

HOUSE COMMITTEE OF REFERENCE REPORT

Chair of Committee

April 30, 2024
Date

Committee on Appropriations.

After consideration on the merits, the Committee recommends the following:

HB24-1311 be amended as follows, and as so amended, be referred to the Committee of the Whole with favorable recommendation:

1 Strike the Finance Committee Report, dated April 8, 2024, and substitute:

2 "Amend printed bill, strike everything below the enacting clause and
3 substitute:

4 "SECTION 1. In Colorado Revised Statutes, **add** 39-22-130 as
5 follows:

6 **39-22-130. Family affordability tax credit - legislative**
7 **declaration - definitions - repeal.** (1) (a) THE GENERAL ASSEMBLY
8 HEREBY FINDS AND DECLARES THAT:

9 (I) COLORADO FAMILIES STRUGGLE TO AFFORD MANY NECESSARY
10 GOODS AND SERVICES, SUCH AS CHILD CARE, HOUSING, AND HEALTH CARE.
11 EIGHTY-THREE PERCENT OF COLORADO PARENTS WORRY THAT THEIR
12 CHILDREN WON'T BE ABLE TO AFFORD TO LIVE IN THE STATE IN THE
13 FUTURE.

14 (II) TARGETED TAX CREDITS ARE A PROVEN TOOL TO LIFT FAMILIES
15 OUT OF POVERTY. RESEARCH HAS SHOWN THAT FAMILIES THAT CLAIM
16 THESE TYPES OF TAX CREDITS, SUCH AS THE STATE AND FEDERAL CHILD
17 TAX CREDIT AND THE STATE AND FEDERAL EARNED INCOME TAX CREDIT,
18 HAVE BETTER HEALTH, IMPROVED SCHOOLING OUTCOMES, AND INCREASED
19 ADULT EARNING POTENTIAL. AS THE COST OF RAISING CHILDREN HAS
20 INCREASED, A FAMILY AFFORDABILITY TAX CREDIT IS CRITICAL FOR THE
21 WELL-BEING OF MANY CHILDREN AND FAMILIES ACROSS COLORADO.

22 (III) ACCORDING TO THE INSTITUTE ON TAXATION AND ECONOMIC
23 POLICY, "[T]O CUT CHILD POVERTY RATES BY HALF, THE MAJORITY OF
24 STATES WOULD REQUIRE A BASE CREDIT VALUE OF BETWEEN THREE
25 THOUSAND DOLLARS AND FOUR THOUSAND FIVE HUNDRED DOLLARS PER
26 CHILD PLUS A TWENTY PERCENT BOOST FOR YOUNG CHILDREN." WHEN

1 COUPLED WITH THE STATE AND FEDERAL EARNED INCOME TAX CREDIT AND
2 THE STATE AND FEDERAL CHILD TAX CREDIT, THE ADDITIONAL
3 INVESTMENT PROVIDED BY THE FAMILY AFFORDABILITY TAX CREDIT
4 WOULD ESTABLISH COLORADO AS A NATIONAL LEADER IN EQUITABLE
5 ECONOMIC POLICY.

6 (IV) COLORADO IS DEALING WITH RISING COSTS AND FUNDING
7 SHORTFALLS IN MANY AREAS ACROSS OUR STATE, AND IT IS NECESSARY TO
8 PROVIDE TAX CREDITS TO THE PEOPLE WHO NEED IT MOST IN A WAY THAT
9 WILL DO THE MOST GOOD. ESTABLISHING THE FAMILY AFFORDABILITY TAX
10 CREDIT IS A PROVEN WAY TO DO THAT; AND

11 (V) BY PRIORITIZING THE STATE'S LOWEST-INCOME FAMILIES,
12 EXPANDING THE CHILD AGE ELIGIBILITY, AND INCLUDING MORE FAMILIES,
13 THE STATE CAN PROVIDE RESEARCH-BACKED INVESTMENTS FOR FAMILIES.
14 THROUGH THOUGHTFUL AND STRATEGIC INVESTMENT, COLORADO CAN
15 CUT CHILD POVERTY NEARLY IN HALF.

