

CHAPTER 173

TAXATION

HOUSE BILL 24-1288

BY REPRESENTATIVE(S) Rutinel and Sirota, Amabile, Bacon, Bird, Boesenecker, Brown, Daugherty, deGruy Kennedy, Duran, Froelich, Garcia, Hamrick, Hernandez, Herod, Jodeh, Lieder, Lindsay, Mabrey, Ortiz, Parenti, Ricks, Story, Titone, Velasco, Weissman, Willford, McCluskie;
also SENATOR(S) Hansen, Bridges, Buckner, Cutter, Jaquez Lewis, Kolker, Michaelson Jenet, Priola, Sullivan.

AN ACT

CONCERNING MEANS OF INCREASING THE NUMBER OF CLAIMS FOR CERTAIN INCOME TAX CREDITS THAT SUPPORT CHILDREN, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

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

SECTION 1. In Colorado Revised Statutes, 39-21-113, **add** (35) as follows:

39-21-113. Reports and returns - rule - repeal. (35) (a) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, ON OR BEFORE JULY 1, 2025, AND ON OR BEFORE EVERY JULY 1 THEREAFTER, IF REQUESTED, THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF REVENUE SHALL PROVIDE THE DEPARTMENT OF EARLY CHILDHOOD, THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING, THE DEPARTMENT OF HUMAN SERVICES, THE DEPARTMENT OF LOCAL AFFAIRS, THE DEPARTMENT OF CORRECTIONS, THE DEPARTMENT OF LABOR AND EMPLOYMENT, THE BEHAVIORAL HEALTH ADMINISTRATION, THE DEPARTMENT OF HIGHER EDUCATION, AND THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT INFORMATION FOR EACH RESIDENT INDIVIDUAL WHO CLAIMED THE CREDIT ALLOWED BY SECTION 39-22-123.5, THE CREDIT ALLOWED BY SECTION 39-22-129, OR BOTH CREDITS, FOR THE 2024 INCOME TAX YEAR OR ANY SUBSEQUENT TAX YEAR FOR THE PURPOSE OF BENEFIT OUTREACH BY THE REQUESTING DEPARTMENT, INCLUDING SHARING INFORMATION ABOUT HOW TO ENROLL, THE INFORMATION NECESSARY TO ENROLL, AND WHEN POSSIBLE ASSISTING WITH THE APPLICATION PROCESS. INFORMATION SHALL INCLUDE NAME, ADDRESS, AND, WHEN AVAILABLE, EMAIL ADDRESS AND PHONE NUMBER. WHEN POSSIBLE, THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF REVENUE SHALL PROVIDE ADDITIONAL INFORMATION THAT MAY ASSIST WITH DETERMINING ELIGIBILITY FOR THE BENEFITS ADMINISTERED BY THE RESPECTIVE DEPARTMENT.

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

(b) THE INFORMATION THAT THE EXECUTIVE DIRECTOR IS REQUIRED TO PROVIDE PURSUANT TO THIS SUBSECTION (35) IS SUBJECT TO ANY LIMITATIONS IMPOSED PURSUANT TO SECTION 6103 OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986", AS AMENDED. THE REQUESTING AGENCY SHALL SECURE THE INFORMATION AS REQUIRED BY THIS SUBSECTION (35) AND SHALL USE THE INFORMATION FOR THE PURPOSES DESCRIBED IN SUBSECTION (35)(a) OF THIS SECTION.

(c) ANY INFORMATION PROVIDED TO THE DEPARTMENT OF EARLY CHILDHOOD, THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING, THE DEPARTMENT OF HUMAN SERVICES, THE DEPARTMENT OF LOCAL AFFAIRS, THE DEPARTMENT OF CORRECTIONS, THE DEPARTMENT OF LABOR AND EMPLOYMENT, THE BEHAVIORAL HEALTH ADMINISTRATION, THE DEPARTMENT OF HIGHER EDUCATION, OR THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT PURSUANT TO THIS SUBSECTION (35) REMAINS CONFIDENTIAL, AND ALL AGENTS, CLERKS, AND EMPLOYEES OF THE DEPARTMENT OF EARLY CHILDHOOD, THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING, THE DEPARTMENT OF HUMAN SERVICES, THE DEPARTMENT OF LOCAL AFFAIRS, AND THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT ARE SUBJECT TO THE LIMITATIONS SET FORTH IN SUBSECTION (4) OF THIS SECTION AND THE PENALTIES CONTAINED IN SUBSECTION (6) OF THIS SECTION TO THE SAME EXTENT AS AGENTS, CLERKS, AND EMPLOYEES OF THE DEPARTMENT.

