

First Regular Session  
Seventy-first General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 17-0038.02 Jason Gelender x4330

HOUSE BILL 17-1324

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HOUSE SPONSORSHIP

Pettersen and McLachlan,

SENATE SPONSORSHIP

(None),

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House Committees  
Education

Senate Committees

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A BILL FOR AN ACT

101 CONCERNING EDUCATIONAL OPPORTUNITY TAX INCENTIVES, AND, IN  
102 CONNECTION THEREWITH, MODIFYING THE EXISTING STATE  
103 INCOME TAX DEDUCTIONS FOR CONTRIBUTIONS TO AND  
104 DISTRIBUTIONS OF INVESTMENT EARNINGS FROM THE QUALIFIED  
105 STATE TUITION PROGRAM ESTABLISHED BY COLLEGE INVEST AND  
106 CREATING NEW STATE INCOME TAX CREDITS FOR QUALIFYING  
107 TEACHERS AND STUDENT TEACHERS WHO TEACH IN RURAL  
108 SCHOOLS.

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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*

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
Capital letters indicate new material to be added to existing statute.  
Dashes through the words indicate deletions from existing statute.

<http://leg.colorado.gov>.)

For purposes of calculating a taxpayer's Colorado taxable income, current state law begins from a base of the taxpayer's federal taxable income and provides for various modifications to that base, including subtractions from federal taxable income (state income tax deductions) in amounts equal to the full amounts of both contributions made by a taxpayer to the qualified state tuition program established by collegeinvest and distributions of investment earnings taken from the plan. For income tax years commencing on or after January 1, 2018, **section 2** of the bill modifies these state income tax deductions by making the percentages of the amounts of contributions or distributions allowed to be subtracted from a taxpayer's taxable income dependent upon the amount of the taxpayer's federal adjusted gross income as follows:

- ! 200% of the amounts of contributions or distributions for a taxpayer whose federal adjusted gross income is less than \$100,000;
- ! 100% of the amounts of contributions or distributions for a taxpayer whose federal adjusted gross income is \$100,000 or more but less than \$200,000;
- ! 50% of the amounts of contributions or distributions for a taxpayer whose federal adjusted gross income is \$200,000 or more but less than \$500,000; and
- ! 25% of the amounts of contributions or distributions for a taxpayer whose federal adjusted gross income is \$500,000 or more.

For income tax years commencing on or after January 1, 2018, **section 3** allows refundable state income tax credits for teaching or student teaching in rural schools as follows:

- ! A teacher who has graduated from an educator preparation program approved by the Colorado commission on higher education may claim a credit, in a specified amount that increases each year, for each of the first 5 years that the teacher teaches in one or more rural schools in the same rural school district; and
- ! A student teacher who is a student in an educator preparation program approved by the Colorado commission on higher education and has worked as a student teacher in one or more rural schools in the same rural school district for at least a specified number of days during an academic year may claim a one-time credit up to a specified maximum amount against tuition and fees paid for the educator preparation program.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly  
3 hereby finds and declares that:

4 (a) Current state law allows state income tax deductions to any  
5 taxpayer in amounts equal to the full amounts of both contributions made  
6 by a taxpayer to the qualified state tuition program established by  
7 collegeinvest and distributions of investment earnings taken from the  
8 plan;

9 (b) The rationale for allowing these deductions is to encourage  
10 students and their families to save money for higher education and to  
11 reduce the cost of higher education so that more students can afford it;

12 (c) While the deductions have helped taxpayers at all income  
13 levels, they have disproportionately benefited taxpayers whose federal  
14 adjusted gross income is over one hundred thousand dollars, with  
15 eighty-one percent of the total amount of deductions allowed going to  
16 such taxpayers and thirty-five percent of the total deductions allowed  
17 going to taxpayers whose federal adjusted gross income is over two  
18 hundred fifty thousand dollars; and

19 (d) In order to better serve the purpose of increasing access to  
20 higher education by reducing the cost of higher education for students for  
21 whom cost is a significant barrier, it is necessary, appropriate, and in the  
22 best interest of all Coloradans to increase the amount of the deductions  
23 for lower-, middle-, and upper middle-income taxpayers and reduce the  
24 amount of the deductions for high-income taxpayers in the manner  
25 specified in this act.

26 (2) The general assembly further finds and declares that:

27 (a) There is a teacher shortage in rural Colorado; and

1 (b) It is necessary, appropriate, and in the best interest of the state  
2 to create new tax expenditures in the form of the refundable state income  
3 tax credits for qualified rural teachers and qualified rural student teachers  
4 provided for in this act for the purpose of providing financial incentives  
5 for teaching in rural schools and thereby alleviating the teacher shortage  
6 in rural Colorado.