16 (b) THE GENERAL ASSEMBLY DECLARES ITS INTENT TO
17 PERIODICALLY REVIEW THE TAX CREDIT CREATED IN THIS SECTION IN AN
18 EFFORT TO PREVENT A SIGNIFICANT INCREASE OR DECREASE, ADJUSTED
19 FOR INFLATION, IN THE TOTAL AMOUNT OF THE CREDIT CLAIMED BY
20 TAXPAYERS YEAR OVER YEAR STARTING IN INCOME TAX YEAR 2025.

21 (c) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH
22 REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE
23 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
24 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY HEREBY FINDS AND
25 DECLARES THAT THE PURPOSES OF THE TAX EXPENDITURE CREATED IN
26 SUBSECTION (3) OF THIS SECTION ARE TO SUBSTANTIALLY REDUCE CHILD
27 POVERTY, MAKE COLORADO MORE AFFORDABLE FOR FAMILIES, AND HELP
28 FAMILIES AFFORD EXPENSES ASSOCIATED WITH HAVING CHILDREN BY
29 PROVIDING TAX RELIEF FOR CERTAIN INDIVIDUALS.

30 (d) THE GENERAL ASSEMBLY AND THE STATE AUDITOR, IN
31 CONSULTATION WITH THE DEPARTMENT OF REVENUE, SHALL MEASURE THE
32 EFFECTIVENESS OF THE EXEMPTION ALLOWED BY THIS SECTION BY
33 DETERMINING THE NUMBER OF COLORADO FAMILIES WHO, AFTER
34 CLAIMING A CREDIT OR CREDITS IN THIS SECTION, NO LONGER FALL BELOW
35 THE FEDERAL POVERTY LEVEL IN THE TAX YEAR IN WHICH THEY CLAIMED
36 THE CREDIT OR CREDITS.

37 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
38 REQUIRES:

39 (a) "ELIGIBLE CHILD" MEANS A QUALIFYING CHILD, AS DEFINED IN
40 SECTION 152 (c) OF THE "INTERNAL REVENUE CODE OF 1986"; EXCEPT
41 THAT THE AGE REQUIREMENTS ARE AS SET FORTH IN SUBSECTIONS
42 (3)(a)(I), (3)(a)(II), (3)(b)(I), AND (3)(b)(II) OF THIS SECTION.

43 (b) (I) "ESTIMATED ADJUSTMENT FACTOR" MEANS, FOR A GIVEN

1 INCOME TAX YEAR, THE CAGR FOR NONEXEMPT REVENUE THAT IS
2 CALCULATED ACCORDING TO THE FOLLOWING FORMULA, AS ADJUSTED
3 PURSUANT TO SUBSECTION (2)(b)(IV) OF THIS SECTION:

4
$$\text{CAGR} = \left(\left(\frac{\text{EV}}{\text{BV}} \right)^{1/n} - 1 \right) \times 100$$

5 (II) AS USED IN THIS SUBSECTION (2)(b):

6 (A) "APPLICABLE STATE FISCAL YEAR" MEANS THE FISCAL YEAR
7 THAT BEGINS IN THE INCOME TAX YEAR FOR WHICH THE CREDIT IS
8 ALLOWED.

9 (B) "BV" MEANS THE AMOUNT OF THE STATE'S NONEXEMPT
10 REVENUE FOR STATE FISCAL YEAR 2024-25.

11 (C) "CAGR" MEANS THE ESTIMATED COMPOUND ANNUAL GROWTH
12 RATE.

13 (D) "EV" MEANS THE ESTIMATE OF THE STATE'S NONEXEMPT
14 REVENUE FOR THE APPLICABLE STATE FISCAL YEAR INCLUDED IN THE
15 ECONOMIC AND REVENUE FORECAST PREPARED BY LEGISLATIVE COUNCIL
16 STAFF IN THE DECEMBER IMMEDIATELY PRECEDING APPLICABLE FISCAL
17 YEAR.

