

**Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO**

PREAMENDED

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

LLS NO. 24-0942.01 Caroline Martin x5902

HOUSE BILL 24-1311

HOUSE SPONSORSHIP

deGruy Kennedy and Willford, Garcia, Bacon, Mabrey, Ortiz, Rutinel, Sirota, Weissman

SENATE SPONSORSHIP

Winter F. and Coleman,

House Committees

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A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF A FAMILY AFFORDABILITY TAX**
102 **CREDIT, AND, IN CONNECTION THEREWITH, MAKING AN**
103 **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>.)

For income tax years commencing on and after January 1, 2024, the bill creates a family affordability tax credit (credit) as follows:

- For each of a taxpayer's eligible children 5 years of age or younger, a taxpayer filing a single return with adjusted gross income of \$15,000 or less and taxpayers filing a joint

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.

return with adjusted gross income of \$25,000 or less can claim a \$3,200 credit;

- For each of a taxpayer's eligible children 5 years of age or younger, a taxpayer filing a single return with adjusted gross income between \$15,000 and \$85,000 and taxpayers filing a joint return with adjusted gross income between \$25,000 and \$95,000 can claim a credit, the amount of which is reduced by \$220 from \$3,200 for every \$5,000 above \$15,000 or \$25,000 of adjusted gross income that the resident individual or individuals make;
- For each of a taxpayer's eligible children between the ages of 6 and 16, a taxpayer filing a single return with adjusted gross income of \$15,000 or less and taxpayers filing a joint return with adjusted gross income of \$25,000 or less can claim \$2,400; and
- For each of a taxpayer's eligible children between the ages of 6 and 16, a taxpayer filing a single return with adjusted gross income between \$15,000 and \$85,000 and taxpayers filing a joint return with adjusted gross income between \$25,000 and \$95,000 can claim a credit, the amount of which is reduced by \$165 from \$2,400 for every \$5,000 above \$15,000 or \$25,000 of adjusted gross income that the resident individual or individuals make.

The bill also provides that the full amount of the credit can only be claimed for an income tax year in which there are projected to be excess state revenues for the fiscal year that ends during the income tax year that are required to be refunded pursuant to section 20 (7)(d) of article X of the state constitution in an amount that will equal or exceed the amount required to be refunded pursuant to the homestead property tax exemption plus the projected full amount of the credit. For an income tax year in which there are projected to be excess state revenues for the fiscal year that ends during the income tax year that will exceed the amount required to be refunded pursuant to the homestead property tax exemption but will not exceed that amount plus the projected aggregate amount of the credit that may be claimed in that income tax year, the credit will be allowed but will be reduced proportionally so that the aggregate amount of the credit available is equal to the amount of excess state revenues remaining to be refunded. For an income tax year in which there is not projected to be excess state revenues for the fiscal year that ends during the income tax year or the amount of such excess state revenues required to be refunded will be less than the amount required to be refunded pursuant to the homestead property tax exemption, the credit is not allowed for that income tax year. The department of revenue is authorized and encouraged to develop a means of paying the credit in 12 equal monthly payments rather than annually.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add 39-22-130** as
3 follows:

4 **39-22-130. Family affordability tax credit - legislative**
5 **declaration - definitions - repeal.** (1) (a) THE GENERAL ASSEMBLY
6 HEREBY FINDS AND DECLARES THAT:

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

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

19 (III) ACCORDING TO THE INSTITUTE ON TAXATION AND ECONOMIC
20 POLICY, "[T]O CUT CHILD POVERTY RATES BY HALF, THE MAJORITY OF
21 STATES WOULD REQUIRE A BASE CREDIT VALUE OF BETWEEN THREE
22 THOUSAND DOLLARS AND FOUR THOUSAND FIVE HUNDRED DOLLARS PER
23 CHILD PLUS A TWENTY PERCENT BOOST FOR YOUNG CHILDREN." WHEN
24 COUPLED WITH THE STATE AND FEDERAL EARNED INCOME TAX CREDIT AND
25 THE STATE AND FEDERAL CHILD TAX CREDIT, THE ADDITIONAL INVESTMENT
26 PROVIDED BY THE FAMILY AFFORDABILITY TAX CREDIT WOULD ESTABLISH

1 COLORADO AS A NATIONAL LEADER IN EQUITABLE ECONOMIC POLICY.

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

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

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

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

26 (d) THE GENERAL ASSEMBLY AND THE STATE AUDITOR, IN
27 CONSULTATION WITH THE DEPARTMENT OF REVENUE, SHALL MEASURE THE

1 EFFECTIVENESS OF THE EXEMPTION ALLOWED BY THIS SECTION BY
2 DETERMINING THE NUMBER OF COLORADO FAMILIES WHO, AFTER CLAIMING
3 A CREDIT OR CREDITS IN THIS SECTION, NO LONGER FALL BELOW THE
4 FEDERAL POVERTY LEVEL IN THE TAX YEAR IN WHICH THEY CLAIMED THE
5 CREDIT OR CREDITS.

