amendment could influence the fiscal impact.

Summary of Proposed Amendment

HB1181_L.001 increases the amount of the wildfire mitigation state income tax deduction from 50 percent to 100 percent of the costs incurred while performing wildfire mitigation on their property. It also strikes the provision that would have created an income tax credit.

Fiscal Impact of Amendment

The fiscal note dated January 1, 2015 estimated the original bill would decrease state revenue to the General Fund by at least \$416,468 in FY 2015-16, at least \$840,015 in FY 2016-17, and \$854,295 in FY 2017-18. L.001 reduces these figures by \$373,968 in FY 2015-16, \$754,292 in FY 2016-17, and \$767,114 in FY 2017-18.

Bill's Revised Fiscal Impact with Amendment

If this amendment is adopted, the expansion of the deduction will reduce General Fund revenue by at least \$42,500 in FY 2015-16, at least \$85,723 in at least FY 2016-17, and at least \$87,181 in FY 2017-18. The FY 2015-16 estimate represents a half-year impact since the credit is available beginning in tax year 2016.

With amendment L.001 the bill will still be assessed as having a state revenue impact, but one-time programming costs (\$20,910) from the Department of Revenue will not be required.

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017	FY 2017-2018
State Revenue	(at least \$42,500)	(at least \$85,723)	(at least \$87,181)
General Fund	(at least \$42,500)	(at least \$85,723)	(at least \$87,181)
State Expenditures			
FTE Position Change			
Tabor Set Aside	(at least \$42,500)	(at least \$85,723)	(at least \$87,181)
Appropriation Required: None			

* This summary shows changes from current law under the bill for each fiscal year. Parentheses indicate a decrease in funds.

HB1260_L.001

HOUSE COMMITTEE OF REFERENCE AMENDMENT

Committee on Finance.

HB15-1260 be amended as follows:

1 Amend printed bill, page 2, line 15, strike "Offering an income tax credit
2 to" and substitute "Increasing the amount of the existing income tax
3 deduction available for".

4 Page 2, strike line 19 and substitute "(4) (n.5) (I) (A); and add (4) (n.5)
5 (I) (A.5) as follows:".

6 Page 3, strike lines 8 and 9 and substitute:

7 "(A.5) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
8 JANUARY 1, 2016, BUT PRIOR TO JANUARY 1, 2025, AN AMOUNT EQUAL TO
9 ONE HUNDRED PERCENT OF A LANDOWNER'S COSTS INCURRED IN
10 PERFORMING WILDFIRE MITIGATION MEASURES IN THAT INCOME TAX YEAR
11 ON HIS OR HER PROPERTY LOCATED WITHIN THE STATE; EXCEPT THAT THE
12 AMOUNT OF THE DEDUCTION CLAIMED IN AN INCOME TAX YEAR SHALL NOT
13 EXCEED TWO THOUSAND FIVE HUNDRED DOLLARS OR THE TOTAL AMOUNT
14 OF THE LANDOWNER'S FEDERAL TAXABLE INCOME FOR THE INCOME TAX
15 YEAR FOR WHICH THE DEDUCTION IS CLAIMED, WHICHEVER IS LESS."

16 Page 3, strike lines 10 through 27.

17 Strike page 4.

18 Page 5, strike lines 1 through 14.

19 Page 1, line 101, strike "CHANGING THE" and substitute "INCREASING
20 THE PERCENTAGE OF A LANDOWNER'S COSTS INCURRED IN
21 PERFORMING WILDFIRE MITIGATION MEASURES FOR PURPOSES OF
22 THE".

23 Page 1, strike line 102 and substitute "DEDUCTION."

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