18 (E) "N" MEANS, FOR THE APPLICABLE STATE FISCAL YEAR, THE
19 NUMBER OF STATE FISCAL YEARS THAT HAVE PASSED SINCE THE 2024-25
20 STATE FISCAL YEAR.

21 (F) "NONEXEMPT REVENUE" MEANS, FOR THE APPLICABLE STATE
22 FISCAL YEAR, THE REVENUE THAT IS IDENTIFIED AS NONEXEMPT TABOR
23 REVENUES IN THE ANNUAL COMPREHENSIVE FINANCIAL REPORT PUBLISHED
24 BY THE OFFICE OF THE STATE CONTROLLER.

25 (G) "TABOR" MEANS SECTION 20 OF ARTICLE X OF THE STATE
26 CONSTITUTION.

27 (III) THE EXECUTIVE DIRECTOR SHALL CALCULATE THE ESTIMATED
28 ADJUSTMENT FACTOR IN ACCORDANCE WITH THIS SECTION.

29 (IV) THE ESTIMATED ADJUSTMENT FACTOR MUST BE INCREASED
30 BY ONE-TENTH OF ONE PERCENTAGE POINT IF THE COLORADO
31 UNEMPLOYMENT RATE, AS CALCULATED BY THE UNITED STATES BUREAU
32 OF LABOR STATISTICS, REACHES FIVE PERCENT AND MUST BE INCREASED
33 BY AN ADDITIONAL ONE-TENTH OF ONE PERCENTAGE POINT FOR EVERY
34 ONE PERCENTAGE POINT INCREASE IN THE COLORADO UNEMPLOYMENT
35 RATE ABOVE FIVE PERCENT.

36 (c) "FEDERAL POVERTY LEVEL" MEANS THE POVERTY LINE THAT
37 IS REQUIRED TO BE UPDATED ANNUALLY WITHIN THE FEDERAL POVERTY
38 GUIDELINES ADOPTED BY THE UNITED STATES DEPARTMENT OF HEALTH
39 AND HUMAN SERVICES PURSUANT TO 42 U.S.C. SEC. 9902 (2).

40 (d) "INFLATION" MEANS THE ANNUAL PERCENTAGE CHANGE IN THE
41 UNITED STATES DEPARTMENT OF LABOR BUREAU OF LABOR STATISTICS
42 CONSUMER PRICE INDEX FOR DENVER-AURORA-LAKEWOOD FOR ALL

1 ITEMS PAID BY ALL URBAN CONSUMERS, OR ITS APPLICABLE SUCCESSOR
2 INDEX.

3 (3) (a) IN ADDITION TO THE CHILD TAX CREDIT ALLOWED BY
4 SECTION 39-22-129, FOR INCOME TAX YEARS COMMENCING ON OR AFTER
5 JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2034, A RESIDENT INDIVIDUAL
6 WHO FILES A SINGLE RETURN IS ALLOWED A FAMILY AFFORDABILITY TAX
7 CREDIT AGAINST THE INCOME TAXES DUE UNDER THIS ARTICLE 22 FOR:

8 (I) EACH ELIGIBLE CHILD OF THE RESIDENT INDIVIDUAL WHO IS
9 FIVE YEARS OF AGE OR YOUNGER AT THE CLOSE OF THE INCOME TAX YEAR
10 IN THE AMOUNT OF THREE THOUSAND TWO HUNDRED DOLLARS, ADJUSTED
11 FOR INFLATION AND AS MODIFIED BY SUBSECTIONS (4), (5), AND (6) OF
12 THIS SECTION; AND

13 (II) EACH ELIGIBLE CHILD OF THE RESIDENT INDIVIDUAL WHO IS SIX
14 YEARS OF AGE OR OLDER BUT LESS THAN SEVENTEEN YEARS OF AGE AT
15 THE CLOSE OF THE INCOME TAX YEAR IN AN AMOUNT THAT IS
16 SEVENTY-FIVE PERCENT OF THE AMOUNT ALLOWED IN SUBSECTION
17 (3)(a)(I) OF THIS SECTION, AS MODIFIED BY SUBSECTIONS (4), (5), AND (6)
18 OF THIS SECTION.

