

**Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 24-0501.05 Jessica Herrera x4218

HOUSE BILL 24-1340

HOUSE SPONSORSHIP

Bird and Taggart,

SENATE SPONSORSHIP

Kirkmeyer and Zenzinger,

House Committees

Education
Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF INCENTIVES AGAINST THE STATE**
102 **INCOME TAX FOR STUDENTS PURSUING POST-SECONDARY**
103 **CREDENTIALS, AND, IN CONNECTION THEREWITH, MAKING AN**
104 **APPROPRIATION.**

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>.)

The bill creates 2 separate state income tax incentives (incentives) to encourage enrollment in institutions of higher education. For income tax years commencing on or after January 1, 2024, but prior to January 1,

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.

2030, the first incentive is available to a graduate of any Colorado institution of higher education with a credential required or supported by certain jobs identified by the 2023 Colorado talent pipeline report, defined by the bill as "top jobs", in the amount of \$250 for the completion of a qualified program less than one year in duration, \$500 for the completion of a qualified program between one year and 2 years in duration, \$1,500 for graduates of an associate's degree program, and \$3,000 for graduates of a bachelor's degree program.

For income tax years commencing on or after January 1, 2026, but prior to January 1, 2030, the second incentive is available to an eligible transfer student attending a 4-year Colorado institution of higher education, in the amount of \$50 per credit hour transferred from either a 2-year Colorado institution of higher education or earned while under certain enrollment status in high school. The incentive is capped at 60 credit hours or \$3,000 and may only be awarded after the student completes at least 15 credits at the 4-year Colorado institution of higher education.

Notwithstanding the incentive amounts otherwise allowed for both incentives, if the revenue forecast prepared by either legislative council staff or the office of state planning and budgeting in June of any income tax year for which an incentive is allowed projects that the amount of excess state revenues for the state fiscal year that ends during the income tax year will be:

- At least \$500 million but no more than \$750 million, the amount of the incentive allowed is reduced by fifty percent for that income tax year.
- Less than \$500 million, the incentive is not allowed for that income tax year.

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. Tuition and fee tax credit for qualifying students**
5 **- tax preference performance statement - legislative declaration -**
6 **definitions - repeal.** (1) (a) THE GENERAL ASSEMBLY FINDS,
7 DETERMINES, AND DECLARES THAT:

8 (I) THE COST OF HIGHER EDUCATION AND STUDENT DEBT CAN BE
9 A DETERRENT FOR MANY STUDENTS TO PURSUE POST-SECONDARY

1 CREDENTIALS;

2 (II) BETWEEN 2012 AND 2023, THE SHARE OF STUDENTS GOING TO
3 INSTITUTIONS IN OTHER STATES INCREASED FROM NINETEEN AND
4 ONE-HALF PERCENT TO TWENTY-NINE AND ONE-TENTH PERCENT. DURING
5 THIS TIME, ENROLLMENT AT COLORADO PUBLIC INSTITUTIONS DECLINED
6 WHILE THE COLORADO POPULATION OF INDIVIDUALS IN THE AGE RANGE OF
7 EIGHTEEN THROUGH TWENTY-FOUR INCREASED;

8 (III) TARGETED FINANCIAL SUPPORT TOWARDS THE COST OF
9 ATTENDANCE CAN HALT THIS TREND BY MAKING PUBLIC COLORADO
10 INSTITUTIONS MORE AFFORDABLE TO STUDENTS THAN OUT-OF-STATE
11 INSTITUTIONS AND CAN HELP STABILIZE COLORADO PUBLIC INSTITUTIONS'
12 FINANCES, WHICH WILL ALSO REDUCE RISK TO THE STATE'S BUDGET IN
13 SUPPORT OF THE PUBLIC INSTITUTIONS;

14 (IV) THE COSTS OF HIGHER EDUCATION ARE A BARRIER TO MANY
15 STUDENTS. REDUCING THOSE COSTS AND STUDENT DEBT CAN HELP
16 STUDENTS NOT ONLY ATTEND COLLEGE BUT ALSO BE FINANCIALLY
17 SUCCESSFUL; AND

18 (V) TO CONTINUE TO STRENGTHEN THE EDUCATIONAL PIPELINE, A
19 FINANCIAL INCENTIVE SHOULD BE PROVIDED TO LOW- AND MIDDLE-
20 INCOME POST-SECONDARY COLORADO STUDENTS.

