

Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 26-0607.02 Pierce Lively x2059

HOUSE BILL 26-1240

HOUSE SPONSORSHIP

Rutinel and Zokaie,

SENATE SPONSORSHIP

(None),

House Committees

Finance

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE REMOVAL OF THE MAXIMUM AGE REQUIREMENT**
102 **FOR THE STATE EARNED INCOME TAX CREDIT.**

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>.)

Under current law, only individuals of certain ages may qualify for the federal or state earned income tax credit. The federal "American Rescue Plan Act of 2021" temporarily lowered the minimum age requirement and removed the maximum age requirement for the federal earned income tax credit. In 2021, the lowered minimum age requirement was adopted for the state earned income tax credit (credit) indefinitely.

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.

For tax years commencing on or after January 1, 2028, the bill adopts the removal of the maximum age requirement for the credit indefinitely. An individual who claims the credit as a result of the bill may claim the credit in an amount determined in the same manner as an individual who claims the credit as a result of the prior adoption of the lowered minimum age requirement.

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

2 **SECTION 1. Legislative declaration.**

3 (1) The General Assembly finds and declares that:

4 (a) Colorado's earned income tax credit is one of the state's most
5 effective tools for supporting working families, reducing poverty, and
6 encouraging workforce participation;

7 (b) In recent years, the General Assembly has taken important
8 steps to modernize and expand the earned income tax credit, including
9 extending eligibility to younger workers who were previously excluded;

10 (c) Fairness requires that Colorado's tax policy treat older working
11 adults with the same respect and recognition afforded to younger workers;

12 (d) Many Coloradans over the age of sixty-five remain active in
13 the workforce, often out of financial necessity, and these older workers
14 contribute to their communities, support local economies, and, in many
15 cases, help sustain multigenerational households;

16 (e) Under current law, age-based eligibility limits prevent many
17 low- and moderate-income older workers from claiming the earned
18 income tax credit, even though they meet the same income and work
19 requirements as younger filers;

20 (f) The disparity in who can claim the earned income tax credit
21 creates an inequitable outcome in a program designed to reward work and
22 support those with limited earnings;

1 (g) Aligning eligibility for the earned income tax credit across age
2 groups completes the policy direction the General Assembly has already
3 embraced by ensuring that the earned income tax credit operates as a
4 consistent, work-based support for all eligible Coloradans, regardless of
5 age;

6 (h) Aligning eligibility for the earned income tax credit across age
7 groups represents a modest and responsible fiscal investment;

14 (k) When working seniors and grandparents can better meet basic
15 needs, entire families and communities benefit.

16 **SECTION 2.** In Colorado Revised Statutes, 39-22-123.5, **amend**
17 (3.5)(b)(I) and (3.5)(c) introductory portion; and **add** (2.7)(d) as follows:

18 **39-22-123.5. Earned income tax credit - legislative declaration**

19 **- repeal.**

20 (2.7) (d) (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
21 JANUARY 1, 2028, A RESIDENT INDIVIDUAL IS ALLOWED AN EARNED
22 INCOME TAX CREDIT AGAINST THE TAXES DUE UNDER THIS ARTICLE 22
23 THAT IS EQUAL TO THE APPLICABLE PERCENTAGE, SET FORTH IN
24 SUBSECTION (2.7)(d)(II) OF THIS SECTION, OF THE FEDERAL CREDIT THAT
25 THE RESIDENT INDIVIDUAL WOULD HAVE BEEN ALLOWED UNDER SECTION
26 32 (n)(2) OF THE INTERNAL REVENUE CODE, NOTWITHSTANDING THE DATE
27 LIMITATION SET FORTH IN SECTION 32 (n) OF THE INTERNAL REVENUE

1 CODE AS SPECIFIED IN SECTION 9621 (a) OF THE "AMERICAN RESCUE PLAN
2 ACT OF 2021", PUB.L. 117-2.

3 (II) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3.5) OF THIS
4 SECTION, THE PERCENTAGE USED TO CALCULATE THE AMOUNT OF CREDIT
5 THAT CAN BE CLAIMED PURSUANT TO SUBSECTION (2.7)(d)(I) OF THIS
6 SECTION IS TWENTY-FIVE PERCENT.

7 (3.5) (b) (I) For the income tax year commencing on January 1,
8 2025, the percentage of the federal earned income tax credit that the
9 resident individual claimed or could have claimed that is used to calculate
10 the amount of earned income tax credit allowed pursuant to subsections
11 (2)(d), (2.5)(e), and (2.7)(c), AND (2.7)(d) of this section is increased by
12 fifteen percentage points if the estimated adjustment factor is equal to or
13 greater than two percent.

14 (c) For income tax years commencing on or after January 1, 2026,
15 the percentage of the federal earned income tax credit that the resident
16 individual claimed or could have claimed that is used to calculate the
17 amount of earned income tax credit allowed pursuant to subsections
18 (2)(d), (2.5)(e), and (2.7)(c), AND (2.7)(d) of this section is increased as
19 follows if the estimated adjustment factor is as follows:

20 **SECTION 3. Act subject to petition - effective date.** This act
21 takes effect at 12:01 a.m. on the day following the expiration of the
22 ninety-day period after final adjournment of the general assembly (August
23 12, 2026, if adjournment sine die is on May 13, 2026); except that, if a
24 referendum petition is filed pursuant to section 1 (3) of article V of the
25 state constitution against this act or an item, section, or part of this act
26 within such period, then the act, item, section, or part will not take effect
27 unless approved by the people at the general election to be held in

1 November 2026 and, in such case, will take effect on the date of the
2 official declaration of the vote thereon by the governor.