19 (b) IN ADDITION TO THE CHILD TAX CREDIT ALLOWED BY SECTION
20 39-22-129, FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
21 1, 2024, BUT BEFORE JANUARY 1, 2034, TWO RESIDENT INDIVIDUALS WHO
22 FILE A JOINT RETURN ARE ALLOWED A FAMILY AFFORDABILITY TAX CREDIT
23 AGAINST THE INCOME TAXES DUE UNDER THIS ARTICLE 22 FOR:

24 (I) EACH ELIGIBLE CHILD OF THE RESIDENT INDIVIDUALS WHO IS
25 FIVE YEARS OF AGE OR YOUNGER AT THE CLOSE OF THE INCOME TAX YEAR
26 IN THE AMOUNT OF THREE THOUSAND TWO HUNDRED DOLLARS, ADJUSTED
27 FOR INFLATION AND AS MODIFIED BY SUBSECTIONS (4), (5), AND (6) OF
28 THIS SECTION; AND

29 (II) EACH ELIGIBLE CHILD OF THE RESIDENT INDIVIDUALS WHO IS
30 SIX YEARS OF AGE OR OLDER BUT LESS THAN SEVENTEEN YEARS OF AGE AT
31 THE CLOSE OF THE INCOME TAX YEAR IN AN AMOUNT THAT IS
32 SEVENTY-FIVE PERCENT OF THE AMOUNT ALLOWED IN SUBSECTION
33 (3)(b)(I) OF THIS SECTION, AS MODIFIED BY SUBSECTIONS (4), (5), AND (6)
34 OF THIS SECTION.

35 (4) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
36 1, 2024, BUT BEFORE JANUARY 1, 2025, THE CREDIT AMOUNTS IN:

37 (a) SUBSECTION (3)(a)(I) OF THIS SECTION ARE REDUCED, BUT NOT
38 BELOW ZERO, BY AN AMOUNT EQUAL TO SIX AND EIGHT HUNDRED
39 SEVENTY-FIVE ONE-THOUSANDTHS PERCENT FOR EACH FIVE THOUSAND
40 DOLLARS BY WHICH A RESIDENT INDIVIDUAL'S ADJUSTED GROSS INCOME
41 EXCEEDS FIFTEEN THOUSAND DOLLARS; AND

42 (b) SUBSECTION (3)(b)(I) OF THIS SECTION ARE REDUCED, BUT NOT
43 BELOW ZERO, BY AN AMOUNT EQUAL TO SIX AND EIGHT HUNDRED

1 SEVENTY-FIVE ONE-THOUSANDTHS PERCENT FOR EACH FIVE THOUSAND
2 DOLLARS BY WHICH TWO RESIDENT INDIVIDUALS' ADJUSTED GROSS
3 INCOME EXCEEDS TWENTY-FIVE THOUSAND DOLLARS.

4 (5) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
5 1, 2025, BUT BEFORE JANUARY 1, 2026, IF THE ESTIMATED ADJUSTMENT
6 FACTOR IS:

7 (a) GREATER THAN OR EQUAL TO TWO PERCENT:

8 (I) THE FULL CREDIT AMOUNT SET FORTH IN SUBSECTION (3)(a)(I)
9 OF THIS SECTION IS ALLOWED FOR A RESIDENT INDIVIDUAL WHO FILES A
10 SINGLE RETURN WITH AN ADJUSTED GROSS INCOME OF FIFTEEN THOUSAND
11 DOLLARS OR LESS, AND THE FULL CREDIT AMOUNT SET FORTH IN
12 SUBSECTION (3)(b)(I) OF THIS SECTION IS ALLOWED FOR TWO RESIDENT
13 INDIVIDUALS WHO FILE A JOINT RETURN WITH AN ADJUSTED GROSS INCOME
14 OF TWENTY-FIVE THOUSAND DOLLARS OR LESS;

