

CHAPTER 366

TAXATION

HOUSE BILL 24-1240

BY REPRESENTATIVE(S) Joseph and Weinberg, Amabile, Bacon, Bird, Brown, English, Herod, Jodeh, Ricks, Titone, McCluskie;
also SENATOR(S) Rich and Exum, Bridges, Cutter, Michaelson Jenet, Mullica, Priola.

AN ACT**CONCERNING THE CREATION OF AN INCOME TAX SUBTRACTION FOR SEGAL AMERICORPS EDUCATION AWARDS.**

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

SECTION 1. Legislative declaration. (1) The general assembly finds and declares that:

(a) AmeriCorps members serve communities nationwide, including in Colorado, where AmeriCorps members serve throughout the state in education, climate change resilience, public and behavioral health, digital navigation, economic mobility, and other areas, with a focus on workforce development and quality credentials earned through service-to-career pathways;

(b) After completing their terms of service, AmeriCorps members may earn a Segal AmeriCorps Education Award that can be used to pay education expenses at eligible higher education institutions and programs or to repay qualified student loans;

(c) Segal AmeriCorps Education Awards are taxed as income in the year or years they are used;

(d) Other states have removed state income tax on the amount of a Segal AmeriCorps Education Award;

(e) Subtracting the amount of a Segal AmeriCorps Education Award reduces burdens on individuals, supports education and workforce development, and encourages AmeriCorps alumni to remain in Colorado to use their awards; and

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(f) The purpose of this tax subtraction is to incentivize AmeriCorps members to seek higher education in the state and to retain AmeriCorps members in the state after their terms of service have ended.

SECTION 2. In Colorado Revised Statutes, 39-22-104, **add** (4)(cc) as follows:

39-22-104. Income tax imposed on individuals, estates, and trusts - single rate - report - legislative declaration - definitions - repeal. (4) There shall be subtracted from federal taxable income:

(cc) (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2026, BUT BEFORE JANUARY 1, 2034, AN AMOUNT EQUAL TO THE AMOUNT OF ANY SEGAL AMERICORPS EDUCATION AWARD RECEIVED FOR SERVICE IN THE AMERICORPS NATIONAL SERVICE PROGRAM, WHICH IS USED BY THE TAXPAYER DURING THE INCOME TAX YEAR.

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

(A) THE PURPOSE OF THE INCOME TAX SUBTRACTION CREATED IN THIS SUBSECTION (4)(cc) IS TO PROVIDE TAX RELIEF FOR CERTAIN INDIVIDUALS, SPECIFICALLY TAXPAYERS WHO HAVE RECEIVED SEGAL AMERICORPS EDUCATION AWARDS FOR AMERICORPS SERVICE; AND

(B) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL MEASURE THE EFFECTIVENESS OF THE SUBTRACTION IN ACHIEVING THE PURPOSE SPECIFIED IN SUBSECTION (4)(cc)(II)(A) OF THIS SECTION BASED ON THE NUMBER AND AGGREGATE AMOUNT OF SUBTRACTIONS CLAIMED IN A TAX YEAR.

(III) THE DEPARTMENT OF REVENUE SHALL MAINTAIN INFORMATION ABOUT THE NUMBER OF TAXPAYERS WHO CLAIM THE SUBTRACTION IN A TAX YEAR AND THE AGGREGATE AMOUNT OF SUBTRACTIONS CLAIMED IN A TAX YEAR, IN ADDITION TO ANY OTHER INFORMATION DETERMINED NECESSARY BY THE DEPARTMENT OF REVENUE, TO EVALUATE THE EFFECTIVENESS OF THE TAX SUBTRACTION ALLOWED IN THIS SUBSECTION (4)(cc) IN ACHIEVING THE PURPOSE SPECIFIED IN SUBSECTION (4)(cc)(II)(A) OF THIS SECTION, AND SHALL PROVIDE THIS INFORMATION UPON REQUEST OF THE GENERAL ASSEMBLY OR THE STATE AUDITOR.

(IV) THIS SUBSECTION (4)(cc) IS REPEALED, EFFECTIVE JULY 1, 2039.

SECTION 3. Safety clause. The general assembly finds, determines, and declares that this act is necessary for the immediate preservation of the public peace,

health, or safety or for appropriations for the support and maintenance of the departments of the state and state institutions.

Approved: June 3, 2024

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