6 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
7 REQUIRES:

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

12 (b) (I) "ESTIMATED ADJUSTMENT FACTOR" MEANS, FOR A GIVEN
13 INCOME TAX YEAR, THE CAGR FOR NONEXEMPT REVENUE THAT IS
14 CALCULATED ACCORDING TO THE FOLLOWING FORMULA, AS ADJUSTED
15 PURSUANT TO SUBSECTION (2)(b)(IV) OF THIS SECTION:

16
$$\text{CAGR} = \left(\left(\frac{\text{EV}}{\text{BV}} \right)^{1/n} - 1 \right) \times 100$$

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

18 (A) "APPLICABLE STATE FISCAL YEAR" MEANS THE FISCAL YEAR
19 THAT BEGINS IN THE INCOME TAX YEAR FOR WHICH THE CREDIT IS
20 ALLOWED.

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

23 (C) "CAGR" MEANS THE ESTIMATED COMPOUND ANNUAL GROWTH
24 RATE.

25 (D) "EV" MEANS THE ESTIMATE OF THE STATE'S NONEXEMPT
26 REVENUE FOR THE APPLICABLE STATE FISCAL YEAR INCLUDED IN THE
27 ECONOMIC AND REVENUE FORECAST PREPARED BY LEGISLATIVE COUNCIL

1 STAFF IN THE DECEMBER IMMEDIATELY PRECEDING APPLICABLE FISCAL
2 YEAR.

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

6 (F) "NONEXEMPT REVENUE" MEANS, FOR THE APPLICABLE STATE
7 FISCAL YEAR, THE REVENUE THAT IS IDENTIFIED AS NONEXEMPT TABOR
8 REVENUES IN THE ANNUAL COMPREHENSIVE FINANCIAL REPORT PUBLISHED
9 BY THE OFFICE OF THE STATE CONTROLLER.

10 (G) "TABOR" MEANS SECTION 20 OF ARTICLE X OF THE STATE
11 CONSTITUTION.

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

14 (IV) THE ESTIMATED ADJUSTMENT FACTOR MUST BE INCREASED BY
15 ONE-TENTH OF ONE PERCENTAGE POINT IF THE COLORADO UNEMPLOYMENT
16 RATE, AS CALCULATED BY THE UNITED STATES BUREAU OF LABOR
17 STATISTICS, REACHES FIVE PERCENT AND MUST BE INCREASED BY AN
18 ADDITIONAL ONE-TENTH OF ONE PERCENTAGE POINT FOR EVERY ONE
19 PERCENTAGE POINT INCREASE IN THE COLORADO UNEMPLOYMENT RATE
20 ABOVE FIVE PERCENT.

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

25 (d) "INFLATION" MEANS THE ANNUAL PERCENTAGE CHANGE IN THE
26 UNITED STATES DEPARTMENT OF LABOR BUREAU OF LABOR STATISTICS
27 CONSUMER PRICE INDEX FOR DENVER-AURORA-LAKEWOOD FOR ALL ITEMS

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

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

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

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

17 (b) IN ADDITION TO THE CHILD TAX CREDIT ALLOWED BY SECTION
18 39-22-129, FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
19 1, 2024, BUT BEFORE JANUARY 1, 2034, TWO RESIDENT INDIVIDUALS WHO
20 FILE A JOINT RETURN ARE ALLOWED A FAMILY AFFORDABILITY TAX CREDIT
21 AGAINST THE INCOME TAXES DUE UNDER THIS ARTICLE 22 FOR:

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

27 (II) EACH ELIGIBLE CHILD OF THE RESIDENT INDIVIDUALS WHO IS

1 SIX YEARS OF AGE OR OLDER BUT LESS THAN SEVENTEEN YEARS OF AGE AT
2 THE CLOSE OF THE INCOME TAX YEAR IN AN AMOUNT THAT IS
3 SEVENTY-FIVE PERCENT OF THE AMOUNT ALLOWED IN SUBSECTION
4 (3)(b)(I) OF THIS SECTION, AS MODIFIED BY SUBSECTIONS (4), (5), AND (6)
5 OF THIS SECTION.

6 (4) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
7 1, 2024, BUT BEFORE JANUARY 1, 2025, THE CREDIT AMOUNTS IN:

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

13 (b) SUBSECTION (3)(b)(I) OF THIS SECTION ARE REDUCED, BUT NOT
14 BELOW ZERO, BY AN AMOUNT EQUAL TO SIX AND EIGHT HUNDRED
15 SEVENTY-FIVE ONE-THOUSANDTHS PERCENT FOR EACH FIVE THOUSAND
16 DOLLARS BY WHICH TWO RESIDENT INDIVIDUALS' ADJUSTED GROSS INCOME
17 EXCEEDS TWENTY-FIVE THOUSAND DOLLARS.