15 (II) THE CREDIT AMOUNT IN SUBSECTION (3)(a)(I) OF THIS SECTION
16 IS REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO SIX AND
17 EIGHT HUNDRED SEVENTY-FIVE ONE-THOUSANDTHS PERCENT FOR EACH
18 FIVE THOUSAND DOLLARS BY WHICH A RESIDENT INDIVIDUAL'S ADJUSTED
19 GROSS INCOME EXCEEDS FIFTEEN THOUSAND DOLLARS; AND

20 (III) THE CREDIT AMOUNT IN SUBSECTION (3)(b)(I) OF THIS
21 SECTION IS REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO SIX
22 AND EIGHT HUNDRED SEVENTY-FIVE ONE-THOUSANDTHS PERCENT FOR
23 EACH FIVE THOUSAND DOLLARS BY WHICH TWO RESIDENT INDIVIDUALS'
24 ADJUSTED GROSS INCOME EXCEEDS TWENTY-FIVE THOUSAND DOLLARS; OR

25 (b) LESS THAN TWO PERCENT, NO CREDIT IS ALLOWED PURSUANT
26 TO THIS SECTION.

27 (6) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
28 1, 2026, BUT BEFORE JANUARY 1, 2034, IF THE ESTIMATED ADJUSTMENT
29 FACTOR FOR THE INCOME TAX YEAR IS:

30 (a) GREATER THAN OR EQUAL TO THREE AND SEVENTY-FIVE
31 ONE-HUNDREDTHS PERCENT:

32 (I) THE FULL CREDIT AMOUNT SET FORTH IN SUBSECTION (3)(a)(I)
33 OF THIS SECTION IS ALLOWED FOR A RESIDENT INDIVIDUAL WHO FILES A
34 SINGLE RETURN WITH AN ADJUSTED GROSS INCOME OF FIFTEEN THOUSAND
35 DOLLARS OR LESS, AND THE FULL CREDIT AMOUNT SET FORTH IN
36 SUBSECTION (3)(b)(I) OF THIS SECTION IS ALLOWED FOR TWO RESIDENT
37 INDIVIDUALS WHO FILE A JOINT RETURN WITH AN ADJUSTED GROSS INCOME
38 OF TWENTY-FIVE THOUSAND DOLLARS OR LESS;

39 (II) THE CREDIT AMOUNT IN SUBSECTION (3)(a)(I) OF THIS SECTION
40 IS REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO SIX AND
41 EIGHT HUNDRED SEVENTY-FIVE ONE-THOUSANDTHS PERCENT FOR EACH
42 FIVE THOUSAND DOLLARS BY WHICH A RESIDENT INDIVIDUAL'S ADJUSTED
43 GROSS INCOME EXCEEDS FIFTEEN THOUSAND DOLLARS; AND