SECTION 2. In Colorado Revised Statutes, **add** 39-22-123.7 as follows:

39-22-123.7. Earned income tax credit - pilot program - pre-populated tax return - rules - repeal. (1) THERE IS CREATED IN THE DEPARTMENT OF REVENUE A PILOT PROGRAM TO ASSIST UP TO ONE HUNDRED THOUSAND HOUSEHOLDS IN FILING OR AMENDING A FEDERAL INCOME TAX RETURN, A STATE INCOME TAX RETURN, OR BOTH, AND CLAIMING THE FEDERAL AND STATE EARNED INCOME TAX OR CHILD TAX CREDITS FOR UP TO TWO PRIOR TAX YEARS. DEPENDING UPON THE AVAILABLE RESOURCES OF THE THIRD-PARTY ENTITY DESCRIBED IN SUBSECTION (2) OF THIS SECTION, THE PILOT PROGRAM SHALL:

(a) ASSIST RESIDENT INDIVIDUALS IN FILING A FEDERAL OR STATE INCOME TAX RETURN AND CLAIMING THE FEDERAL OR STATE EARNED INCOME TAX CREDIT, THE FEDERAL OR STATE CHILD TAX CREDIT, OR BOTH, FOR UP TO TWO PRIOR TAX YEARS; OR

(b) ASSIST RESIDENT INDIVIDUALS IN AMENDING THEIR FEDERAL INCOME TAX RETURNS, THEIR STATE INCOME TAX RETURNS, OR BOTH, FOR UP TO TWO PRIOR TAX YEARS IN ORDER TO CLAIM THE FEDERAL AND STATE EARNED INCOME TAX AND CHILD TAX CREDITS.

(2) AS THIRD-PARTY RESOURCES ALLOW, A THIRD-PARTY ENTITY SHALL CREATE A PRE-POPULATED FEDERAL OR STATE INCOME TAX RETURN, OR BOTH, FOR ONE OF THE TWO OPTIONS DESCRIBED IN SUBSECTION (1) OF THIS SECTION FOR UP TO ONE HUNDRED THOUSAND RESIDENT HOUSEHOLDS THAT APPEAR TO QUALIFY FOR THE EARNED INCOME TAX CREDIT OR CHILD TAX CREDIT IN UP TO TWO PRIOR TAX YEARS. FOR PARTICIPATING RESIDENTS, THE THIRD-PARTY ENTITY MAY ALSO PRE-POPULATE OTHER PARTS OF THE TAX RETURNS USING INFORMATION PROVIDED BY THE RESIDENT FOR COMPLETING NECESSARY TAX CREDIT APPLICATIONS, AND, WHERE POSSIBLE,

SUBMIT THE PRE-POPULATED FORMS TO THE DEPARTMENT OF REVENUE OR INTERNAL REVENUE SERVICE, AS APPLICABLE.

(3) (a) TO DEVELOP, IMPLEMENT, AND ADMINISTER THE PILOT PROGRAM DESCRIBED IN THIS SECTION, THE DEPARTMENT OF REVENUE SHALL:

(I) COLLABORATE WITH A THIRD-PARTY ENTITY TO IDENTIFY THE POPULATION OF UP TO ONE HUNDRED THOUSAND RESIDENT HOUSEHOLDS WHO MAY BE ELIGIBLE TO CLAIM THE PRIOR YEAR TAX CREDITS IDENTIFIED IN SUBSECTION (1) OF THIS SECTION;

(II) NOTIFY THE HOUSEHOLDS IDENTIFIED PURSUANT TO SUBSECTION (3)(a)(I) OF THIS SECTION ABOUT THE AVAILABILITY OF THE PILOT PROGRAM AND INSTRUCT THEM ON HOW TO ACCESS THE PROGRAM AND PROVIDE THE CONSENT REQUIRED BY SUBSECTION (3)(a)(III) OF THIS SECTION;

(III) DEVELOP A MECHANISM TO SHARE WAGE DATA WITH THE THIRD-PARTY ENTITY; AND

(IV) DEVELOP A SYSTEM FOR RESIDENT INDIVIDUALS TO DIGITALLY CONSENT TO HAVING WAGE DATA SHARED WITH THE THIRD-PARTY ENTITY.

(b) THE DEPARTMENT OF REVENUE MAY SEEK, ACCEPT, AND EXPEND GIFTS, GRANTS, OR DONATIONS FROM PRIVATE OR PUBLIC SOURCES FOR THE PURPOSES OF THIS SECTION.

(c) AS RESOURCES PERMIT, THE DEPARTMENT OF REVENUE MAY COLLABORATE WITH THE INTERNAL REVENUE SERVICE.

(d) THE DEPARTMENT OF REVENUE SHALL DEVELOP, IMPLEMENT, AND BEGIN TO ADMINISTER THE PILOT PROGRAM NO LATER THAN AUGUST 15, 2025.

