

**First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO**

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 25-1002.03 Jason Gelender x4330

SENATE BILL 25-319

SENATE SPONSORSHIP

Bridges and Amabile, Kirkmeyer, Cutter, Exum, Jodeh, Kipp, Michaelson Jenet

HOUSE SPONSORSHIP

Bird and Taggart, Sirota

Senate Committees

Appropriations

House Committees

Appropriations

A BILL FOR AN ACT

101 **CONCERNING THE ADMINISTRATION OF THE INCOME TAX INCENTIVE**
102 **FOR CERTAIN HIGHER EDUCATION COSTS INCURRED BY ELIGIBLE**
103 **STUDENTS, AND, IN CONNECTION THEREWITH, MAKING AN**
104 **APPROPRIATION.**

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/>.)

Joint Budget Committee. The state allows a student pursuing higher education who satisfies statutorily specified eligibility criteria to claim an income tax incentive for amounts paid for tuition and fees for

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

HOUSE
2nd Reading Unamended
May 3, 2025

SENATE
3rd Reading Unamended
May 2, 2025

SENATE
2nd Reading Unamended
May 1, 2025

qualifying academic semesters or terms that the student completes. The bill clarifies the statute that provides for the income tax incentives to improve the administration, including data tracking and reporting, of the incentive.

For the 2025-26 state fiscal year, \$135,446 is appropriated to the department of revenue for use by the taxation business group to implement the bill.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-22-570, **amend**
3 (2)(c), (3), (4)(a) introductory portion, (4)(b), (4)(c), and (6)(d); and **add**
4 (2)(b.5), (2)(c.5), and (2)(d.5) as follows:

5 **39-22-570. Tuition and fee tax incentive for qualifying**
6 **students - tax preference performance statement - report - legislative**
7 **declaration - definitions - repeal.** (2) As used in this section, unless the
8 context otherwise requires:

9 (b.5) "DEPENDENT STUDENT" MEANS A STUDENT WHO IS NOT AN
10 INDEPENDENT STUDENT.

11 (c) "Eligible student" means an individual who:

12 (I) ~~Has matriculated at a Colorado public institution of higher~~
13 ~~education within two years of completion of~~ COMPLETED high school
14 graduation or an equivalent ON OR AFTER JANUARY 1, 2024, OR IS
15 CURRENTLY ENROLLED AS OF FALL 2024;

16 (I.5) HAS MATRICULATED AT A COLORADO PUBLIC INSTITUTION OF
17 HIGHER EDUCATION WITHIN TWO ACADEMIC YEARS AFTER COMPLETION OF
18 HIGH SCHOOL GRADUATION OR AN EQUIVALENT;

19 (II) Is designated as a degree- or credential-seeking
20 UNDERGRADUATE student at a Colorado public institution of higher
21 education for the semester or term for which an incentive is claimed;

22 (III) Qualifies for in-state tuition, as described in article 7 of title

1 23, for the semester or term for which the incentive is claimed; and

2 (IV) Has completed a free application for federal student aid
3 (FAFSA) or Colorado application for state financial aid (CASFA) for the
4 semester or term for which an incentive is claimed; ~~that indicates that the~~
5 ~~student's household has an adjusted gross income that is ninety thousand~~
6 ~~dollars or less.~~ AND

7 (V) HAS A HOUSEHOLD ADJUSTED GROSS INCOME FOR THE SECOND
8 PRECEDING INCOME TAX YEAR THAT IS NINETY THOUSAND DOLLARS OR
9 LESS.

10 (c.5) (I) "HOUSEHOLD ADJUSTED GROSS INCOME" MEANS:

11 (A) IN THE CASE OF A DEPENDENT STUDENT, THE SUM OF THE
12 STUDENT'S AND THE PARENT'S OR PARENTS', AS APPLICABLE, ADJUSTED
13 GROSS INCOMES TO THE EXTENT THAT THE PARENT'S OR PARENTS' INCOME
14 IS TAKEN INTO ACCOUNT FOR PURPOSES OF 20 U.S.C. SEC. 1087oo (f);

15 (B) IN THE CASE OF A SINGLE INDEPENDENT STUDENT, THE
16 STUDENT'S ADJUSTED GROSS INCOME; AND

17 (C) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (2)(c.5)(II)
18 OF THIS SECTION, IN THE CASE OF A MARRIED INDEPENDENT STUDENT, THE
19 SUM OF THE STUDENT'S AND THE SPOUSE'S ADJUSTED GROSS INCOMES.

20 (II) IN THE CASE OF A STUDENT WHO IS DIVORCED OR SEPARATED,
21 OR WHOSE SPOUSE HAS DIED, THE SPOUSE'S ADJUSTED GROSS INCOME IS
22 DISREGARDED.

23 (d.5) "INDEPENDENT STUDENT" HAS THE SAME MEANING AS SET
24 FORTH IN 20 U.S.C. SEC. 1087vv (d), AS AMENDED.