7 **SECTION 2.** In Colorado Revised Statutes, 39-22-104, **amend**  
8 (4)(i)(I) and (4)(i)(II); and **add** (4)(i)(I.5) and (4)(i)(II.5) as follows:

9 **39-22-104. Income tax imposed on individuals, estates, and**  
10 **trusts - single rate - legislative declaration - definitions - repeal.**

11 (4) There shall be subtracted from federal taxable income:

12 (i) (I) For income tax years commencing on or after January 1,  
13 1998, BUT BEFORE JANUARY 1, 2018, an amount equal to the portion  
14 attributable to interest and other income of a distribution under a qualified  
15 state tuition program that is distributed for the purpose of meeting  
16 qualified higher education expenses of a designated beneficiary, to the  
17 extent such amount is included in federal taxable income;

18 (I.5) FOR INCOME TAX YEARS COMMENCING ON OR AFTER  
19 JANUARY 1, 2018, AN AMOUNT EQUAL TO:

20 (A) TWO HUNDRED PERCENT OF THE PORTION ATTRIBUTABLE TO  
21 INTEREST AND OTHER INCOME OF A DISTRIBUTION UNDER A QUALIFIED  
22 STATE TUITION PROGRAM THAT IS DISTRIBUTED FOR THE PURPOSE OF  
23 MEETING QUALIFIED HIGHER EDUCATION EXPENSES OF A DESIGNATED  
24 BENEFICIARY, TO THE EXTENT SUCH AMOUNT IS INCLUDED IN FEDERAL  
25 TAXABLE INCOME, IF THE TAXPAYER'S FEDERAL ADJUSTED GROSS INCOME  
26 IS LESS THAN ONE HUNDRED THOUSAND DOLLARS;

27 (B) ONE HUNDRED PERCENT OF THE PORTION ATTRIBUTABLE TO

1 INTEREST AND OTHER INCOME OF A DISTRIBUTION UNDER A QUALIFIED  
2 STATE TUITION PROGRAM THAT IS DISTRIBUTED FOR THE PURPOSE OF  
3 MEETING QUALIFIED HIGHER EDUCATION EXPENSES OF A DESIGNATED  
4 BENEFICIARY, TO THE EXTENT SUCH AMOUNT IS INCLUDED IN FEDERAL  
5 TAXABLE INCOME, IF THE TAXPAYER'S FEDERAL ADJUSTED GROSS INCOME  
6 IS ONE HUNDRED THOUSAND DOLLARS OR MORE BUT LESS THAN TWO  
7 HUNDRED THOUSAND DOLLARS;

8 (C) FIFTY PERCENT OF THE PORTION ATTRIBUTABLE TO INTEREST  
9 AND OTHER INCOME OF A DISTRIBUTION UNDER A QUALIFIED STATE  
10 TUITION PROGRAM THAT IS DISTRIBUTED FOR THE PURPOSE OF MEETING  
11 QUALIFIED HIGHER EDUCATION EXPENSES OF A DESIGNATED BENEFICIARY,  
12 TO THE EXTENT SUCH AMOUNT IS INCLUDED IN FEDERAL TAXABLE INCOME,  
13 IF THE TAXPAYER'S FEDERAL ADJUSTED GROSS INCOME IS TWO HUNDRED  
14 THOUSAND DOLLARS OR MORE BUT LESS THAN FIVE HUNDRED THOUSAND  
15 DOLLARS; AND

16 (D) TWENTY-FIVE PERCENT OF THE PORTION ATTRIBUTABLE TO  
17 INTEREST AND OTHER INCOME OF A DISTRIBUTION UNDER A QUALIFIED  
18 STATE TUITION PROGRAM THAT IS DISTRIBUTED FOR THE PURPOSE OF  
19 MEETING QUALIFIED HIGHER EDUCATION EXPENSES OF A DESIGNATED  
20 BENEFICIARY, TO THE EXTENT SUCH AMOUNT IS INCLUDED IN FEDERAL  
21 TAXABLE INCOME, IF THE TAXPAYER'S FEDERAL ADJUSTED GROSS INCOME  
22 IS FIVE HUNDRED THOUSAND DOLLARS OR MORE.