18 (5) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
19 1, 2025, BUT BEFORE JANUARY 1, 2026, IF THE ESTIMATED ADJUSTMENT
20 FACTOR IS:

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

22 (I) THE FULL CREDIT AMOUNT SET FORTH IN SUBSECTION (3)(a)(I)
23 OF THIS SECTION IS ALLOWED FOR A RESIDENT INDIVIDUAL WHO FILES A
24 SINGLE RETURN WITH AN ADJUSTED GROSS INCOME OF FIFTEEN THOUSAND
25 DOLLARS OR LESS, AND THE FULL CREDIT AMOUNT SET FORTH IN
26 SUBSECTION (3)(b)(I) OF THIS SECTION IS ALLOWED FOR TWO RESIDENT
27 INDIVIDUALS WHO FILE A JOINT RETURN WITH AN ADJUSTED GROSS INCOME

1 OF TWENTY-FIVE THOUSAND DOLLARS OR LESS;

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

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

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

14 (6) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
15 1, 2026, BUT BEFORE JANUARY 1, 2034, IF THE ESTIMATED ADJUSTMENT
16 FACTOR FOR THE INCOME TAX YEAR IS:

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

19 (I) THE FULL CREDIT AMOUNT SET FORTH IN SUBSECTION (3)(a)(I)
20 OF THIS SECTION IS ALLOWED FOR A RESIDENT INDIVIDUAL WHO FILES A
21 SINGLE RETURN WITH AN ADJUSTED GROSS INCOME OF FIFTEEN THOUSAND
22 DOLLARS OR LESS, AND THE FULL CREDIT AMOUNT SET FORTH IN
23 SUBSECTION (3)(b)(I) OF THIS SECTION IS ALLOWED FOR TWO RESIDENT
24 INDIVIDUALS WHO FILE A JOINT RETURN WITH AN ADJUSTED GROSS INCOME
25 OF TWENTY-FIVE THOUSAND DOLLARS OR LESS;

26 (II) THE CREDIT AMOUNT IN SUBSECTION (3)(a)(I) OF THIS SECTION
27 IS REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO SIX AND

1 EIGHT HUNDRED SEVENTY-FIVE ONE-THOUSANDTHS PERCENT FOR EACH
2 FIVE THOUSAND DOLLARS BY WHICH A RESIDENT INDIVIDUAL'S ADJUSTED
3 GROSS INCOME EXCEEDS FIFTEEN THOUSAND DOLLARS; AND

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

9 (b) GREATER THAN OR EQUAL TO THREE AND FIFTY-SIX
10 ONE-HUNDREDTHS PERCENT, BUT LESS THAN THREE AND SEVENTY-FIVE
11 ONE-HUNDREDTHS PERCENT, THEN:

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

19 (II) THE CREDIT AMOUNT IN SUBSECTION (3)(a)(I) OF THIS SECTION
20 IS REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO NINE AND
21 SIX ONE-HUNDREDTHS PERCENT FOR EACH FIVE THOUSAND DOLLARS BY
22 WHICH A RESIDENT INDIVIDUAL'S ADJUSTED GROSS INCOME EXCEEDS
23 FIFTEEN THOUSAND DOLLARS; AND

24 (III) THE CREDIT AMOUNT IN SUBSECTION (3)(b)(I) OF THIS SECTION
25 IS REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO NINE AND
26 SIX ONE-HUNDREDTHS PERCENT FOR EACH FIVE THOUSAND DOLLARS BY
27 WHICH TWO RESIDENT INDIVIDUALS' ADJUSTED GROSS INCOME EXCEEDS

1 TWENTY-FIVE THOUSAND DOLLARS;

2 (c) GREATER THAN OR EQUAL TO THREE AND THIRTY-SEVEN
3 ONE-HUNDREDTHS PERCENT, BUT LESS THAN THREE AND FIFTY-SIX
4 ONE-HUNDREDTHS PERCENT, THEN:

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

12 (II) THE CREDIT AMOUNT IN SUBSECTION (3)(a)(I) OF THIS SECTION
13 IS REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO THIRTEEN
14 AND FIFTY-NINE ONE-HUNDREDTHS PERCENT FOR EACH FIVE THOUSAND
15 DOLLARS BY WHICH A RESIDENT INDIVIDUAL'S ADJUSTED GROSS INCOME
16 EXCEEDS FIFTEEN THOUSAND DOLLARS; AND