21 (b) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH
22 REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE
23 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
24 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS AND
25 DECLARES THAT THE GENERAL LEGISLATIVE PURPOSES OF THIS TAX
26 EXPENDITURE ARE TO INDUCE CERTAIN DESIGNATED BEHAVIOR BY
27 TAXPAYERS AND PROVIDE TAX RELIEF FOR CERTAIN INDIVIDUALS.

1 SPECIFICALLY, THIS TAX EXPENDITURE IS INTENDED TO ENCOURAGE
2 ENROLLMENT IN PUBLIC COLORADO INSTITUTIONS OF HIGHER EDUCATION
3 AND REDUCE STUDENT DEBT.

4 (c) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
5 MEASURE THE EFFECTIVENESS OF THE INCENTIVE IN ACHIEVING THE
6 PURPOSE SPECIFIED IN SUBSECTION (1)(b) OF THIS SECTION BASED ON THE
7 NUMBER OF INCENTIVES THAT ARE CLAIMED.

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

10 (a) "COLORADO PUBLIC INSTITUTION OF HIGHER EDUCATION"
11 MEANS:

12 (I) A PUBLIC, POST-SECONDARY INSTITUTION THAT IS GOVERNED
13 BY THE BOARD OF GOVERNORS OF THE COLORADO STATE UNIVERSITY
14 SYSTEM, THE BOARD OF REGENTS OF THE UNIVERSITY OF COLORADO, THE
15 BOARD OF TRUSTEES OF THE COLORADO SCHOOL OF MINES, THE BOARD OF
16 TRUSTEES OF THE UNIVERSITY OF NORTHERN COLORADO, THE BOARD OF
17 TRUSTEES OF ADAMS STATE UNIVERSITY, THE BOARD OF TRUSTEES OF
18 WESTERN COLORADO UNIVERSITY, THE BOARD OF TRUSTEES OF
19 COLORADO MESA UNIVERSITY, THE BOARD OF TRUSTEES OF FORT LEWIS
20 COLLEGE, THE BOARD OF TRUSTEES OF METROPOLITAN STATE UNIVERSITY
21 OF DENVER, OR THE STATE BOARD FOR COMMUNITY COLLEGES AND
22 OCCUPATIONAL EDUCATION;

23 (II) AN AREA TECHNICAL COLLEGE, AS DEFINED IN SECTION
24 23-60-103 (1); OR

25 (III) COLORADO MOUNTAIN COLLEGE AND AIMS COMMUNITY
26 COLLEGE.

27 (b) "ELIGIBLE STUDENT" MEANS AN INDIVIDUAL WHO:

1 (I) HAS MATRICULATED AT A COLORADO PUBLIC INSTITUTION OF
2 HIGHER EDUCATION WITHIN TWO YEARS OF COMPLETION OF HIGH SCHOOL
3 GRADUATION OR AN EQUIVALENT IN COLORADO;

4 (II) IS DESIGNATED AS A DEGREE OR CREDENTIAL SEEKING
5 STUDENT FOR THE SEMESTER OR TERM FOR WHICH AN INCENTIVE IS
6 CLAIMED;

7 (III) QUALIFIES FOR IN-STATE TUITION, AS DESCRIBED IN ARTICLE
8 7 OF TITLE 23, FOR THE SEMESTER OR TERM FOR WHICH THE INCENTIVE IS
9 CLAIMED;

10 (IV) HAS COMPLETED A FREE APPLICATION FOR FEDERAL STUDENT
11 AID (FAFSA) OR COLORADO APPLICATION FOR STATE FINANCIAL AID
12 (CASFA) FOR THE SEMESTER OR TERM FOR WHICH AN INCENTIVE IS
13 CLAIMED THAT INDICATES THAT THE STUDENT'S HOUSEHOLD HAS AN
14 ADJUSTED GROSS INCOME THAT IS NINETY THOUSAND DOLLARS OR LESS;

15 (V) IS ENROLLED IN AT LEAST SIX CREDIT HOURS OR EQUIVALENT
16 FOR THE SEMESTER OR TERM FOR WHICH THE INCENTIVE IS CLAIMED; AND

17 (VI) HAS A GRADE POINT AVERAGE OF 2.5 OR HIGHER FOR THE
18 SEMESTER OR TERM FOR WHICH THE INCENTIVE IS CLAIMED

19 (c) "INCENTIVE" MEANS THE REFUNDABLE CREDIT.

20 (d) "SCHOLARSHIPS OR GRANTS" MEANS THE SUM OF ANY AMOUNT
21 PAID FOR THE BENEFIT OF AN ELIGIBLE STUDENT THAT ARE REQUIRED TO
22 BE TAKEN INTO ACCOUNT PURSUANT TO SECTION 25A (g)(2) OF THE
23 INTERNAL REVENUE CODE."