23 (II) For income tax years commencing on or after January 1, 2001,  
24 BUT BEFORE JANUARY 1, 2018, an amount equal to all payments or  
25 contributions made during the taxable year under an advance payment  
26 contract, to a savings trust account, or otherwise in connection with a  
27 qualified state tuition program established by collegeinvest created in

1 section 23-3.1-203, ~~C.R.S.~~, or to a qualified state tuition program that is  
2 affiliated with an educational institution in the state and that is established  
3 and maintained pursuant to section 529 of the internal revenue code or  
4 any successor section;

5 (II.5) FOR INCOME TAX YEARS COMMENCING ON OR AFTER  
6 JANUARY 1, 2018, AN AMOUNT EQUAL TO:

7 (A) TWO HUNDRED PERCENT OF ALL PAYMENTS OR  
8 CONTRIBUTIONS MADE DURING THE TAXABLE YEAR UNDER AN ADVANCE  
9 PAYMENT CONTRACT, TO A SAVINGS TRUST ACCOUNT, OR OTHERWISE IN  
10 CONNECTION WITH A QUALIFIED STATE TUITION PROGRAM ESTABLISHED  
11 BY COLLEGEINVEST CREATED IN SECTION 23-3.1-203 OR TO A QUALIFIED  
12 STATE TUITION PROGRAM THAT IS AFFILIATED WITH AN EDUCATIONAL  
13 INSTITUTION IN THE STATE AND THAT IS ESTABLISHED AND MAINTAINED  
14 PURSUANT TO SECTION 529 OF THE INTERNAL REVENUE CODE OR ANY  
15 SUCCESSOR SECTION IF THE TAXPAYER'S FEDERAL ADJUSTED GROSS  
16 INCOME IS LESS THAN ONE HUNDRED THOUSAND DOLLARS;

17 (B) ONE HUNDRED PERCENT OF ALL PAYMENTS OR CONTRIBUTIONS  
18 MADE DURING THE TAXABLE YEAR UNDER AN ADVANCE PAYMENT  
19 CONTRACT, TO A SAVINGS TRUST ACCOUNT, OR OTHERWISE IN  
20 CONNECTION WITH A QUALIFIED STATE TUITION PROGRAM ESTABLISHED  
21 BY COLLEGEINVEST CREATED IN SECTION 23-3.1-203, OR TO A QUALIFIED  
22 STATE TUITION PROGRAM THAT IS AFFILIATED WITH AN EDUCATIONAL  
23 INSTITUTION IN THE STATE AND THAT IS ESTABLISHED AND MAINTAINED  
24 PURSUANT TO SECTION 529 OF THE INTERNAL REVENUE CODE OR ANY  
25 SUCCESSOR SECTION IF THE TAXPAYER'S FEDERAL ADJUSTED GROSS  
26 INCOME IS ONE HUNDRED THOUSAND DOLLARS OR MORE BUT LESS THAN  
27 TWO HUNDRED THOUSAND DOLLARS;

1 (C) FIFTY PERCENT OF ALL PAYMENTS OR CONTRIBUTIONS MADE  
2 DURING THE TAXABLE YEAR UNDER AN ADVANCE PAYMENT CONTRACT, TO  
3 A SAVINGS TRUST ACCOUNT, OR OTHERWISE IN CONNECTION WITH A  
4 QUALIFIED STATE TUITION PROGRAM ESTABLISHED BY COLLEGEINVEST  
5 CREATED IN SECTION 23-3.1-203, OR TO A QUALIFIED STATE TUITION  
6 PROGRAM THAT IS AFFILIATED WITH AN EDUCATIONAL INSTITUTION IN THE  
7 STATE AND THAT IS ESTABLISHED AND MAINTAINED PURSUANT TO SECTION  
8 529 OF THE INTERNAL REVENUE CODE OR ANY SUCCESSOR SECTION IF THE  
9 TAXPAYER'S FEDERAL ADJUSTED GROSS INCOME IS TWO HUNDRED  
10 THOUSAND DOLLARS OR MORE BUT LESS THAN FIVE HUNDRED THOUSAND  
11 DOLLARS; AND

12 (D) TWENTY-FIVE PERCENT OF ALL PAYMENTS OR CONTRIBUTIONS  
13 MADE DURING THE TAXABLE YEAR UNDER AN ADVANCE PAYMENT  
14 CONTRACT, TO A SAVINGS TRUST ACCOUNT, OR OTHERWISE IN  
15 CONNECTION WITH A QUALIFIED STATE TUITION PROGRAM ESTABLISHED  
16 BY COLLEGEINVEST CREATED IN SECTION 23-3.1-203, OR TO A QUALIFIED  
17 STATE TUITION PROGRAM THAT IS AFFILIATED WITH AN EDUCATIONAL  
18 INSTITUTION IN THE STATE AND THAT IS ESTABLISHED AND MAINTAINED  
19 PURSUANT TO SECTION 529 OF THE INTERNAL REVENUE CODE OR ANY  
20 SUCCESSOR SECTION IF THE TAXPAYER'S FEDERAL ADJUSTED GROSS  
21 INCOME IS FIVE HUNDRED THOUSAND DOLLARS OR MORE.