(4) (a) INFORMATION THAT THE DEPARTMENT OF REVENUE MAY PROVIDE PURSUANT TO THIS SECTION IS SUBJECT TO ANY LIMITATIONS IMPOSED PURSUANT TO SECTION 6103 OF THE INTERNAL REVENUE CODE. THE THIRD-PARTY ENTITY SHALL SECURE THE INFORMATION SHARED PURSUANT TO THIS SECTION.

(b) INFORMATION PROVIDED TO THE THIRD-PARTY ENTITY PURSUANT TO THIS SECTION REMAINS CONFIDENTIAL, AND ALL AGENTS, CLERKS, AND EMPLOYEES OF THE THIRD-PARTY ENTITY ARE SUBJECT TO THE LIMITATIONS SET FORTH IN SECTION 39-21-113 (4) AND THE PENALTIES CONTAINED IN SECTION 39-21-113 (6) TO THE SAME EXTENT AS AGENTS, CLERKS, AND EMPLOYEES OF THE DEPARTMENT OF REVENUE.

(5) THE THIRD-PARTY ENTITY SELECTED PURSUANT TO SUBSECTION (1)(a) SHALL PROVIDE A WRITTEN REPORT TO MEMBERS OF THE SENATE AND HOUSE FINANCE COMMITTEES NO LATER THAN DECEMBER 15, 2025. THE REPORT SHALL PROVIDE INFORMATION THAT INCLUDES:

(a) THE NUMBER OF PRE-POPULATED FEDERAL INCOME TAX RETURNS COMPLETED;

(b) THE TOTAL NUMBER OF EACH TAX CREDIT CLAIMED AS A RESULT OF THE PILOT PROGRAM SET FORTH IN THIS SECTION;

(c) AN ESTIMATE OF THE AMOUNT OF MONEY CLAIMED THROUGH THE PILOT PROGRAM SET FORTH IN THIS SECTION;

(d) THE NUMBER OF RETURNS THAT WERE SUPPORTED THROUGH INFORMATION SHARED PURSUANT TO THIS SECTION; AND

(e) RECOMMENDATIONS FOR IMPROVING AND CONTINUING THE PILOT PROGRAM.

(6) THIS SECTION IS REPEALED, EFFECTIVE JANUARY 1, 2027.

SECTION 3. In Colorado Revised Statutes, 26-2-104, **add** (1)(c) as follows:

26-2-104. Public assistance programs - automatic enrollment - electronic benefits transfer service - joint reports with department of revenue - signs - rules - definitions. (1) (c) (I) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A STATE, LOCAL, OR TRIBAL GOVERNMENT MAY USE ANY DATA OR INFORMATION IN ITS POSSESSION TO AUTOMATICALLY ENROLL, OR SEND A NOTICE OF POTENTIAL ELIGIBILITY TO ENROLL TO, ANY INDIVIDUAL OR HOUSEHOLD REGARDING ANY BENEFIT PROGRAM.

(II) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A STATE, LOCAL, OR TRIBAL GOVERNMENT MAY REQUEST AN INDIVIDUAL OR HOUSEHOLD ATTEST TO RECEIVING SUPPORT FROM A BENEFIT PROGRAM OR OTHERWISE PROVIDE PROOF OF THE INDIVIDUAL'S OR HOUSEHOLD'S ENROLLMENT IN ANY BENEFIT PROGRAM WITH THE SAME OR MORE RESTRICTIVE ENROLLMENT REQUIREMENTS AS EVIDENCE TO ENROLL AN INDIVIDUAL OR HOUSEHOLD IN ANY OTHER BENEFIT PROGRAM.

(III) FOR THE PURPOSES OF THIS SUBSECTION (1)(c), UNLESS THE CONTEXT OTHERWISE REQUIRES:

(A) "BENEFIT PROGRAM" MEANS ANY FEDERALLY, STATE, OR LOCALLY FUNDED PROGRAM INTENDED TO PROVIDE ASSISTANCE OR SUPPORT TO AN INDIVIDUAL OR HOUSEHOLD. "BENEFIT PROGRAM" DOES NOT INCLUDE MONETARY ASSISTANCE OR SUPPORT THAT IS CLAIMED BY AN INDIVIDUAL OR HOUSEHOLD WHEN FILING AN INCOME TAX RETURN.

(B) "STATE, LOCAL, OR TRIBAL GOVERNMENT" MEANS THE STATE, A MUNICIPALITY, COUNTY, CITY AND COUNTY, OR FEDERALLY RECOGNIZED TRIBAL NATION WITH LAND INSIDE OF THE STATE.

SECTION 4. Appropriation. (1) For the 2024-25 state fiscal year, \$167,585 is appropriated to the department of revenue. This appropriation is from the general fund. To implement this act, the department may use this appropriation as follows:

(a) \$136,733 for tax administration IT system (GenTax) support;

(b) \$14,752 for use by the taxation business group for personal services related to taxation services; and

(c) \$16,100 for use by the executive director's office for personal services related to administration and support.

SECTION 5. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2024 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: May 14, 2024