

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 24-0801.01 Nicole Myers x4326

SENATE BILL 24-146

SENATE SPONSORSHIP

Kolker and Hansen,

HOUSE SPONSORSHIP

Garcia,

Senate Committees
Finance

House Committees

A BILL FOR AN ACT

101 CONCERNING THE CREATION OF AN INCOME TAX CREDIT TO PROVIDE
102 TEMPORARY TAX RELIEF FOR INCOME-QUALIFIED RENTERS OF
103 A PRIMARY RESIDENCE IN THE STATE.

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 2024 income tax year through the 2026 income tax year, the bill creates a nonrefundable income tax credit (credit), which cannot be carried forward, for a taxpayer who:

- Rents the taxpayer's primary residence in the state; and
- Has a federal adjusted gross income (AGI) that is less than

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.

or equal to \$75,000 if filing a single return, or less than or equal to \$150,000 if filing a joint return (qualifying taxpayer).

The amount of the credit is:

- \$2,000 for 2 qualifying taxpayers filing a joint return with a federal AGI that is \$50,000 or less. For every \$500 of AGI above \$50,000, the amount of the credit is reduced by \$10.
- \$1,000 for a qualifying taxpayer filing a single return with a federal AGI that is \$25,000 or less. For every \$500 of AGI above \$25,000, the amount of the credit is reduced by \$10.

Notwithstanding the income-based reductions in the allowable credit amount, a qualifying taxpayer who also qualifies for a rent or heat assistance grant during calendar year 2024, 2025, or 2026, as applicable, is eligible to receive the full credit amount. In addition, the bill specifies that, to the extent permitted by federal law, the credit is not income or resources for the purpose of determining eligibility for the payment of public assistance benefits and medical assistance benefits authorized under state law or for a payment made under any other publicly funded programs.

The bill specifies that a qualifying taxpayer who is eligible to claim any other income tax credit that is allowed to a taxpayer who rents the taxpayer's primary residence and has a federal AGI that is less than or equal to \$75,000 if filing a single return, or less than or equal to \$150,000 if filing a joint return, may claim the income tax credit allowed in the bill or the other income tax credit allowed for income-qualified renters, but not both.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** 39-22-560 as
3 follows:

4 **39-22-560. Credit against tax - income-qualified renters -**
5 **creation - tax preference performance statement - definitions - repeal.**

6 (1) (a) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH REQUIRES
7 EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE A TAX
8 PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
9 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY HEREBY FINDS AND

1 DECLARES THAT THE PURPOSE OF THE TAX EXPENDITURE CREATED IN
2 SUBSECTION (3) OF THIS SECTION IS TO PROVIDE TAX RELIEF FOR
3 INCOME-QUALIFIED RENTERS.

4 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
5 MEASURE THE EFFECTIVENESS OF THE TAX CREDIT IN ACHIEVING THE
6 PURPOSE SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE
7 NUMBER OF CREDITS THAT ARE CLAIMED.

8 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
9 REQUIRES:

10 (a) "CREDIT" MEANS THE CREDIT AGAINST INCOME TAX THAT IS
11 CREATED IN THIS SECTION.

12 (b) "QUALIFYING TAXPAYER" MEANS A RESIDENT INDIVIDUAL
13 WHO:

14 (I) RENTS THE TAXPAYER'S PRIMARY RESIDENCE IN THE STATE;
15 AND

16 (II) HAS, FOR THE INCOME TAX YEAR FOR WHICH THE CREDIT IS
17 CLAIMED, A FEDERAL ADJUSTED GROSS INCOME LESS THAN OR EQUAL TO
18 SEVENTY-FIVE THOUSAND DOLLARS FOR AN INDIVIDUAL FILING A SINGLE
19 RETURN, OR HAS A FEDERAL ADJUSTED GROSS INCOME LESS THAN OR
20 EQUAL TO ONE HUNDRED FIFTY THOUSAND DOLLARS FOR TWO
21 INDIVIDUALS FILING A JOINT RETURN.

22 (3) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
23 1, 2024, BUT BEFORE JANUARY 1, 2027, A QUALIFYING TAXPAYER IS
24 ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE 22 IN AN
25 AMOUNT SET FORTH IN SUBSECTION (4) OF THIS SECTION.

26 (4) (a) THE AMOUNT OF THE CREDIT ALLOWED PURSUANT TO THIS
27 SECTION IS:

1 (I) TWO THOUSAND DOLLARS IN THE CASE OF TWO QUALIFYING
2 TAXPAYERS FILING A JOINT RETURN IF THE QUALIFYING TAXPAYERS FILING
3 A JOINT RETURN HAVE A FEDERAL ADJUSTED GROSS INCOME THAT IS FIFTY
4 THOUSAND DOLLARS OR LESS. FOR EVERY FIVE HUNDRED DOLLARS OF
5 ADJUSTED GROSS INCOME ABOVE FIFTY THOUSAND DOLLARS, THE AMOUNT
6 OF THE CREDIT IS REDUCED BY TEN DOLLARS.