24 (e) "TUITION AND FEES" HAS THE SAME MEANING AS "QUALIFIED
25 TUITION AND RELATED EXPENSES" AS DEFINED IN SECTION 25A (f)(1) OF
26 THE INTERNAL REVENUE CODE THAT ARE PAID BY OR FOR THE BENEFIT OF
27 AN ELIGIBLE STUDENT.

1 (3) FOR EACH INCOME TAX YEAR COMMENCING ON OR AFTER
2 JANUARY 1, 2025, BUT PRIOR TO JANUARY 1, 2033, AND SUBJECT TO THE
3 REQUIREMENTS OF SUBSECTION (4) OF THIS SECTION, AN ELIGIBLE
4 STUDENT IS ALLOWED AN INCENTIVE AGAINST THE INCOME TAXES IMPOSED
5 BY THIS ARTICLE 22 IN AN AMOUNT EQUAL TO THE AMOUNT PAID BY OR
6 FOR THE BENEFIT OF THE ELIGIBLE STUDENT IN TUITION AND FEES MINUS
7 ANY SCHOLARSHIPS OR GRANTS WITH RESPECT TO THE FIRST SIXTY-FIVE
8 ACADEMIC CREDIT HOURS OR EQUIVALENT ACCUMULATED AT A
9 COLORADO PUBLIC INSTITUTION OF HIGHER EDUCATION EXCLUDING
10 CREDITS EARNED THROUGH CONCURRENT ENROLLMENT, ADVANCED
11 PLACEMENT, THE INTERNATIONAL BACCALAUREATE PROGRAM, MILITARY
12 CREDITS, AND ANY OTHER CREDITS ACCUMULATED PRIOR TO
13 MATRICULATION AT A COLORADO PUBLIC INSTITUTION OF HIGHER
14 EDUCATION.

15 (4) TO QUALIFY FOR THE INCENTIVE PROVIDED BY THIS SECTION,
16 AN ELIGIBLE STUDENT MUST BE INCLUDED IN THE REPORT REQUIRED BY
17 SUBSECTION (5) OF THIS SECTION TO BE SUBMITTED BY A COLORADO
18 INSTITUTION OF HIGHER EDUCATION TO THE COLORADO DEPARTMENT OF
19 REVENUE.

20 (5) (a) A COLORADO PUBLIC INSTITUTION OF HIGHER EDUCATION
21 IS REQUIRED BY JANUARY 31, 2026, AND EVERY JANUARY 31 THEREAFTER
22 UNTIL 2037, TO ELECTRONICALLY REPORT EACH ELIGIBLE STUDENT FOR
23 ANY SEMESTER OR TERM COMPLETED DURING THE PRIOR CALENDAR YEAR
24 IN A FORMAT PRESCRIBED BY THE EXECUTIVE DIRECTOR OF THE
25 DEPARTMENT OF REVENUE THAT INCLUDES:

26 (I) THE STUDENT'S TAX IDENTIFICATION NUMBER OR SOCIAL
27 SECURITY NUMBER; AND

1 (II) THE AMOUNT OF TUITION AND FEES PAID MINUS ANY
2 SCHOLARSHIPS OR GRANTS, WHICH IS ALSO INCLUDED IN THE STUDENT'S
3 1098-T FORM FOR THAT PRIOR CALENDAR YEAR.

4 (b) THE COLORADO PUBLIC INSTITUTION OF HIGHER EDUCATION
5 SHALL PROVIDE EACH ELIGIBLE STUDENT WITH A STATEMENT CONTAINING
6 THE INFORMATION PERTAINING TO THAT STUDENT'S ELIGIBILITY AND
7 INCENTIVE AMOUNT REPORTED TO THE DEPARTMENT OF REVENUE
8 PURSUANT TO SUBSECTION (5)(a) OF THIS SECTION.

9 (6) THE AMOUNT OF THE INCENTIVE ALLOWED UNDER THIS
10 SECTION THAT EXCEEDS THE AN ELIGIBLE STUDENT'S INCOME TAXES DUE
11 IS REFUNDED TO THE TAXPAYER.