1 (III) THE CREDIT AMOUNT IN SUBSECTION (3)(b)(I) OF THIS
2 SECTION IS REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO SIX
3 AND EIGHT HUNDRED SEVENTY-FIVE ONE-THOUSANDTHS PERCENT FOR
4 EACH FIVE THOUSAND DOLLARS BY WHICH TWO RESIDENT INDIVIDUALS'
5 ADJUSTED GROSS INCOME EXCEEDS TWENTY-FIVE THOUSAND DOLLARS;
6 (b) GREATER THAN OR EQUAL TO THREE AND FIFTY-SIX
7 ONE-HUNDREDTHS PERCENT, BUT LESS THAN THREE AND SEVENTY-FIVE
8 ONE-HUNDREDTHS PERCENT, THEN:
9 (I) THE FULL CREDIT AMOUNT SET FORTH IN SUBSECTION (3)(a)(I)
10 OF THIS SECTION IS ALLOWED FOR A RESIDENT INDIVIDUAL WHO FILES A
11 SINGLE RETURN WITH AN ADJUSTED GROSS INCOME OF FIFTEEN THOUSAND
12 DOLLARS OR LESS, AND THE FULL CREDIT AMOUNT SET FORTH IN
13 SUBSECTION (3)(b)(I) OF THIS SECTION IS ALLOWED FOR TWO RESIDENT
14 INDIVIDUALS WHO FILE A JOINT RETURN WITH AN ADJUSTED GROSS INCOME
15 OF TWENTY-FIVE THOUSAND DOLLARS OR LESS;
16 (II) THE CREDIT AMOUNT IN SUBSECTION (3)(a)(I) OF THIS SECTION
17 IS REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO NINE AND
18 SIX ONE-HUNDREDTHS PERCENT FOR EACH FIVE THOUSAND DOLLARS BY
19 WHICH A RESIDENT INDIVIDUAL'S ADJUSTED GROSS INCOME EXCEEDS
20 FIFTEEN THOUSAND DOLLARS; AND
21 (III) THE CREDIT AMOUNT IN SUBSECTION (3)(b)(I) OF THIS
22 SECTION IS REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO
23 NINE AND SIX ONE-HUNDREDTHS PERCENT FOR EACH FIVE THOUSAND
24 DOLLARS BY WHICH TWO RESIDENT INDIVIDUALS' ADJUSTED GROSS
25 INCOME EXCEEDS TWENTY-FIVE THOUSAND DOLLARS;
26 (c) GREATER THAN OR EQUAL TO THREE AND THIRTY-SEVEN
27 ONE-HUNDREDTHS PERCENT, BUT LESS THAN THREE AND FIFTY-SIX
28 ONE-HUNDREDTHS PERCENT, THEN:
29 (I) THE FULL CREDIT AMOUNT SET FORTH IN SUBSECTION (3)(a)(I)
30 OF THIS SECTION IS ALLOWED FOR A RESIDENT INDIVIDUAL WHO FILES A
31 SINGLE RETURN WITH AN ADJUSTED GROSS INCOME OF FIFTEEN THOUSAND
32 DOLLARS OR LESS, AND THE FULL CREDIT AMOUNT SET FORTH IN
33 SUBSECTION (3)(b)(I) OF THIS SECTION IS ALLOWED FOR TWO RESIDENT
34 INDIVIDUALS WHO FILE A JOINT RETURN WITH AN ADJUSTED GROSS INCOME
35 OF TWENTY-FIVE THOUSAND DOLLARS OR LESS;
36 (II) THE CREDIT AMOUNT IN SUBSECTION (3)(a)(I) OF THIS SECTION
37 IS REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO THIRTEEN
38 AND FIFTY-NINE ONE-HUNDREDTHS PERCENT FOR EACH FIVE THOUSAND
39 DOLLARS BY WHICH A RESIDENT INDIVIDUAL'S ADJUSTED GROSS INCOME
40 EXCEEDS FIFTEEN THOUSAND DOLLARS; AND
41 (III) THE CREDIT AMOUNT IN SUBSECTION (3)(b)(I) OF THIS
42 SECTION IS REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO
43 THIRTEEN AND FIFTY-NINE ONE-HUNDREDTHS PERCENT FOR EACH FIVE

1 THOUSAND DOLLARS BY WHICH TWO RESIDENT INDIVIDUALS' ADJUSTED
2 GROSS INCOME EXCEEDS TWENTY-FIVE THOUSAND DOLLARS;

3 (d) GREATER THAN OR EQUAL TO THREE AND EIGHTEEN
4 ONE-HUNDREDTHS PERCENT, BUT LESS THAN THREE AND THIRTY-SEVEN
5 ONE-HUNDREDTHS PERCENT, THEN:

6 (I) THE CREDIT AMOUNT SET FORTH IN SUBSECTION (3)(a)(I) OF
7 THIS SECTION IS REDUCED TO TWO THOUSAND SIX HUNDRED DOLLARS,
8 ADJUSTED FOR INFLATION, FOR A RESIDENT INDIVIDUAL WHO FILES A
9 SINGLE RETURN WITH AN ADJUSTED GROSS INCOME OF FIFTEEN THOUSAND
10 DOLLARS OR LESS, AND THE CREDIT AMOUNT SET FORTH IN SUBSECTION
11 (3)(b)(I) OF THIS SECTION IS REDUCED TO TWO THOUSAND SIX HUNDRED
12 DOLLARS, ADJUSTED FOR INFLATION, FOR TWO RESIDENT INDIVIDUALS
13 WHO FILE A JOINT RETURN WITH AN ADJUSTED GROSS INCOME OF
14 TWENTY-FIVE THOUSAND DOLLARS OR LESS;