7 (II) ONE THOUSAND DOLLARS IN THE CASE OF A QUALIFYING
8 TAXPAYER WHO FILES A SEPARATE RETURN, REGARDLESS OF WHETHER THE
9 QUALIFYING TAXPAYER SHARES THE SAME PRIMARY RESIDENCE AS
10 ANOTHER QUALIFYING TAXPAYER AND MAY LEGALLY FILE A JOINT
11 RETURN, IF THE QUALIFYING TAXPAYER HAS A FEDERAL ADJUSTED GROSS
12 INCOME THAT IS TWENTY-FIVE THOUSAND DOLLARS OR LESS. FOR EVERY
13 FIVE HUNDRED DOLLARS OF ADJUSTED GROSS INCOME ABOVE
14 TWENTY-FIVE THOUSAND DOLLARS, THE AMOUNT OF THE CREDIT IS
15 REDUCED BY TEN DOLLARS.

16 (b) NOTWITHSTANDING SUBSECTION (4)(a) OF THIS SECTION, A
17 QUALIFYING TAXPAYER WHO ALSO QUALIFIES FOR A GRANT UNDER
18 ARTICLE 31 OF THIS TITLE 39 DURING THE CALENDAR YEAR BEGINNING IN
19 THE INCOME TAX YEAR FOR WHICH THE CREDIT IS CLAIMED IS ELIGIBLE TO
20 RECEIVE THE FULL CREDIT WITHOUT AN INCOME-BASED REDUCTION THAT
21 OTHERWISE APPLIES FOR THE QUALIFYING TAXPAYER PURSUANT TO
22 SUBSECTION (4)(a) OF THIS SECTION.

23 (5) (a) IF THE AMOUNT OF THE CREDIT ALLOWED IN THIS SECTION
24 EXCEEDS THE AMOUNT OF INCOME TAXES OTHERWISE DUE ON THE
25 QUALIFYING TAXPAYER'S INCOME IN THE INCOME TAX YEAR FOR WHICH
26 THE CREDIT IS CLAIMED, THE AMOUNT OF THE CREDIT NOT USED AS AN
27 OFFSET AGAINST INCOME TAXES IN THE CURRENT INCOME TAX YEAR SHALL

1 NOT BE CARRIED FORWARD AND USED AS A CREDIT AGAINST SUBSEQUENT
2 YEARS' INCOME TAX LIABILITY AND SHALL NOT BE REFUNDED TO THE
3 QUALIFYING TAXPAYER.

4 (b) TO THE EXTENT PERMITTED BY FEDERAL LAW, THE CREDIT IS
5 NOT INCOME OR RESOURCES FOR THE PURPOSE OF DETERMINING
6 ELIGIBILITY FOR THE PAYMENT OF PUBLIC ASSISTANCE BENEFITS AND
7 MEDICAL ASSISTANCE BENEFITS AUTHORIZED UNDER STATE LAW OR FOR
8 A PAYMENT MADE UNDER ANY OTHER PUBLICLY FUNDED PROGRAMS.

9 (6) A QUALIFYING TAXPAYER WHO IS ELIGIBLE TO CLAIM ANY
10 OTHER INCOME TAX CREDIT PURSUANT TO THIS PART 22 THAT IS ALLOWED
11 TO A TAXPAYER ON THE BASIS OF THE TAXPAYER RENTING THE
12 TAXPAYER'S PRIMARY RESIDENCE WHO HAS A FEDERAL ADJUSTED GROSS
13 INCOME THAT IS LESS THAN OR EQUAL TO SEVENTY-FIVE THOUSAND
14 DOLLARS IF FILING A SINGLE RETURN, OR LESS THAN OR EQUAL TO ONE
15 HUNDRED FIFTY THOUSAND DOLLARS IF FILING A JOINT RETURN, MAY
16 CLAIM THE INCOME TAX CREDIT ALLOWED IN THIS SECTION OR THE OTHER
17 INCOME TAX CREDIT FOR INCOME-QUALIFIED RENTERS ALLOWED
18 PURSUANT TO THIS PART 22, BUT NOT BOTH.

19 (7) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2035.

20 **SECTION 2. Safety clause.** The general assembly finds,
21 determines, and declares that this act is necessary for the immediate
22 preservation of the public peace, health, or safety or for appropriations for
23 the support and maintenance of the departments of the state and state
24 institutions.