22 **SECTION 3.** In Colorado Revised Statutes, **add** 39-22-130 as  
23 follows:

24 **39-22-130. Rural teachers - tax credits - definitions.** (1) AS  
25 USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

26 (a) "ACADEMIC YEAR" MEANS THAT PORTION OF THE SCHOOL YEAR  
27 DURING WHICH A RURAL SCHOOL IS IN REGULAR SESSION, BEGINNING

1 ABOUT THE FIRST WEEK IN SEPTEMBER AND ENDING ABOUT THE FIRST  
2 WEEK IN JUNE NEXT FOLLOWING.

3 (b) "QUALIFIED RURAL STUDENT TEACHER" MEANS A RESIDENT  
4 INDIVIDUAL WHO IS A STUDENT OF AN EDUCATOR PREPARATION PROGRAM  
5 APPROVED BY THE COLORADO COMMISSION ON HIGHER EDUCATION  
6 PURSUANT TO SECTION 23-1-121 OR SECTION 22-60.5-205 AND WHO  
7 WORKS AS A STUDENT TEACHER IN A RURAL SCHOOL DURING THE 2017-18  
8 ACADEMIC YEAR OR ANY SUBSEQUENT ACADEMIC YEAR.

9 (c) "QUALIFIED RURAL TEACHER" MEANS A RESIDENT INDIVIDUAL  
10 WHO IS A TEACHER AND WHO:

11 (I) HAS GRADUATED FROM AN EDUCATOR PREPARATION PROGRAM  
12 APPROVED BY THE COLORADO COMMISSION ON HIGHER EDUCATION  
13 PURSUANT TO SECTION 23-1-121 OR SECTION 22-60.5-205 THAT, UPON  
14 COMPLETION, HAS LED TO A RECOMMENDATION FOR LICENSURE BY AN  
15 ACCEPTED INSTITUTION OF HIGHER EDUCATION IN COLORADO OR OTHER  
16 DESIGNATED AGENCY;

17 (II) MEETS THE TEACHER LICENSURE REQUIREMENTS SET FORTH IN  
18 SECTION 22-60.5-201 (1)(b), SECTION 22-60.5-201 (1)(c), OR SECTION  
19 22-60.5-210 (1)(a) OR (1)(b); AND

20 (III) HAS ACCEPTED A CONTRACT TO TEACH FULL TIME IN A RURAL  
21 SCHOOL FOR THE FIRST TIME FOR THE 2013-14 ACADEMIC YEAR OR ANY  
22 SUBSEQUENT ACADEMIC YEAR.

23 (d) "RURAL SCHOOL" MEANS A PUBLIC SCHOOL OF A RURAL  
24 SCHOOL DISTRICT INCLUDING BUT NOT LIMITED TO A DISTRICT CHARTER  
25 SCHOOL OR AN INSTITUTE CHARTER SCHOOL, AS DEFINED IN SECTION  
26 22-54-103 (7.5), THAT HAS A RURAL SCHOOL DISTRICT AS ITS ACCOUNTING  
27 DISTRICT.



1 (e) "RURAL SCHOOL DISTRICT" MEANS A SCHOOL DISTRICT THAT  
2 THE DEPARTMENT OF EDUCATION HAS DETERMINED TO BE RURAL.

3 (2) FOR ANY INCOME TAX YEAR COMMENCING ON OR AFTER  
4 JANUARY 1, 2018, A QUALIFIED RURAL TEACHER IS ALLOWED A CREDIT  
5 AGAINST THE INCOME TAX IMPOSED BY THIS ARTICLE IN THE FOLLOWING  
6 AMOUNT:

7 (a) ONE THOUSAND DOLLARS IF THE TEACHER COMPLETED THE  
8 TEACHER'S FIRST FULL YEAR OF TEACHING IN A RURAL SCHOOL DURING  
9 THE INCOME TAX YEAR;

10 (b) TWO THOUSAND DOLLARS IF THE TEACHER COMPLETED THE  
11 TEACHER'S SECOND CONSECUTIVE FULL YEAR OF TEACHING IN ONE OR  
12 MORE RURAL SCHOOLS IN THE SAME RURAL SCHOOL DISTRICT DURING THE  
13 INCOME TAX YEAR;