15 (II) THE CREDIT AMOUNT IN SUBSECTION (3)(a)(I) OF THIS
16 SECTION, AS MODIFIED BY SUBSECTION (6)(d)(I) OF THIS SECTION, IS
17 REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO NINETEEN
18 AND TWENTY-THREE ONE-HUNDREDTHS PERCENT FOR EACH FIVE
19 THOUSAND DOLLARS BY WHICH A RESIDENT INDIVIDUAL'S ADJUSTED
20 GROSS INCOME EXCEEDS FIFTEEN THOUSAND DOLLARS; AND

21 (III) THE CREDIT AMOUNT IN SUBSECTION (3)(b)(I) OF THIS
22 SECTION, AS MODIFIED BY SUBSECTION (6)(d)(I) OF THIS SECTION, WILL BE
23 REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO NINETEEN
24 AND TWENTY-THREE ONE-HUNDREDTHS PERCENT FOR EACH FIVE
25 THOUSAND DOLLARS BY WHICH TWO RESIDENT INDIVIDUALS' ADJUSTED
26 GROSS INCOME EXCEEDS TWENTY-FIVE THOUSAND DOLLARS;

27 (e) GREATER THAN OR EQUAL TO THREE PERCENT, BUT LESS THAN
28 THREE AND EIGHTEEN ONE-HUNDREDTHS PERCENT, THEN:

29 (I) THE CREDIT AMOUNT SET FORTH IN SUBSECTION (3)(a)(I) OF
30 THIS SECTION IS REDUCED TO ONE THOUSAND SIX HUNDRED FIFTY
31 DOLLARS, ADJUSTED FOR INFLATION, FOR A RESIDENT INDIVIDUAL WHO
32 FILES A SINGLE RETURN WITH AN ADJUSTED GROSS INCOME OF FIFTEEN
33 THOUSAND DOLLARS OR LESS, AND THE CREDIT AMOUNT SET FORTH IN
34 SUBSECTION (3)(b)(I) OF THIS SECTION IS REDUCED TO ONE THOUSAND SIX
35 HUNDRED FIFTY DOLLARS, ADJUSTED FOR INFLATION, FOR TWO RESIDENT
36 INDIVIDUALS WHO FILE A JOINT RETURN WITH AN ADJUSTED GROSS INCOME
37 OF TWENTY-FIVE THOUSAND DOLLARS OR LESS;

38 (II) THE CREDIT AMOUNT IN SUBSECTION (3)(a)(I) OF THIS
39 SECTION, AS MODIFIED BY SUBSECTION (6)(e)(I) OF THIS SECTION, IS
40 REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO THIRTY AND
41 THIRTY ONE-HUNDREDTHS PERCENT FOR EACH FIVE THOUSAND DOLLARS
42 BY WHICH A RESIDENT INDIVIDUAL'S ADJUSTED GROSS INCOME EXCEEDS
43 FIFTEEN THOUSAND DOLLARS; AND

1 (III) THE CREDIT AMOUNT IN SUBSECTION (3)(b)(I) OF THIS
2 SECTION, AS MODIFIED BY SUBSECTION (6)(e)(I) OF THIS SECTION, IS
3 REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO THIRTY AND
4 THIRTY ONE-HUNDREDTHS PERCENT FOR EACH FIVE THOUSAND DOLLARS
5 BY WHICH TWO RESIDENT INDIVIDUALS' ADJUSTED GROSS INCOME EXCEEDS
6 TWENTY-FIVE THOUSAND DOLLARS; OR

7 (f) LESS THAN THREE PERCENT, NO CREDIT IS ALLOWED PURSUANT
8 TO THIS SECTION.

