

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

DRAFT
9/22/23

Bill 2

LLS NO. 24-0396.01 Jessica Herrera x4218

INTERIM COMMITTEE BILL

Pension Review Commission

BILL TOPIC: PERA Retiree Refundable Income Tax Credit

A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF A REFUNDABLE INCOME TAX CREDIT**
102 **FOR QUALIFYING PUBLIC EMPLOYEES' RETIREMENT**
103 **ASSOCIATION RETIREES.**

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/>.)

Pension Review Commission. The bill creates a refundable income tax credit that is available for income tax years commencing on or after January 1, 2023, but prior to January 1, 2025, for a qualifying public employees' retirement association (PERA) retiree, which means a full-time Colorado resident individual who:

*Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words indicate deletions from existing law.*

- Is 65 years of age or older at the end of the 2023 or 2024 income tax year; and
- Has an annual gross income of no more than \$38,000 as a single filer or \$76,000 as a joint filer.

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 - qualifying PERA retirees -**
5 **creation - tax preference performance statement - legislative**

6 **declaration - definitions - repeal.** (1) (a) THE GENERAL ASSEMBLY
7 HEREBY FINDS AND DECLARES THAT:

8 (I) INFLATION RATES HAVE INCREASED OVER THE LAST FEW YEARS
9 AND ARE PREDICTED TO CONTINUE RISING; AND

10 (II) MANY PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION
11 RETIREES ARE ON A FIXED INCOME, AND THE COST OF LIVING ADJUSTMENTS
12 FOR RETIREES ARE NOT KEEPING UP WITH RISING INFLATION RATES.

13 (b) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH
14 REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE
15 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
16 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY HEREBY FINDS AND
17 DECLARES THAT THE PURPOSE OF THE TAX EXPENDITURE CREATED IN
18 SUBSECTION (3) OF THIS SECTION IS TO PROVIDE TAX RELIEF FOR CERTAIN
19 PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION RETIREES.

20 (c) THE GENERAL ASSEMBLY AND STATE AUDITOR SHALL MEASURE
21 THE EFFECTIVENESS OF THE INCOME TAX CREDIT IN ACHIEVING THE
22 PURPOSE SPECIFIED IN SUBSECTION (1)(b) OF THIS SECTION BASED ON THE
23 NUMBER OF TAXPAYERS WHO HAVE CLAIMED THE CREDIT.

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

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

5 (b) "QUALIFYING PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION
6 RETIREE" MEANS A RESIDENT INDIVIDUAL WHO:

7 (I) IS SIXTY-FIVE YEARS OF AGE OR OLDER AT THE CLOSE OF THE
8 INCOME TAX YEAR FOR WHICH THE CREDIT IS CLAIMED; AND

9 (II) HAS AN ANNUAL GROSS INCOME OF NO MORE THAN
10 THIRTY-EIGHT THOUSAND DOLLARS IF FILING AS A SINGLE FILER OR
11 SEVENTY-SIX THOUSAND DOLLARS IF FILING AS A JOINT FILER.

12 (3) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
13 1, 2023, BUT BEFORE JANUARY 1, 2025, A QUALIFYING PUBLIC EMPLOYEES'
14 RETIREMENT ASSOCIATION RETIREE IS ALLOWED A CREDIT IN THE AMOUNT
15 OF SEVEN HUNDRED DOLLARS AGAINST THE TAX IMPOSED BY THIS ARTICLE
16 22.

17 (4) THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION
18 THAT EXCEEDS THE QUALIFYING PUBLIC EMPLOYEES' RETIREMENT
19 ASSOCIATION RETIREE'S INCOME TAXES DUE IS REFUNDED TO THE
20 QUALIFYING PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION RETIREE.

21 (5) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2034.

22 **SECTION 2. Act subject to petition - effective date.** This act
23 takes effect at 12:01 a.m. on the day following the expiration of the
24 ninety-day period after final adjournment of the general assembly; except
25 that, if a referendum petition is filed pursuant to section 1 (3) of article V
26 of the state constitution against this act or an item, section, or part of this
27 act within such period, then the act, item, section, or part will not take

1 effect unless approved by the people at the general election to be held in
2 November 2024 and, in such case, will take effect on the date of the
3 official declaration of the vote thereon by the governor.