17 (III) THE CREDIT AMOUNT IN SUBSECTION (3)(b)(I) OF THIS SECTION
18 IS REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO THIRTEEN
19 AND FIFTY-NINE ONE-HUNDREDTHS PERCENT FOR EACH FIVE THOUSAND
20 DOLLARS BY WHICH TWO RESIDENT INDIVIDUALS' ADJUSTED GROSS INCOME
21 EXCEEDS TWENTY-FIVE THOUSAND DOLLARS;

22 (d) GREATER THAN OR EQUAL TO THREE AND EIGHTEEN
23 ONE-HUNDREDTHS PERCENT, BUT LESS THAN THREE AND THIRTY-SEVEN
24 ONE-HUNDREDTHS PERCENT, THEN:

25 (I) THE CREDIT AMOUNT SET FORTH IN SUBSECTION (3)(a)(I) OF
26 THIS SECTION IS REDUCED TO TWO THOUSAND SIX HUNDRED DOLLARS,
27 ADJUSTED FOR INFLATION, FOR A RESIDENT INDIVIDUAL WHO FILES A

1 SINGLE RETURN WITH AN ADJUSTED GROSS INCOME OF FIFTEEN THOUSAND
2 DOLLARS OR LESS, AND THE CREDIT AMOUNT SET FORTH IN SUBSECTION
3 (3)(b)(I) OF THIS SECTION IS REDUCED TO TWO THOUSAND SIX HUNDRED
4 DOLLARS, ADJUSTED FOR INFLATION, FOR TWO RESIDENT INDIVIDUALS WHO
5 FILE A JOINT RETURN WITH AN ADJUSTED GROSS INCOME OF TWENTY-FIVE
6 THOUSAND DOLLARS OR LESS;

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

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

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

21 (I) THE CREDIT AMOUNT SET FORTH IN SUBSECTION (3)(a)(I) OF
22 THIS SECTION IS REDUCED TO ONE THOUSAND SIX HUNDRED FIFTY
23 DOLLARS, ADJUSTED FOR INFLATION, FOR A RESIDENT INDIVIDUAL WHO
24 FILES A SINGLE RETURN WITH AN ADJUSTED GROSS INCOME OF FIFTEEN
25 THOUSAND DOLLARS OR LESS, AND THE CREDIT AMOUNT SET FORTH IN
26 SUBSECTION (3)(b)(I) OF THIS SECTION IS REDUCED TO ONE THOUSAND SIX
27 HUNDRED FIFTY DOLLARS, ADJUSTED FOR INFLATION, FOR TWO RESIDENT

1 INDIVIDUALS WHO FILE A JOINT RETURN WITH AN ADJUSTED GROSS INCOME
2 OF TWENTY-FIVE THOUSAND DOLLARS OR LESS;

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

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

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

17 (7) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
18 1, 2025, THE DEPARTMENT OF REVENUE SHALL ADJUST THE FEDERAL
19 ADJUSTED GROSS INCOME AMOUNTS SET FORTH IN THIS SECTION TO
20 REFLECT INFLATION FOR EACH INCOME TAX YEAR IN WHICH THE CREDIT
21 DESCRIBED IN THIS SECTION IS ALLOWED IF CUMULATIVE INFLATION SINCE
22 THE LAST ADJUSTMENT, WHEN APPLIED TO THE CURRENT LIMITS, RESULTS
23 IN AN INCREASE OF AT LEAST ONE THOUSAND DOLLARS WHEN THE
24 ADJUSTED LIMITS ARE ROUNDED TO THE NEAREST ONE THOUSAND
25 DOLLARS.

26 (8) IN THE CASE OF A PART-YEAR RESIDENT, THE CREDIT ALLOWED
27 UNDER THIS SECTION IS APPORTIONED IN THE RATIO DETERMINED UNDER

1 SECTION 39-22-110 (1).

2 (9) THE CREDIT ALLOWED UNDER THIS SECTION IS NOT CONSIDERED
3 TO BE INCOME OR RESOURCES FOR THE PURPOSE OF DETERMINING
4 ELIGIBILITY FOR THE PAYMENT OF PUBLIC ASSISTANCE BENEFITS AND
5 MEDICAL ASSISTANCE BENEFITS AUTHORIZED UNDER STATE LAW OR FOR A
6 PAYMENT MADE UNDER ANY OTHER PUBLICLY FUNDED PROGRAMS.

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

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

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

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

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

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

23 (c) \$8,206 for use by the taxation business group for operating
24 expenses related to taxation services;

25 (d) \$22,085 for use by the executive director's office for personal
26 services related to administration and support; and

27 (e) \$25,995 for document management services.

1 (2) For the 2024-25 state fiscal year, \$25,995 is appropriated to the
2 department of personnel. This appropriation is from reappropriated funds
3 received from the department of revenue under subsection (1)(e) of this
4 section. To implement this act, the department of personnel may use this
5 appropriation to provide document management services for the
6 department of revenue.

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