



Legislative  
Council Staff

*Nonpartisan Services for Colorado's Legislature*

# Initiative 130

## Fiscal Summary

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**Date:** April 15, 2022

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### LCS TITLE: STATE INCOME TAX RATE REDUCTION

#### Fiscal Summary of Initiative 130

This fiscal summary, prepared by the nonpartisan Director of Research of the Legislative Council, contains a preliminary assessment of the measure's fiscal impact. A full fiscal impact statement for this initiative is or will be available at [www.colorado.gov/bluebook](http://www.colorado.gov/bluebook). This fiscal summary identifies the following impact.

**State revenue.** By reducing the state income tax rate from 4.55 percent to 4.54 percent, the measure reduces state General Fund revenue from income taxes by an estimated \$38.4 million in budget year 2022-23 and \$25.7 million in budget year 2023-24, with ongoing reductions in future years. The estimate for budget year 2022-23 represents a full-year impact for tax year 2022 and a half-year impact for tax year 2023.

**State expenditures.** Through the 2023-24 budget year, the measure is expected to decrease the state obligation for constitutionally required refunds to taxpayers by the amounts shown in the state revenue section above. In future years when refunds are not required, the measure reduces the General Fund amount available to be spent or saved. The General Fund is used to fund various state services, including health care, education, and human services. To accomplish the tax rate change, the measure is expected to increase General Fund expenditures for the Department of Revenue by \$10,800.

**Economic impacts.** Taxpayers will have more after-tax income available to spend or save, increasing their consumption of goods and services. The measure will decrease state government spending. Any overall change in economic activity will depend on the net economic impact of higher after-tax household and business income and reduced investment in public services.