12 (7)(a) THE DEPARTMENT OF HIGHER EDUCATION, IN CONSULTATION
13 WITH COLORADO PUBLIC INSTITUTIONS OF HIGHER EDUCATION, SHALL
14 DETERMINE EACH INSTITUTION'S AVERAGE PERCENTAGE OF STATE AND
15 INSTITUTIONAL FINANCIAL AID ALLOCATED TO THE RESIDENT STUDENT
16 POPULATION WHO HAVE A FAMILY INCOME OF NINETY THOUSAND DOLLARS
17 OR LESS IN EACH YEAR OF THE THREE YEARS PRIOR TO 2025.

18 (b) ON OR BEFORE JUNE 30, 2027, AND EACH YEAR THEREAFTER
19 UNTIL 2037, THE DEPARTMENT OF HIGHER EDUCATION SHALL SUBMIT A
20 REPORT TO THE JOINT BUDGET COMMITTEE AND THE HOUSE OF
21 REPRESENTATIVES AND SENATE EDUCATION COMMITTEES, OR ANY
22 SUCCESSOR COMMITTEES, INCLUDING, FOR EACH INSTITUTION, THE
23 AVERAGE PERCENTAGE OF STATE AND INSTITUTIONAL FINANCIAL AID
24 ALLOCATED TO THE RESIDENT STUDENT POPULATION WHO HAVE A FAMILY
25 INCOME OF NINETY THOUSAND DOLLARS OR LESS IN THE THREE YEARS
26 PRIOR TO 2025, AND IN EACH YEAR THEREAFTER. THE DEPARTMENT OF
27 HIGHER EDUCATION SHALL INCLUDE IN THE REPORT STUDENT

1 ENROLLMENT INFORMATION FOR ELIGIBLE AND NON-ELIGIBLE STUDENTS,
2 DISAGGREGATED BY INCOME, AND SHALL INCLUDE, ONCE THE DATE IS
3 AVAILABLE, DISAGGREGATED OUTCOME MEASURES BY INCOME FOR
4 ELIGIBLE AND NON-ELIGIBLE STUDENTS, INCLUDING BUT NOT LIMITED TO
5 STUDENT RETENTION AND COMPLETION RATES. EACH COLORADO PUBLIC
6 INSTITUTION OF HIGHER EDUCATION SHALL ANNUALLY REPORT STUDENT
7 LEVEL FINANCIAL AID, STUDENT ELIGIBILITY, AND INCENTIVE ELIGIBILITY
8 INFORMATION TO THE DEPARTMENT OF HIGHER EDUCATION THAT THE
9 DEPARTMENT OF HIGHER EDUCATION DEEMS NECESSARY TO PROVIDE TO
10 THE DEPARTMENT OF REVENUE FOR INCENTIVE ADMINISTRATION OR FOR
11 INCLUSION IN THE REPORT.

12 (7) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2037.

13 **SECTION 2. Appropriation.** (1) For the 2024-25 state fiscal
14 year, \$285,006 is appropriated to the department of revenue for use by the
15 taxation business group. This appropriation is from the general fund. To
16 implement this act, the group may use this appropriation as follows:

17 (a) \$219,398 for personal services, which amount is based on an
18 assumption that the division will require an additional 3.6 FTE;

19 (b) \$37,958 for operating expenses;

20 (c) \$3,875 for IDS print production; and

21 (d) \$23,775 for tax administration IT system (GenTax) support.

22 (2) For the 2024-25 state fiscal year, \$8,890 is appropriated to the
23 department of revenue for use by the executive director's office. This
24 appropriation is from the general fund. To implement this act, the office
25 may use this appropriation for personal services.

26 (3) For the 2024-25 state fiscal year, \$3,875 is appropriated to the
27 department of personnel for use by the division of central services. This

1 appropriation is from reappropriated funds received from the department
2 of revenue under subsection (1)(c) of this section. To implement this act,
3 the department of personnel may use this appropriation to provide
4 document management services for the department of revenue.

5 (4) For the 2024-25 state fiscal year, \$123,772 is appropriated to the
6 department of higher education for use by the Colorado commission on
7 higher education and higher education special purpose programs. This
8 appropriation is from the general fund and is based on the assumption that
9 the commission will require an additional 1.5 FTE. To implement this act,
10 the commission may use this appropriation for administration.

11 **SECTION 3. Act subject to petition - effective date.** This act
12 takes effect at 12:01 a.m. on the day following the expiration of the
13 ninety-day period after final adjournment of the general assembly; except
14 that, if a referendum petition is filed pursuant to section 1 (3) of article V
15 of the state constitution against this act or an item, section, or part of this
16 act within such period, then the act, item, section, or part will not take
17 effect unless approved by the people at the general election to be held in
18 November 2024 and, in such case, will take effect on the date of the
19 official declaration of the vote thereon by the governor.