

*Colorado Legislative Council Staff Fiscal Note*  
**STATE and STATUTORY PUBLIC ENTITY  
 FISCAL IMPACT**

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<b>Drafting Number:</b> LLS 15-1075 <b>Prime Sponsor(s):</b> Rep. Tyler; Becker K.	<b>Date:</b> April 28, 2015 <b>Bill Status:</b> House SVMA <b>Fiscal Analyst:</b> Louis Pino (303-866-3556)
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**BILL TOPIC:** MODIFICATIONS LOW-INCOME HOUSING TAX CREDIT

Fiscal Impact Summary*	FY 2015-16	FY 2016-17	FY 2017-18
<b>State Revenue</b>	<b>(\$3.5 million)</b>	<b>(\$7.8 million)</b>	<b>(\$10.5 million)</b>
Revenue Change General Fund	(\$3.5 million)	(\$7.8 million)	(\$10.5 million)
<b>State Expenditures</b>			
<b>FTE Position Change</b>			
<b>Tabor Set Aside</b>	(\$3.5 million)	(\$7.8 million)	(\$10.5 million)
<b>Appropriation Required:</b> None.			

\* This summary shows changes from current law under the bill for each fiscal year.

**Summary of Legislation**

House Bill 15-1383 extends the number of years, from two to five years, in which the Colorado Housing and Finance Authority (CHFA) may allocate low-income housing income tax credits. In addition, the bill allows these income tax credits to be transferred to other taxpayers.

**Background**

**Low-Income Housing Income Tax Credit.** House Bill 14-1017 restored an income tax credit to owners of qualified low-income housing developments. The bill allowed CHFA to issue \$30 million of income tax credits in 2015 and 2016, or a total of \$60 million. Each year's \$30 million allocation is required to be spread out over a six-year period, so that no more than \$5 million of the initial \$30 million may be claimed each year. Any portion of the credit that exceeds the tax due for the taxable year may be carried forward eleven years from when the allocation from CHFA was made. Any unused credit is nonrefundable.

**State Revenue**

**General fund revenue will be reduced by \$3.5 million in FY 2015-16, \$7.8 million in FY 2016-17, and \$10.5 million in FY 2017-18.** This bill authorizes an additional three years of credit, or a total of \$90 million for tax years 2017 through 2019. However, the bill will also reduce revenue in FY 2015-16 and FY 2016-17 because it makes the income tax credits available under current law transferable so they will be claimed sooner than originally anticipated. Table 1 shows the total phase-in revenue impact for the new credits allowed under this bill, and for the credits already authorized for tax year 2015 and 2016.

<b>Table 1. Phase-in Revenue Impact of Colorado Low-Income Housing Credit for Current Authorized Credits and Under HB15-1383</b>			
<b>Fiscal Year</b>	<b>General Fund Revenue Impact Under Current Law</b>	<b>General Fund Revenue Impact under HB15-1383 and Current Authorized Credits</b>	<b>Revenue Change</b>
FY 2015-16	\$0.0	(\$5 million)	(\$3.5 million)
FY 2016-17	(\$1.5 million)	(\$12.5 million)	(\$7.75 million)
FY 2017-18	(\$4.75 million)	(\$17.5 million)	(\$10.5 million)
FY 2018-19	(\$7.0 million)	(\$22.5 million)	(\$14.5 million)
FY 2019-20	(\$8.0 million)	(\$27.5 million)	(\$18.5 million)
FY 2020-21	(\$9.75 million)	(\$25 million)	(\$15.25 million)
FY 2021-22	(\$8.75 million)	(\$17.5 million)	(\$8.75 million)
FY 2022-23	(\$5.5 million)	(\$12.5 million)	(\$7.0 million)
FY 2023-24	(\$3.0 million)	(\$7.5 million)	(\$4.5 million)
FY 2024-25	(\$2.0 million)	(\$2.5 million)	(\$0.5 million)
FY 2025-26	(0.75 million)	\$0.0	-0.75 million
<b>Total</b>	<b>(\$60 million)</b>	<b>(\$150 million)</b>	<b>(\$90 million)</b>

A taxpayer cannot claim the credit until the qualified development is placed in service. On average, it takes one year to complete the type of development that would qualify for the credit. Hence, the fiscal note assumes a one-year lag from the time CHFA allocates the credit to when the taxpayer claims the credit.

**TABOR Impact**

This bill reduces state revenue from the General Fund, which will reduce the amount required to be refunded under TABOR. TABOR refunds are paid from the General Fund.

**Effective Date**

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

**State and Local Government Contacts**

Local Affairs                      Revenue                      Colorado Housing and Finance Authority (CHFA)