

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

DRAFT
10/6/23

BILL 3

LLS NO. 24-0385.01 Pierce Lively x2059

INTERIM COMMITTEE BILL

Legislative Oversight Committee Concerning Tax Policy

BILL TOPIC: Tax Credit For Purchase Long-term Care Insurance

A BILL FOR AN ACT

101 **CONCERNING THE MODIFICATION OF THE STATE INCOME TAX CREDIT**
102 **FOR PURCHASING LONG-TERM CARE INSURANCE.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Legislative Oversight Committee Concerning Tax Policy. For income tax years beginning January 1, 2025, the bill both:

- Increases the amount of federal taxable income taxpayers may have and still qualify for the state income tax credit (the credit) for purchasing long-term care insurance and annually adjusts that amount of federal taxable income for

*Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words indicate deletions from existing law.*

- inflation; and
- Increases the amount that a taxpayer may claim for the credit to \$1000 and annually adjusts the amount of the credit for inflation.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-22-122, **amend**
3 (2) and (3); and **add** (3.5) as follows:

4 **39-22-122. Long-term care insurance credit - definition.**

5 (2) Notwithstanding any other provision of this section, ~~to the contrary,~~
6 a credit shall only be allowed:

7 (a) FOR INCOME TAX YEARS COMMENCING PRIOR TO JANUARY 1,
8 2025, to:

9 ~~(a)~~ (I) An individual filing a single return with a federal taxable
10 income of less than fifty thousand dollars for the tax year for which the
11 credit is claimed;

12 ~~(b)~~ (II) Two individuals filing a joint return with a federal taxable
13 income of less than fifty thousand dollars for the tax year for which the
14 credit is claimed if claiming the credit for one policy; or

15 ~~(c)~~ (III) Two individuals filing a joint return with a federal taxable
16 income of less than one hundred thousand dollars for the tax year for
17 which the credit is claimed if claiming the credit for two policies or for
18 a joint policy that covers each individual separately.

19 (b) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
20 1, 2025, TO:

21 (I) AN INDIVIDUAL FILING A SINGLE RETURN WITH A FEDERAL
22 TAXABLE INCOME OF LESS THAN ONE HUNDRED THOUSAND DOLLARS FOR
23 THE TAX YEAR FOR WHICH THE CREDIT IS CLAIMED;

1 (II) TWO INDIVIDUALS FILING A JOINT RETURN WITH A FEDERAL
2 TAXABLE INCOME OF LESS THAN ONE HUNDRED THOUSAND DOLLARS FOR
3 THE TAX YEAR FOR WHICH THE CREDIT IS CLAIMED IF CLAIMING THE
4 CREDIT FOR ONE POLICY; OR

5 (III) TWO INDIVIDUALS FILING A JOINT RETURN WITH A FEDERAL
6 TAXABLE INCOME OF LESS THAN TWO HUNDRED THOUSAND DOLLARS FOR
7 THE TAX YEAR FOR WHICH THE CREDIT IS CLAIMED IF CLAIMING THE
8 CREDIT FOR TWO POLICIES OR FOR A JOINT POLICY THAT COVERS EACH
9 INDIVIDUAL SEPARATELY.

10 (3) Notwithstanding any other provision of this section, ~~to the~~
11 ~~contrary~~, FOR INCOME TAX YEARS COMMENCING:

12 (a) PRIOR TO JANUARY 1, 2025, the amount of credit claimed
13 pursuant to this section shall not exceed one hundred fifty dollars for each
14 policy for which a credit is claimed pursuant to this section.

15 (b) ON OR AFTER JANUARY 1, 2025, THE AMOUNT OF CREDIT
16 CLAIMED PURSUANT TO THIS SECTION SHALL NOT EXCEED ONE THOUSAND
17 DOLLARS FOR EACH POLICY FOR WHICH A CREDIT IS CLAIMED PURSUANT TO
18 THIS SECTION.

19 (3.5) (a) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
20 JANUARY 1, 2025, THE DEPARTMENT SHALL ADJUST THE FOLLOWING TO
21 REFLECT INFLATION FOR EACH INCOME TAX YEAR IN WHICH THE CREDIT
22 DESCRIBED IN THIS SECTION IS ALLOWED:

23 (I) THE FEDERAL TAXABLE INCOME LIMITS SET FORTH IN
24 SUBSECTION (2)(b) OF THIS SECTION; AND

25 (II) THE MAXIMUM AMOUNT OF CREDIT THAT A TAXPAYER MAY
26 CLAIM AS SET FORTH IN SUBSECTION (3) OF THIS SECTION.

27 (b) AS USED IN SUBSECTION (3.5)(a) OF THIS SECTION, "INFLATION"

1 MEANS THE ANNUAL PERCENTAGE CHANGE IN THE UNITED STATES
2 DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS, CONSUMER PRICE
3 INDEX FOR DENVER-AURORA-LAKEWOOD FOR ALL ITEMS PAID BY ALL
4 URBAN CONSUMERS, OR ITS APPLICABLE SUCCESSOR INDEX.

5 **SECTION 2. Act subject to petition - effective date.** This act
6 takes effect January 1, 2025; except that, if a referendum petition is filed
7 pursuant to section 1 (3) of article V of the state constitution against this
8 act or an item, section, or part of this act within the ninety-day period
9 after final adjournment of the general assembly, then the act, item,
10 section, or part will not take effect unless approved by the people at the
11 general election to be held in November 2024 and, in such case, will take
12 effect January 1, 2025, or on the date of the official declaration of the
13 vote thereon by the governor, whichever is later.