14 (c) THREE THOUSAND DOLLARS IF THE TEACHER COMPLETED THE  
15 TEACHER'S THIRD YEAR CONSECUTIVE FULL YEAR OF TEACHING IN ONE OR  
16 MORE RURAL SCHOOLS IN THE SAME RURAL SCHOOL DISTRICT DURING THE  
17 INCOME TAX YEAR;

18 (d) FOUR THOUSAND DOLLARS IF THE TEACHER COMPLETED THE  
19 TEACHER'S FOURTH FULL YEAR OF TEACHING IN ONE OR MORE RURAL  
20 SCHOOLS IN THE SAME RURAL SCHOOL DISTRICT DURING THE INCOME TAX  
21 YEAR; AND

22 (e) FIVE THOUSAND DOLLARS IF THE TEACHER COMPLETED THE  
23 TEACHER'S FIFTH FULL YEAR OF TEACHING IN ONE OR MORE RURAL  
24 SCHOOLS IN THE SAME RURAL SCHOOL DISTRICT DURING THE INCOME TAX  
25 YEAR.

26 (3) (a) FOR ANY INCOME TAX YEAR COMMENCING ON OR AFTER  
27 JANUARY 1, 2018, A QUALIFIED RURAL STUDENT TEACHER WHO HAS

1 WORKED AS A STUDENT TEACHER IN ONE OR MORE RURAL SCHOOLS IN THE  
2 SAME RURAL SCHOOL DISTRICT FOR AT LEAST ONE HUNDRED DAYS DURING  
3 THE ACADEMIC YEAR THAT ENDS DURING THE INCOME TAX YEAR IS  
4 ALLOWED A CREDIT AGAINST THE INCOME TAX IMPOSED BY THIS ARTICLE  
5 FOR STUDENT TUITION AND FEES PAID AT ANY TIME FOR AN EDUCATOR  
6 PREPARATION PROGRAM APPROVED BY THE COLORADO COMMISSION ON  
7 HIGHER EDUCATION PURSUANT TO SECTION 23-1-121 OR SECTION  
8 22-60.5-205 IN AN AMOUNT EQUAL TO THE LESSER OF THE FULL AMOUNT  
9 OF TUITION AND FEES PAID OR TWO THOUSAND FIVE HUNDRED DOLLARS.

10 (b) A QUALIFIED RURAL STUDENT TEACHER MAY ONLY CLAIM THE  
11 CREDIT ALLOWED BY SUBSECTION (3)(a) OF THIS SECTION FOR ONE INCOME  
12 TAX YEAR.

13 (4) THE AMOUNT OF ANY CREDIT ALLOWED UNDER SUBSECTION (2)  
14 OR (3) OF THIS SECTION THAT EXCEEDS A QUALIFIED TEACHER'S OR  
15 QUALIFIED STUDENT TEACHER'S INCOME TAXES DUE IS REFUNDED TO THE  
16 QUALIFIED TEACHER OR QUALIFIED STUDENT TEACHER.

17 (5) IN THE CASE OF A QUALIFIED TEACHER OR QUALIFIED STUDENT  
18 TEACHER WHO IS A PART-YEAR RESIDENT, ANY CREDIT ALLOWED UNDER  
19 SUBSECTION (2) OR (3) OF THIS SECTION IS APPORTIONED IN THE RATIO  
20 DETERMINED UNDER SECTION 39-22-110 (1).

21 (6) THE CREDITS ALLOWED UNDER SUBSECTIONS (2) AND (3) OF  
22 THIS SECTION ARE NOT INCOME OR RESOURCES FOR THE PURPOSE OF  
23 DETERMINING ELIGIBILITY FOR THE PAYMENT OF PUBLIC ASSISTANCE  
24 BENEFITS AND MEDICAL ASSISTANCE BENEFITS AUTHORIZED UNDER STATE  
25 LAW OR FOR A PAYMENT MADE UNDER ANY OTHER PUBLICLY FUNDED  
26 PROGRAMS.

27 **SECTION 4. Act subject to petition - effective date.** This act

1 takes effect at 12:01 a.m. on the day following the expiration of the  
2 ninety-day period after final adjournment of the general assembly (August  
3 9, 2017, if adjournment sine die is on May 10, 2017); except that, if a  
4 referendum petition is filed pursuant to section 1 (3) of article V of the  
5 state constitution against this act or an item, section, or part of this act  
6 within such period, then the act, item, section, or part will not take effect  
7 unless approved by the people at the general election to be held in  
8 November 2018 and, in such case, will take effect on the date of the  
9 official declaration of the vote thereon by the governor.