

CHAPTER 1

TAXATION

HOUSE BILL 24-1084

BY REPRESENTATIVE(S) Willford and Young, Amabile, Bacon, Bird, Boesenecker, Brown, Daugherty, deGruy Kennedy, Duran, Froelich, Garcia, Hamrick, Hernandez, Herod, Jodeh, Joseph, Kipp, Lieder, Lindsay, Lindstedt, Lukens, Mabrey, Martinez, Mauro, McCormick, McLachlan, Ortiz, Parenti, Ricks, Rutinel, Sirota, Snyder, Story, Velasco, Vigil, Weissman, Woodrow; also SENATOR(S) Kolker and Fields, Bridges, Buckner, Coleman, Cutter, Danielson, Exum, Gonzales, Hansen, Jaquez Lewis, Marchman, Michaelson Jenet, Mullica, Priola, Rodriguez, Sullivan, Winter F., Fenberg.

AN ACT

CONCERNING THE REPEAL AND REENACTMENT OF THE LAW ENACTED BY HOUSE BILL 23B-1002 THAT INCREASED THE EARNED INCOME TAX CREDIT FOR 2023, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Legislative declaration. (1) The general assembly finds and declares that:

(a) During the first extraordinary session of the seventy-fourth general assembly, which occurred in November 2023, the general assembly enacted House Bill 23B-1002, which, in order to refund excess state revenues for the 2022-23 state fiscal year that are required by the Taxpayer's Bill of Rights, section 20 of article X of the state constitution, to be refunded in the 2023-24 state fiscal year, increased the amount of the state earned income tax credit for 2023 from 25% to 50% of the amount of the federal earned income tax credit; and

(b) It is in the public interest that House Bill 23B-1002 be repealed and reenacted at the soonest possible time during the second regular session of the seventy-fourth general assembly, given that:

(I) Litigation was filed over House Bill 23B-1002's compliance with section 22 of article V of the state constitution providing for the reading of bills at length unless there is unanimous consent to waive such readings by the members present;

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

(II) The filing of that litigation has produced great financial uncertainty for state taxpayers and families eligible for the earned income tax credit; and

(III) The filing of that litigation has caused substantial administrative uncertainty for state government regarding the amount of the state earned income tax credit for 2023 and the amount of state revenue that may be expended in the current state fiscal year.

SECTION 2. In Session Laws of Colorado 2023, First Extraordinary Session, **repeal and reenact** 39-22-123.5 (2.8), Colorado Revised Statutes, as added by section 1 of chapter 3, as follows:

39-22-123.5. Earned income tax credit - legislative declaration - repeal. (2.8) (a) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2023, BUT BEFORE JANUARY 1, 2024, ONLY, THE RATE OF CREDIT ALLOWED FOR THE RESIDENT INDIVIDUALS DESCRIBED IN SUBSECTIONS (2), (2.5), AND (2.7), OF THIS SECTION, RESPECTIVELY, IS INCREASED FROM TWENTY-FIVE PERCENT TO FIFTY PERCENT OF THE FEDERAL CREDIT DESCRIBED IN THE RESPECTIVE SUBSECTIONS (2), (2.5), AND (2.7) OF THIS SECTION.

(b) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT INCREASING THE RATE OF THE CREDIT AS SPECIFIED IN SUBSECTION (2.8)(a) OF THIS SECTION REDUCES THE AMOUNT OF STATE REVENUES, AS DEFINED IN SECTION 24-77-103.6 (6)(c), FOR THE 2023-24 STATE FISCAL YEAR AND IS THEREFORE, AFTER EXCESS STATE REVENUES FOR THE 2022-23 STATE FISCAL YEAR ARE REFUNDED PURSUANT TO SECTIONS 39-3-209, 39-3-210, AND ANY OTHER REFUND MECHANISM PROVIDED FOR IN LAW OTHER THAN THE REFUND MECHANISM PROVIDED FOR IN PART 20 OF ARTICLE 22 OF THIS TITLE, A REASONABLE METHOD OF REFUNDING A PORTION OF ANY REMAINING EXCESS STATE REVENUES FOR THE 2022-23 STATE FISCAL YEAR THAT ARE REQUIRED TO BE REFUNDED IN THE 2023-24 STATE FISCAL YEAR IN ACCORDANCE WITH SECTION 20 (7)(d) OF THE STATE CONSTITUTION.

SECTION 3. In Session Laws of Colorado 2023, First Extraordinary Session, **repeal and reenact** section 2 of chapter 3 as follows:

Section 2. **Appropriation.** (1) For the 2023-24 state fiscal year, \$51,483 is appropriated to the department of revenue. This appropriation is from the general fund. To implement this act, the department may use this appropriation as follows:

- (a) \$23,175 for tax administration IT system (GenTax) support;
- (b) \$13,792 for use by taxation services for personal services;
- (c) \$14,000 for use by the executive director's office for personal services related to administration and support; and
- (d) \$516 for the purchase of document management services.

(2) For the 2023-24 state fiscal year, \$516 is appropriated to the department of personnel. This appropriation is from reappropriated funds received from the department of revenue under subsection (1)(d) of this section. To implement this

act, the department of personnel may use this appropriation to provide document management services for the department of revenue.

SECTION 4. Safety clause. The general assembly finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety or for appropriations for the support and maintenance of the departments of the state and state institutions.

Approved: January 31, 2024