9 (7) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
10 1, 2025, THE DEPARTMENT OF REVENUE SHALL ADJUST THE FEDERAL
11 ADJUSTED GROSS INCOME AMOUNTS SET FORTH IN THIS SECTION TO
12 REFLECT INFLATION FOR EACH INCOME TAX YEAR IN WHICH THE CREDIT
13 DESCRIBED IN THIS SECTION IS ALLOWED IF CUMULATIVE INFLATION SINCE
14 THE LAST ADJUSTMENT, WHEN APPLIED TO THE CURRENT LIMITS, RESULTS
15 IN AN INCREASE OF AT LEAST ONE THOUSAND DOLLARS WHEN THE
16 ADJUSTED LIMITS ARE ROUNDED TO THE NEAREST ONE THOUSAND
17 DOLLARS.

18 (8) IN THE CASE OF A PART-YEAR RESIDENT, THE CREDIT ALLOWED
19 UNDER THIS SECTION IS APPORTIONED IN THE RATIO DETERMINED UNDER
20 SECTION 39-22-110 (1).

21 (9) THE CREDIT ALLOWED UNDER THIS SECTION IS NOT
22 CONSIDERED TO BE INCOME OR RESOURCES FOR THE PURPOSE OF
23 DETERMINING ELIGIBILITY FOR THE PAYMENT OF PUBLIC ASSISTANCE
24 BENEFITS AND MEDICAL ASSISTANCE BENEFITS AUTHORIZED UNDER STATE
25 LAW OR FOR A PAYMENT MADE UNDER ANY OTHER PUBLICLY FUNDED
26 PROGRAMS.

27 (10) THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION
28 THAT EXCEEDS THE RESIDENT INDIVIDUAL'S INCOME TAXES DUE IS
29 REFUNDED TO THE INDIVIDUAL.

30 (11) THE DEPARTMENT OF REVENUE IS AUTHORIZED AND
31 ENCOURAGED TO DEVELOP A MEANS OF PAYING THE CREDITS ALLOWED BY
32 THIS SECTION TO RESIDENT INDIVIDUALS WHO QUALIFY FOR THE CREDITS
33 IN TWELVE EQUAL MONTHLY PAYMENTS RATHER THAN ANNUALLY.

34 (12) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2037.

35 **SECTION 2. Appropriation.** (1) For the 2024-25 state fiscal
36 year, \$178,494 is appropriated to the department of revenue. This
37 appropriation is from the general fund. To implement this act, the
38 department may use this appropriation as follows:

39 (a) \$88,604 for use by the taxation business group for personal
40 services related to taxation services, which amount is based on the
41 assumption that the division will require an additional 1.2 FTE;

42 (b) \$33,604 for tax administration IT system (GenTax) support;

43 (c) \$8,206 for use by the taxation business group for operating

1 expenses related to taxation services;
2 (d) \$22,085 for use by the executive director's office for personal
3 services related to administration and support; and
4 (e) \$25,995 for document management services.
5 (2) For the 2024-25 state fiscal year, \$25,995 is appropriated to
6 the department of personnel. This appropriation is from reappropriated
7 funds received from the department of revenue under subsection (1)(e) of
8 this section. To implement this act, the department of personnel may use
9 this appropriation to provide document management services for the
10 department of revenue.

11 **SECTION 3. Act subject to petition - effective date.** This act
12 takes effect at 12:01 a.m. on the day following the expiration of the
13 ninety-day period after final adjournment of the general assembly; except
14 that, if a referendum petition is filed pursuant to section 1 (3) of article V
15 of the state constitution against this act or an item, section, or part of this
16 act within such period, then the act, item, section, or part will not take
17 effect unless approved by the people at the general election to be held in
18 November 2024 and, in such case, will take effect on the date of the
19 official declaration of the vote thereon by the governor."

20 Page 1 of the bill, line 102, strike "CREDIT." and substitute "CREDIT, AND,
21 IN CONNECTION THEREWITH, MAKING AN APPROPRIATION."."

** ** ** ** **