25 (3) (a) (I) For ~~each~~ THE income tax year commencing on or after
26 January 1, 2025, but prior to ~~January 1, 2033~~ JANUARY 1, 2026, an
27 eligible student is allowed an incentive against the income taxes imposed

1 by this article 22 for every qualifying semester or term completed during
2 the academic year ending during the income tax year AND ANY OTHER
3 QUALIFYING SEMESTER OR TERM COMPLETED DURING THE INCOME TAX
4 YEAR.

5 (II) FOR EACH INCOME TAX YEAR COMMENCING ON OR AFTER
6 JANUARY 1, 2026, BUT PRIOR TO JANUARY 1, 2033, AN ELIGIBLE STUDENT
7 IS ALLOWED AN INCENTIVE AGAINST THE INCOME TAXES IMPOSED BY THIS
8 ARTICLE 22 FOR EVERY QUALIFYING SEMESTER OR TERM COMPLETED
9 DURING THE INCOME TAX YEAR.

10 (b) The amount of incentive allowed to an eligible student for
11 each ~~income tax year~~ QUALIFYING SEMESTER OR TERM is equal to the
12 amount paid by or for the benefit of the eligible student in tuition and fees
13 to a Colorado public institution of higher education minus any
14 scholarships or grants for ~~each~~ THE qualifying semester or term during the
15 ~~academic year completed during the prior calendar year~~ SEMESTERS OR
16 TERMS.

17 (c) WITH REGARD TO WHETHER AN INDIVIDUAL IS AN ELIGIBLE
18 STUDENT OR WHETHER A SEMESTER OR TERM IS A QUALIFYING SEMESTER
19 OR TERM, A COLORADO PUBLIC INSTITUTION OF HIGHER EDUCATION SHALL
20 TAKE INTO ACCOUNT THE FACTS AND CIRCUMSTANCES DETERMINED ON OR
21 BEFORE JANUARY 15 FOLLOWING THE INCOME TAX YEAR AND SHALL
22 DISREGARD ANY CHANGE IN FACTS OR CIRCUMSTANCES OCCURRING
23 THEREAFTER.

24 (4) (a) Each Colorado public institution of higher education is
25 required by ~~January 15~~ JANUARY 31, 2026, and every ~~January 15~~
26 JANUARY 31 thereafter until 2033, to electronically report each eligible
27 student, UNLESS PROHIBITED BY FEDERAL LAW, IN WHICH CASE EACH

1 COLORADO PUBLIC INSTITUTION OF HIGHER EDUCATION SHALL INSTEAD
2 REPORT EACH STUDENT WHO SATISFIES THE QUALIFICATIONS FOR BEING AN
3 ELIGIBLE STUDENT SET FORTH IN SUBSECTIONS (2)(c)(I) TO (2)(c)(IV) OF
4 THIS SECTION WITHOUT REGARD TO WHETHER THE STUDENT'S HOUSEHOLD
5 ADJUSTED GROSS INCOME EXCEEDS THE LIMIT SET FORTH IN SUBSECTION
6 (2)(c)(V) OF THIS SECTION, for any qualifying semester or term ~~completed~~
7 ~~during the academic year completed during the~~ FOR WHICH AN INCENTIVE
8 IS ALLOWED PURSUANT TO THIS SECTION FOR THE prior calendar year to
9 the department of higher education in a format prescribed by the
10 department of higher education that includes:

11 (b) By January 31, 2026, and every January 31 thereafter through
12 2033, the Colorado public institution of higher education shall provide
13 each eligible student, UNLESS PROHIBITED BY FEDERAL LAW, IN WHICH
14 CASE EACH COLORADO PUBLIC INSTITUTION OF HIGHER EDUCATION SHALL
15 INSTEAD PROVIDE EACH STUDENT WHO SATISFIES THE QUALIFICATIONS FOR
16 BEING AN ELIGIBLE STUDENT SET FORTH IN SUBSECTIONS (2)(c)(I) TO
17 (2)(c)(IV) OF THIS SECTION WITHOUT REGARD TO WHETHER THE
18 STUDENT'S HOUSEHOLD ADJUSTED GROSS INCOME EXCEEDS THE LIMIT SET
19 FORTH IN SUBSECTION (2)(c)(V) OF THIS SECTION, with a statement
20 containing the information pertaining to that student's eligibility and the
21 amount reported to the department of higher education pursuant to
22 subsection (4)(a)(II) of this section. A COLORADO PUBLIC INSTITUTION OF
23 HIGHER EDUCATION MAY PROVIDE THE STATEMENT ELECTRONICALLY AND
24 IS NOT REQUIRED TO PROVIDE IT IN PHYSICAL FORM.

25 (c) The department of higher education is required by ~~January 31~~
26 FEBRUARY 15, 2026, and every ~~January 31~~ FEBRUARY 15 thereafter
27 through 2034, to electronically report the information received pursuant

1 to subsection (4)(a) of this section along with any later corrections or
2 additions to the department of revenue in a format prescribed by the
3 executive director.

