

**First Extraordinary Session
Seventy-fourth General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 23B-0008.01 Jessica Herrera x4218

HOUSE BILL 23B-1002

HOUSE SPONSORSHIP

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A BILL FOR AN ACT

101 **CONCERNING AN INCREASE IN THE EARNED INCOME TAX CREDIT FOR**
102 **INCOME TAX YEAR 2023.**

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>.)

For the 2023 income tax year only, the bill increases the earned income tax credit that a resident individual, including a resident individual who does not have a social security number valid for employment, may claim on the resident individual's state income tax return from 25% to 75% of the federal credit claimed on the resident individual's federal income tax return or the federal credit that the resident

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.

individual would have been allowed but for the fact that the resident individual does not have a social security number that is valid for employment.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-22-123.5, **amend**
3 **(2)(c)(I), (2.5)(d)(I), and (2.7)(b)(I); and add (2)(c.5), (2.5)(d.5), and**
4 **(2.7)(b.5) as follows:**

5 **39-22-123.5. Earned income tax credit - not a refund of excess**
6 **state revenues - trigger - legislative declaration - repeal.** (2) (c) (I) ~~For~~
7 ~~income tax years commencing on or after January 1, 2023, but before~~
8 ~~January 1, 2024, and~~ For the income tax year commencing on January 1,
9 2025, a resident individual who claims an earned income tax credit on the
10 individual's federal tax return is allowed an earned income tax credit
11 against the taxes due under this article 22 that is equal to twenty-five
12 percent of the federal credit that the resident individual claimed on ~~his or~~
13 ~~her~~ THE RESIDENT INDIVIDUAL'S federal tax return for the same tax year.

14 (c.5) (I) FOR THE INCOME TAX YEAR COMMENCING ON JANUARY 1,
15 2023, A RESIDENT INDIVIDUAL WHO CLAIMS AN EARNED INCOME TAX
16 CREDIT ON THE INDIVIDUAL'S FEDERAL TAX RETURN IS ALLOWED AN
17 EARNED INCOME TAX CREDIT AGAINST THE TAXES DUE UNDER THIS
18 ARTICLE 22 THAT IS EQUAL TO FIFTY PERCENT OF THE FEDERAL CREDIT
19 THAT THE RESIDENT INDIVIDUAL CLAIMED ON THE RESIDENT INDIVIDUAL'S
20 FEDERAL TAX RETURN FOR THE SAME TAX YEAR; EXCEPT THAT, IF THE
21 TOTAL AMOUNT OF REMAINING EXCESS STATE REVENUES FOR THE 2022-23
22 STATE FISCAL YEAR THAT ARE REQUIRED TO BE REFUNDED AFTER EXCESS
23 STATE REVENUES ARE REFUNDED PURSUANT TO SECTION 39-3-209 AND
24 ANY OTHER REFUND MECHANISM PROVIDED FOR IN LAW OTHER THAN THE

1 REFUND MECHANISM PROVIDED FOR IN SECTION 39-22-2004 IS LESS THAN
2 ONE HUNDRED EIGHTY-FIVE MILLION DOLLARS, A RESIDENT INDIVIDUAL
3 WHO CLAIMS AN EARNED INCOME TAX CREDIT ON THE INDIVIDUAL'S
4 FEDERAL TAX RETURN IS ALLOWED AN EARNED INCOME TAX CREDIT
5 AGAINST THE TAXES DUE UNDER THIS ARTICLE 22 THAT IS EQUAL TO
6 TWENTY-FIVE PERCENT OF THE FEDERAL CREDIT THAT THE RESIDENT
7 INDIVIDUAL CLAIMED ON THE RESIDENT INDIVIDUAL'S FEDERAL TAX
8 RETURN FOR THE SAME TAX YEAR.

9 (II) THIS SUBSECTION (2)(c.5) IS REPEALED, EFFECTIVE DECEMBER,
10 31, 2034.

11 (2.5) (d) (I) ~~For income tax years commencing on or after January~~
12 ~~1, 2023, but before January 1, 2024, and~~ For the income tax year
13 commencing on January 1, 2025, a resident individual is allowed an
14 earned income tax credit against the taxes due under this article 22 that
15 is equal to twenty-five percent of the federal credit that the resident
16 individual would have been allowed, but for the fact that the resident
17 individual, the resident individual's spouse, or one or more of the resident
18 individual's dependents do not have a social security number that is valid
19 for employment.

