

HOUSE COMMITTEE OF REFERENCE REPORT

Chair of Committee

May 3, 2024
Date

Committee on Appropriations.

After consideration on the merits, the Committee recommends the following:

HB24-1340 be amended as follows, and as so amended, be referred to the Committee of the Whole with favorable recommendation:

1 Strike the Finance Committee Report, dated April 22, 2024, and
2 substitute:

3 "Amend printed bill, strike everything below the enacting clause and
4 substitute:

5 "SECTION 1. In Colorado Revised Statutes, **add** 39-22-560 as
6 follows:

7 **39-22-560. Tuition and fee tax credit for qualifying students**
8 **- tax preference performance statement - legislative declaration -**
9 **definitions - repeal.** (1) (a) THE GENERAL ASSEMBLY FINDS,
10 DETERMINES, AND DECLARES THAT:

11 (I) THE COST OF HIGHER EDUCATION AND STUDENT DEBT CAN BE
12 A DETERRENT FOR MANY STUDENTS TO PURSUE POST-SECONDARY
13 CREDENTIALS;

14 (II) BETWEEN 2012 AND 2023, THE SHARE OF STUDENTS GOING TO
15 INSTITUTIONS IN OTHER STATES INCREASED FROM NINETEEN AND
16 ONE-HALF PERCENT TO TWENTY-NINE AND ONE-TENTH PERCENT. DURING
17 THIS TIME, ENROLLMENT AT COLORADO PUBLIC INSTITUTIONS DECLINED
18 WHILE THE COLORADO POPULATION OF INDIVIDUALS IN THE AGE RANGE OF
19 EIGHTEEN THROUGH TWENTY-FOUR INCREASED;

20 (III) TARGETED FINANCIAL SUPPORT TOWARDS THE COST OF
21 ATTENDANCE CAN HALT THIS TREND BY MAKING PUBLIC COLORADO
22 INSTITUTIONS MORE AFFORDABLE TO STUDENTS THAN OUT-OF-STATE
23 INSTITUTIONS AND CAN HELP STABILIZE COLORADO PUBLIC INSTITUTIONS'
24 FINANCES, WHICH WILL ALSO REDUCE RISK TO THE STATE'S BUDGET IN
25 SUPPORT OF THE PUBLIC INSTITUTIONS;

26 (IV) THE COSTS OF HIGHER EDUCATION ARE A BARRIER TO MANY

1 STUDENTS. REDUCING THOSE COSTS AND STUDENT DEBT CAN HELP
2 STUDENTS NOT ONLY ATTEND COLLEGE BUT ALSO BE FINANCIALLY
3 SUCCESSFUL; AND

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

7 (b) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH
8 REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE
9 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
10 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS AND
11 DECLARES THAT THE GENERAL LEGISLATIVE PURPOSES OF THIS TAX
12 EXPENDITURE ARE TO INDUCE CERTAIN DESIGNATED BEHAVIOR BY
13 TAXPAYERS AND PROVIDE TAX RELIEF FOR CERTAIN INDIVIDUALS.
14 SPECIFICALLY, THIS TAX EXPENDITURE IS INTENDED TO ENCOURAGE
15 ENROLLMENT IN PUBLIC COLORADO INSTITUTIONS OF HIGHER EDUCATION
16 AND REDUCE STUDENT DEBT.

17 (c) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
18 MEASURE THE EFFECTIVENESS OF THE INCENTIVE IN ACHIEVING THE
19 PURPOSE SPECIFIED IN SUBSECTION (1)(b) OF THIS SECTION BASED ON THE
20 NUMBER OF INCENTIVES THAT ARE CLAIMED.

21 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
22 REQUIRES:

23 (a) "COLORADO PUBLIC INSTITUTION OF HIGHER EDUCATION"
24 MEANS:

25 (I) A PUBLIC, POST-SECONDARY INSTITUTION THAT IS GOVERNED
26 BY THE BOARD OF GOVERNORS OF THE COLORADO STATE UNIVERSITY
27 SYSTEM, THE BOARD OF REGENTS OF THE UNIVERSITY OF COLORADO, THE
28 BOARD OF TRUSTEES OF THE COLORADO SCHOOL OF MINES, THE BOARD OF
29 TRUSTEES OF THE UNIVERSITY OF NORTHERN COLORADO, THE BOARD OF
30 TRUSTEES OF ADAMS STATE UNIVERSITY, THE BOARD OF TRUSTEES OF
31 WESTERN COLORADO UNIVERSITY, THE BOARD OF TRUSTEES OF
32 COLORADO MESA UNIVERSITY, THE BOARD OF TRUSTEES OF FORT LEWIS
33 COLLEGE, THE BOARD OF TRUSTEES OF METROPOLITAN STATE UNIVERSITY
34 OF DENVER, OR THE STATE BOARD FOR COMMUNITY COLLEGES AND
35 OCCUPATIONAL EDUCATION;

36 (II) AN AREA TECHNICAL COLLEGE, AS DEFINED IN SECTION
37 23-60-103 (1); OR

38 (III) COLORADO MOUNTAIN COLLEGE AND AIMS COMMUNITY
39 COLLEGE.