4 (6) (d) (I) ON OR BEFORE DECEMBER 1, 2026, THE DEPARTMENT OF
5 HIGHER EDUCATION, IN CONSULTATION WITH THE DEPARTMENT OF
6 REVENUE, SHALL SUBMIT A REPORT TO THE JOINT BUDGET COMMITTEE AND
7 THE HOUSE OF REPRESENTATIVES AND SENATE EDUCATION COMMITTEES,
8 OR ANY SUCCESSOR COMMITTEES, THAT DESCRIBES THE IMPLEMENTATION
9 OF THE TAX INCENTIVE AND INCLUDES AN ESTIMATE OF THE TOTAL
10 AMOUNT OF TAX INCENTIVES CLAIMED PURSUANT TO THIS SECTION FOR
11 INCOME TAX YEARS THAT COMMENCE IN 2025.

12 (II) On or before ~~June 30, 2027~~ DECEMBER 1, 2027, and each year
13 thereafter until 2037, the department of higher education shall submit a
14 report to the joint budget committee and the house of representatives and
15 senate education committees, or any successor committees, including, for
16 each institution, the average percentage of state and institutional financial
17 aid allocated to the resident student population who have a family income
18 of ninety thousand dollars or less in the three academic years prior to the
19 academic year 2024-25, and in each academic year thereafter until 2034.
20 The department of higher education shall include in the report AVAILABLE
21 DATA ON student enrollment information for INCENTIVE RECIPIENTS,
22 eligible NONRECIPIENTS, and noneligible students, disaggregated by
23 income UNLESS PROHIBITED BY FEDERAL LAW, and shall include, once the
24 ~~date is~~ DATA ARE available, disaggregated outcome measures by income,
25 UNLESS PROHIBITED BY FEDERAL LAW, for INCENTIVE RECIPIENTS, eligible
26 NONRECIPIENTS, and noneligible students, including but not limited to
27 student retention ~~and~~ RATES, completion rates, AND STUDENT LOAN DEBT.

1 Each Colorado public institution of higher education shall annually report
2 student level financial aid, TUITION AND FEES, student eligibility, and
3 incentive eligibility information to the department of higher education
4 that the department of higher education deems necessary TO CALCULATE
5 THE COSTS OF THE INCENTIVE, to provide to the department of revenue for
6 incentive administration or for inclusion in the report.

7 (III) TO ALLOW THE DEPARTMENT OF HIGHER EDUCATION TO
8 COMPLETE THE REPORT THAT IT ANNUALLY SUBMITS AS REQUIRED BY
9 SUBSECTION (6)(d)(II) OF THIS SECTION, THE DEPARTMENT OF REVENUE
10 SHALL ANNUALLY PROVIDE TO THE DEPARTMENT OF HIGHER EDUCATION
11 DATA THAT INDICATES WHETHER AN ELIGIBLE STUDENT HAS CLAIMED THE
12 INCENTIVE.

13 **SECTION 2.** In Colorado Revised Statutes, 39-21-113, **add** (37)
14 as follows:

15 **39-21-113. Reports and returns - rule - repeal.**
16 (37) NOTWITHSTANDING THE CONFIDENTIALITY REQUIREMENTS OF THIS
17 SECTION, THE EXECUTIVE DIRECTOR MAY PROVIDE THE DEPARTMENT OF
18 HIGHER EDUCATION WITH INFORMATION OBTAINED PURSUANT TO THIS
19 SECTION THAT INDICATES WHETHER AN ELIGIBLE STUDENT, AS DEFINED IN
20 SECTION 39-22-570 (2)(c), HAS CLAIMED THE INCENTIVE, AS DEFINED IN
21 SECTION 39-22-570 (2)(d), ALLOWED BY SECTION 39-22-570. ANY
22 INFORMATION PROVIDED TO THE DEPARTMENT OF HIGHER EDUCATION
23 PURSUANT TO THIS SUBSECTION (37) REMAINS CONFIDENTIAL, AND ALL
24 EMPLOYEES OF THE DEPARTMENT OF HIGHER EDUCATION ARE SUBJECT TO
25 THE LIMITATIONS SET FORTH IN SUBSECTION (4) OF THIS SECTION AND
26 PENALTIES SPECIFIED IN SUBSECTION (6) OF THIS SECTION.

27 **SECTION 3. Appropriation.** (1) For the 2025-26 state fiscal

1 year, \$135,446 is appropriated to the department of revenue for use by the
2 taxation business group. This appropriation is from the general fund. To
3 implement this act, the division may use this appropriation as follows:

4 (a) \$113,004 for personal services related to taxation services,
5 which amount is based on an assumption that the division will require an
6 additional 1.9 FTE; and

7 (b) \$22,442 for operating expenses related to taxation services.

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