Office of the State Auditor

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Homeless Contribution Tax Credit Tax Expenditure Evaluation Update

In November 2025, our office released its evaluation of the Homeless Contribution Tax Credit [Section 39-22-548, C.R.S.]. At that time, the Department of Revenue (Department) was not able to provide data on the credit's revenue impact to the State or the number of claims. In January 2026, the Department released data on the credit for claims made by individuals and C corporations for Tax Year 2023, which was the first year this credit was available. This memo's purpose is to provide an update on the revenue impact and usage of the Homeless Contribution Tax Credit based on the information that was published by the Department after the release of our report.

Taxpayers did not claim the full amount in credits that were certified for Tax Year 2023. According to Department data, in Tax Year 2023, the Homeless Contribution Tax Credit was claimed by 3,981 individuals for a total revenue impact to the State of $3,582,701 (an average credit of $900 per taxpayer). Ten corporations claimed the credit for a total revenue impact to the State of $11,848 (an average credit of $1,185 per taxpayer). Between individual and corporate taxpayers, the Homeless Contribution Tax Credit had a total revenue impact to the State of $3,594,549 in Tax Year 2023.

In Exhibit 6 on page 16 of the report issued by our office on this credit in November 2025, we presented an estimate of the credit's maximum revenue impact for Tax Years 2023 and 2024. This estimate was based on data provided by the Division of Housing on contributions that were certified for the credit. We estimated a maximum revenue impact of $5,274,385 for Tax Year 2023 and $6,455,478 for Tax Year 2024. There are several possible reasons why the revenue impact shown in the Department data is less than the maximum estimated maximum revenue impact we provided in our report. First, the Department data may not show the entire actual revenue impact of the credit because it does not include credit claims by all taxpayer types. The Department's 2023 Tax Credit Reports that were published in January 2026 only show credits claimed by individuals and C corporations. To the extent that the credit was claimed on another type of tax return, such as an estate, trust, or composite nonresident partnership or S corporation return, those credit claims would not be captured in the Department's data but would still have a revenue impact to the State in Tax Year 2023. Second, some taxpayers may not have claimed the credit either because they forgot or were confused about how to obtain their credit certificate or attach it to their return. Below

Exhibit 6 on page 16 of the report, we discussed that when we surveyed donors who had made contributions that were eligible for the credit, some reported having difficulty either receiving their credit certificate or not knowing how to submit their certificate to claim the credit on their tax return. Third, some taxpayers may not have had enough tax liability to claim the entire credit they were eligible for in Tax Year 2023. These taxpayers may carry the credit forward for up to 5 years and, therefore, some credits that were certified in Tax Year 2023 may have a revenue impact in future tax years.

Taxpayers with higher incomes claimed more credits for larger amounts than lower income taxpayers. The Department also released Homeless Contribution Tax Credit individual claims data showing usage by taxpayers grouped by the size of their federal adjusted gross income (AGI), which we present below in Exhibit 1.

Exhibit 1
Number of Claims, Revenue Impact, and Average Credit for Individual Taxpayers Who Claimed the Homeless Contribution Tax Credit in Tax Year 2023 by Size of Federal Adjusted Gross Income

Size of Federal Adjusted Gross Income	Number of Claims	Total Revenue Impact	Average Credit
Negative Income	0	$0	$0
$0 to under $10,000	3	Not Releasable	Not Releasable
$10,000 to under $20,000	15	Not Releasable	Not Releasable
$20,000 to under $30,000	39	$7,159	$184
$30,000 to under $40,000	58	$14,546	$251
$40,000 to under $50,000	81	$25,121	$310
$50,000 to under $60,000	85	$30,547	$359
$60,000 to under $75,000	166	$69,511	$419
$75,000 to under $100,000	303	$99,166	$327
$100,000 to under $200,000	1,368	$688,105	$503
$200,000 to under $500,000	1,254	$993,384	$792
$500,000 to under $1,000,000	360	$620,692	$1,724
$1,000,000 and over	249	$1,032,582	$4,147
Total	**3,981**	**$3,582,701**	**$900**

Source: Office of the State Auditor analysis of Department of Revenue individual credit data for the Homeless Contribution Tax Credit.

The Department data are consistent with the expectation we discussed on pages 16 and 17 of the report that high and middle-income taxpayers who make relatively large charitable donations are more likely to claim the credit. According to our analysis of the Department's data, individuals with $100,000 or more in federal AGI accounted for 81 percent of the credits claimed by individuals and 93 percent of the total revenue impact of credits claimed by individuals, whereas taxpayers with under $50,000 in federal AGI accounted for less than 5 percent of credits claimed and accounted for less than 1.5 percent of the total revenue impact of credits claimed by individuals. In addition, as shown in the table above, individuals with higher incomes generally claimed higher average credits that those with lower incomes.