

First Regular Session
Seventy-third General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 21-0743.01 Esther van Mourik x4215

HOUSE BILL 21-

HOUSE SPONSORSHIP

Woog,

SENATE SPONSORSHIP

Kirkmeyer,

House Committees
Finance

Senate Committees

A BILL FOR AN ACT

101 CONCERNING A TEMPORARY INCOME TAX CREDIT FOR STATE INCOME
102 TAX PAID FOR INDIVIDUALS WITH FEDERAL TAXABLE INCOME
103 LESS THAN A CERTAIN AMOUNT.

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>.)

For income tax years commencing on or after January 1, 2021, but before January 1, 2026, the bill specifies that a qualified taxpayer is allowed an income tax credit in an amount equal to the income tax imposed on the qualified taxpayer in that income tax year so that the income tax due for the qualified taxpayer in that income tax year is zero.

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

The bill defines a qualified taxpayer as:

- An individual who files a federal income tax return with federal taxable income in an amount less than \$20,000; or
- Two individuals who file a joint federal income tax return with combined federal taxable income in an amount less than \$40,000.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** 39-22-542 as
3 follows:

4 **39-22-542. Credit for income taxes paid - legislative**
5 **declaration - definitions - repeal.** (1) THE GENERAL ASSEMBLY
6 DECLARES THAT THE PURPOSE OF THE TAX EXPENDITURE IN THIS SECTION
7 IS TO PROVIDE INCOME TAX RELIEF FOR CERTAIN INDIVIDUALS IN ORDER TO
8 HELP THOSE INDIVIDUALS RECOVER FROM THE FINANCIAL HARDSHIP OF
9 THE COVID-19 PANDEMIC.

10 (2) (a) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
11 JANUARY 1, 2021, BUT BEFORE JANUARY 1, 2026, A QUALIFIED TAXPAYER
12 IS ALLOWED A CREDIT AGAINST THE INCOME TAX IMPOSED BY THIS
13 ARTICLE 22 IN AN AMOUNT EQUAL TO THE INCOME TAX IMPOSED ON THE
14 QUALIFIED TAXPAYER IN THAT INCOME TAX YEAR SO THAT THE INCOME
15 TAX DUE FOR THE QUALIFIED TAXPAYER IN THAT INCOME TAX YEAR IS
16 ZERO. THE CREDIT ALLOWED IN THIS SECTION MAY NOT GENERATE A
17 REFUND AND MUST BE APPLIED FIRST, BEFORE ANY OTHER INCOME TAX
18 CREDITS ALLOWED IN THIS ARTICLE 22 ARE APPLIED.

19 (b) FOR PURPOSES OF THIS SECTION, "QUALIFIED TAXPAYER"
20 MEANS:

21 (I) AN INDIVIDUAL WHO, IN THE INCOME TAX YEAR IN WHICH THE
22 INCOME TAX CREDIT ALLOWED IN THIS SECTION IS CLAIMED, FILES A

1 FEDERAL INCOME TAX RETURN WITH FEDERAL TAXABLE INCOME IN AN
2 AMOUNT LESS THAN TWENTY THOUSAND DOLLARS; OR

3 (II) TWO INDIVIDUALS WHO, IN THE INCOME TAX YEAR IN WHICH
4 THE INCOME TAX CREDIT ALLOWED IN THIS SECTION IS CLAIMED, FILE A
5 JOINT FEDERAL INCOME TAX RETURN WITH COMBINED FEDERAL TAXABLE
6 INCOME IN AN AMOUNT LESS THAN FORTY THOUSAND DOLLARS.

7 (3) TO CLAIM A CREDIT UNDER THIS SECTION, A QUALIFIED
8 TAXPAYER MUST FILE A COLORADO INCOME TAX RETURN.

9 (4) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2030.

10 **SECTION 2. Act subject to petition - effective date.** This act
11 takes effect at 12:01 a.m. on the day following the expiration of the
12 ninety-day period after final adjournment of the general assembly; except
13 that, if a referendum petition is filed pursuant to section 1 (3) of article V
14 of the state constitution against this act or an item, section, or part of this
15 act within such period, then the act, item, section, or part will not take
16 effect unless approved by the people at the general election to be held in
17 November 2022 and, in such case, will take effect on the date of the
18 official declaration of the vote thereon by the governor.