

First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

DRAFT
9/9/24

BILL 2

LLS NO. 25-0228.01 Caroline Martin x5902

INTERIM COMMITTEE BILL

Pension Review Commission

BILL TOPIC: Income Tax Credit for PERA Retirees

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, 2025, but prior to January 1, 2027, for a qualifying public employees' retirement association 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 2025 or 2026 income tax year; and
- Has an annual federal adjusted 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** 39-22-571 as
3 follows:

4 **39-22-571. 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) "ASSOCIATION" MEANS THE PUBLIC EMPLOYEES' RETIREMENT
4 ASSOCIATION CREATED IN SECTION 24-51-201.

5 (b) "CREDIT" MEANS THE CREDIT AGAINST INCOME TAX THAT IS
6 CREATED IN THIS SECTION.

7 (c) "QUALIFYING PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION
8 RETIREE" MEANS A RESIDENT INDIVIDUAL WHO:

9 (I) IS A RETIREE, AS DEFINED IN SECTION 24-51-101 (39);

10 (II) IS SIXTY-FIVE YEARS OF AGE OR OLDER AT THE CLOSE OF THE
11 INCOME TAX YEAR FOR WHICH THE CREDIT IS CLAIMED; AND

12 (III) HAS A FEDERAL ADJUSTED GROSS INCOME OF NO MORE THAN
13 THIRTY-EIGHT THOUSAND DOLLARS IF FILING AS A SINGLE FILER OR
14 SEVENTY-SIX THOUSAND DOLLARS IF FILING AS A JOINT FILER IN THE
15 INCOME TAX YEAR FOR WHICH THE CREDIT IS CLAIMED.

16 (3) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
17 1, 2025, BUT BEFORE JANUARY 1, 2027, A QUALIFYING PUBLIC EMPLOYEES'
18 RETIREMENT ASSOCIATION RETIREE IS ALLOWED A CREDIT IN THE AMOUNT
19 OF SEVEN HUNDRED DOLLARS AGAINST THE TAX IMPOSED BY THIS ARTICLE
20 22.

21 (4) THE ASSOCIATION SHALL PROVIDE TO THE STATE AUDITOR
22 DATA ON RETIREES AS NECESSARY TO IMPLEMENT THIS SECTION. THE
23 DEPARTMENT OF REVENUE SHALL PROVIDE TO THE STATE AUDITOR DATA
24 ON THE NUMBER OF INDIVIDUALS WHO CLAIM THE TAX CREDIT ALLOWED
25 BY THIS SECTION.

26 (5) THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION
27 THAT EXCEEDS THE QUALIFYING PUBLIC EMPLOYEES' RETIREMENT

1 ASSOCIATION RETIREE'S INCOME TAXES DUE IS REFUNDED TO THE
2 QUALIFYING PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION RETIREE.

3 (6) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2036.

4 **SECTION 2. Act subject to petition - effective date.** This act
5 takes effect at 12:01 a.m. on the day following the expiration of the
6 ninety-day period after final adjournment of the general assembly; except
7 that, if a referendum petition is filed pursuant to section 1 (3) of article V
8 of the state constitution against this act or an item, section, or part of this
9 act within such period, then the act, item, section, or part will not take
10 effect unless approved by the people at the general election to be held in
11 November 2026 and, in such case, will take effect on the date of the
12 official declaration of the vote thereon by the governor.