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

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

1 (II) IS DESIGNATED AS A DEGREE OR CREDENTIAL SEEKING
2 STUDENT FOR THE SEMESTER OR TERM FOR WHICH AN INCENTIVE IS
3 CLAIMED;

4 (III) QUALIFIES FOR IN-STATE TUITION, AS DESCRIBED IN ARTICLE
5 7 OF TITLE 23, FOR THE SEMESTER OR TERM FOR WHICH THE INCENTIVE IS
6 CLAIMED;

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

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

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

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

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

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

25 (3) FOR EACH INCOME TAX YEAR COMMENCING ON OR AFTER
26 JANUARY 1, 2025, BUT PRIOR TO JANUARY 1, 2033, AND SUBJECT TO THE
27 REQUIREMENTS OF SUBSECTION (4) OF THIS SECTION, AN ELIGIBLE
28 STUDENT IS ALLOWED AN INCENTIVE AGAINST THE INCOME TAXES IMPOSED
29 BY THIS ARTICLE 22 IN AN AMOUNT EQUAL TO THE AMOUNT PAID BY OR
30 FOR THE BENEFIT OF THE ELIGIBLE STUDENT IN TUITION AND FEES MINUS
31 ANY SCHOLARSHIPS OR GRANTS WITH RESPECT TO THE FIRST SIXTY-FIVE
32 ACADEMIC CREDIT HOURS OR EQUIVALENT ACCUMULATED AT A
33 COLORADO PUBLIC INSTITUTION OF HIGHER EDUCATION EXCLUDING
34 CREDITS EARNED THROUGH CONCURRENT ENROLLMENT, ADVANCED
35 PLACEMENT, THE INTERNATIONAL BACCALAUREATE PROGRAM, MILITARY
36 CREDITS, AND ANY OTHER CREDITS ACCUMULATED PRIOR TO
37 MATRICULATION AT A COLORADO PUBLIC INSTITUTION OF HIGHER
38 EDUCATION.

39 (4) TO QUALIFY FOR THE INCENTIVE PROVIDED BY THIS SECTION,
40 AN ELIGIBLE STUDENT MUST BE INCLUDED IN THE REPORT REQUIRED BY
41 SUBSECTION (5) OF THIS SECTION TO BE SUBMITTED BY A COLORADO
42 INSTITUTION OF HIGHER EDUCATION TO THE COLORADO DEPARTMENT OF
43 REVENUE.

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

7 (I) THE STUDENT'S TAX IDENTIFICATION NUMBER OR SOCIAL
8 SECURITY NUMBER; AND

9 (II) THE AMOUNT OF TUITION AND FEES PAID MINUS ANY
10 SCHOLARSHIPS OR GRANTS, WHICH IS ALSO INCLUDED IN THE STUDENT'S
11 1098-T FORM FOR THAT PRIOR CALENDAR YEAR.

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

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

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

26 (b) ON OR BEFORE JUNE 30, 2027, AND EACH YEAR THEREAFTER
27 UNTIL 2037, THE DEPARTMENT OF HIGHER EDUCATION SHALL SUBMIT A
28 REPORT TO THE JOINT BUDGET COMMITTEE AND THE HOUSE OF
29 REPRESENTATIVES AND SENATE EDUCATION COMMITTEES, OR ANY
30 SUCCESSOR COMMITTEES, INCLUDING, FOR EACH INSTITUTION, THE
31 AVERAGE PERCENTAGE OF STATE AND INSTITUTIONAL FINANCIAL AID
32 ALLOCATED TO THE RESIDENT STUDENT POPULATION WHO HAVE A FAMILY
33 INCOME OF NINETY THOUSAND DOLLARS OR LESS IN THE THREE YEARS
34 PRIOR TO 2025, AND IN EACH YEAR THEREAFTER. THE DEPARTMENT OF
35 HIGHER EDUCATION SHALL INCLUDE IN THE REPORT STUDENT
36 ENROLLMENT INFORMATION FOR ELIGIBLE AND NON-ELIGIBLE STUDENTS,
37 DISAGGREGATED BY INCOME, AND SHALL INCLUDE, ONCE THE DATE IS
38 AVAILABLE, DISAGGREGATED OUTCOME MEASURES BY INCOME FOR
39 ELIGIBLE AND NON-ELIGIBLE STUDENTS, INCLUDING BUT NOT LIMITED TO
40 STUDENT RETENTION AND COMPLETION RATES. EACH COLORADO PUBLIC
41 INSTITUTION OF HIGHER EDUCATION SHALL ANNUALLY REPORT STUDENT
42 LEVEL FINANCIAL AID, STUDENT ELIGIBILITY, AND INCENTIVE ELIGIBILITY
43 INFORMATION TO THE DEPARTMENT OF HIGHER EDUCATION THAT THE

1 DEPARTMENT OF HIGHER EDUCATION DEEMS NECESSARY TO PROVIDE TO
2 THE DEPARTMENT OF REVENUE FOR INCENTIVE ADMINISTRATION OR FOR
3 INCLUSION IN THE REPORT.

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

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

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

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

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

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

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

18 (3) For the 2024-25 state fiscal year, \$3,875 is appropriated to the
19 department of personnel for use by the division of central services. This
20 appropriation is from reappropriated funds received from the department
21 of revenue under subsection (1)(c) of this section. To implement this act,
22 the department of personnel may use this appropriation to provide
23 document management services for the department of revenue.

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

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

39 Page 1 of the bill, line 103, strike "CREDENTIALS." and substitute
40 "CREDENTIALS, AND, IN CONNECTION THEREWITH, MAKING AN
41 APPROPRIATION."."

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