20 (d.5) (I) FOR THE INCOME TAX YEAR COMMENCING ON JANUARY
21 1, 2023, A RESIDENT INDIVIDUAL IS ALLOWED AN EARNED INCOME TAX
22 CREDIT AGAINST THE TAXES DUE UNDER THIS ARTICLE 22 THAT IS EQUAL
23 TO FIFTY PERCENT OF THE FEDERAL CREDIT THAT THE RESIDENT
24 INDIVIDUAL WOULD HAVE BEEN ALLOWED, BUT FOR THE FACT THAT THE
25 RESIDENT INDIVIDUAL, THE RESIDENT INDIVIDUAL'S SPOUSE, OR ONE OR
26 MORE OF THE RESIDENT INDIVIDUAL'S DEPENDENTS DO NOT HAVE A SOCIAL
27 SECURITY NUMBER THAT IS VALID FOR EMPLOYMENT; EXCEPT THAT, IF THE

1 TOTAL AMOUNT OF REMAINING EXCESS STATE REVENUES FOR THE 2022-23
2 STATE FISCAL YEAR THAT ARE REQUIRED TO BE REFUNDED AFTER EXCESS
3 STATE REVENUES ARE REFUNDED PURSUANT TO SECTION 39-3-209 AND
4 ANY OTHER REFUND MECHANISM PROVIDED FOR IN LAW OTHER THAN THE
5 REFUND MECHANISM PROVIDED FOR IN SECTION 39-22-2004 IS LESS THAN
6 ONE HUNDRED EIGHTY-FIVE MILLION DOLLARS, A RESIDENT INDIVIDUAL IS
7 ALLOWED AN EARNED INCOME TAX CREDIT AGAINST THE TAXES DUE
8 UNDER THIS ARTICLE 22 THAT IS EQUAL TO TWENTY-FIVE PERCENT OF THE
9 FEDERAL CREDIT THAT THE RESIDENT INDIVIDUAL WOULD HAVE BEEN
10 ALLOWED, BUT FOR THE FACT THAT THE RESIDENT INDIVIDUAL, THE
11 RESIDENT INDIVIDUAL'S SPOUSE, OR ONE OR MORE OF THE RESIDENT
12 INDIVIDUAL'S DEPENDENTS DO NOT HAVE A SOCIAL SECURITY NUMBER
13 THAT IS VALID FOR EMPLOYMENT.

14 (II) THIS SUBSECTION (2.5)(d.5) IS REPEALED, EFFECTIVE
15 DECEMBER 31, 2034.

16 (2.7) (b) (I) ~~For income tax years commencing on or after January~~
17 ~~1, 2023, but before January 1, 2024, and~~ For the income tax year
18 commencing on January 1, 2025, a resident individual is allowed an
19 earned income tax credit against the taxes due under this article 22 that
20 is equal to twenty-five percent of the federal credit that the resident
21 individual would have been allowed under section 32 (n)(1) of the
22 internal revenue code, notwithstanding the date limitation set forth in
23 section 32 (n) of the internal revenue code as specified in section 9621 (a)
24 of the "American Rescue Plan Act of 2021", Pub.L. 117-2.

25 (b.5) (I) FOR THE INCOME TAX YEAR COMMENCING ON JANUARY
26 1, 2023, A RESIDENT INDIVIDUAL IS ALLOWED AN EARNED INCOME TAX
27 CREDIT AGAINST THE TAXES DUE UNDER THIS ARTICLE 22 THAT IS EQUAL

1 TO FIFTY PERCENT OF THE FEDERAL CREDIT THAT THE RESIDENT
2 INDIVIDUAL WOULD HAVE BEEN ALLOWED UNDER SECTION 32 (n)(1) OF
3 THE INTERNAL REVENUE CODE, NOTWITHSTANDING THE DATE LIMITATION
4 SET FORTH IN SECTION 32 (n) OF THE INTERNAL REVENUE CODE AS
5 SPECIFIED IN SECTION 9621 (a) OF THE "AMERICAN RESCUE PLAN ACT OF
6 2021", PUB.L. 117-2.

7 (II) THIS SUBSECTION (2.7)(b.5) IS REPEALED, EFFECTIVE
8 DECEMBER 31, 2034.

9 **SECTION 2. Safety clause.** The general assembly finds,
10 determines, and declares that this act is necessary for the immediate
11 preservation of the public peace, health, or safety or for appropriations for
12 the support and maintenance of the departments of the state and state
13 institutions.