

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

INTRODUCED

LLS NO. 24-0942.01 Caroline Martin x5902

HOUSE BILL 24-1311

HOUSE SPONSORSHIP

deGruy Kennedy and Willford, Garcia, Bacon, Mabrey, Ortiz, Rutinel, Sirota, Weissman

SENATE SPONSORSHIP

Winter F. and Coleman,

House Committees
Finance

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF A FAMILY AFFORDABILITY TAX**
102 **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>.)

For income tax years commencing on and after January 1, 2024, the bill creates a family affordability tax credit (credit) as follows:

- For each of a taxpayer's eligible children 5 years of age or younger, a taxpayer filing a single return with adjusted gross income of \$15,000 or less and taxpayers filing a joint return with adjusted gross income of \$25,000 or less can

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.*

- claim a \$3,200 credit;
- For each of a taxpayer's eligible children 5 years of age or younger, a taxpayer filing a single return with adjusted gross income between \$15,000 and \$85,000 and taxpayers filing a joint return with adjusted gross income between \$25,000 and \$95,000 can claim a credit, the amount of which is reduced by \$220 from \$3,200 for every \$5,000 above \$15,000 or \$25,000 of adjusted gross income that the resident individual or individuals make;
- For each of a taxpayer's eligible children between the ages of 6 and 16, a taxpayer filing a single return with adjusted gross income of \$15,000 or less and taxpayers filing a joint return with adjusted gross income of \$25,000 or less can claim \$2,400; and
- For each of a taxpayer's eligible children between the ages of 6 and 16, a taxpayer filing a single return with adjusted gross income between \$15,000 and \$85,000 and taxpayers filing a joint return with adjusted gross income between \$25,000 and \$95,000 can claim a credit, the amount of which is reduced by \$165 from \$2,400 for every \$5,000 above \$15,000 or \$25,000 of adjusted gross income that the resident individual or individuals make.

The bill also provides that the full amount of the credit can only be claimed for an income tax year in which there are projected to be excess state revenues for the fiscal year that ends during the income tax year that are required to be refunded pursuant to section 20 (7)(d) of article X of the state constitution in an amount that will equal or exceed the amount required to be refunded pursuant to the homestead property tax exemption plus the projected full amount of the credit. For an income tax year in which there are projected to be excess state revenues for the fiscal year that ends during the income tax year that will exceed the amount required to be refunded pursuant to the homestead property tax exemption but will not exceed that amount plus the projected aggregate amount of the credit that may be claimed in that income tax year, the credit will be allowed but will be reduced proportionally so that the aggregate amount of the credit available is equal to the amount of excess state revenues remaining to be refunded. For an income tax year in which there is not projected to be excess state revenues for the fiscal year that ends during the income tax year or the amount of such excess state revenues required to be refunded will be less than the amount required to be refunded pursuant to the homestead property tax exemption, the credit is not allowed for that income tax year. The department of revenue is authorized and encouraged to develop a means of paying the credit in 12 equal monthly payments rather than annually.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** 39-22-130 as
3 follows:

4 **39-22-130. Family affordability tax credit - definitions -**
5 **legislative declaration - repeal.** (1) (a) THE GENERAL ASSEMBLY HEREBY
6 FINDS AND DECLARES THAT:

7 (I) FOR THE 2023-24 FISCAL YEAR, COLORADO IS PROJECTED TO
8 HAVE NEARLY ONE BILLION EIGHT HUNDRED MILLION DOLLARS OF STATE
9 REVENUE IN EXCESS OF THE LIMITATION ON STATE FISCAL YEAR SPENDING
10 IMPOSED BY SECTION 20 (7)(a) OF ARTICLE X OF THE STATE CONSTITUTION
11 THAT THE STATE IS REQUIRED TO REFUND UNDER SECTION 20 (7)(d) OF
12 ARTICLE X OF THE STATE CONSTITUTION. COLORADO IS PROJECTED TO
13 CONTINUE TO HAVE SIMILAR AMOUNTS OF EXCESS STATE REVENUE IN THE
14 FUTURE. AT A TIME WHEN THESE RESOURCES ARE AVAILABLE, IT IS
15 IMPERATIVE THAT THE STATE DISTRIBUTE THEM IN ORDER TO MAKE THE
16 GREATEST IMPACT ON FAMILIES AND THE ECONOMY.

17 (II) COLORADO FAMILIES STRUGGLE TO AFFORD MANY NECESSARY
18 GOODS AND SERVICES, SUCH AS CHILD CARE, HOUSING, AND HEALTH CARE.
19 EIGHTY-THREE PERCENT OF COLORADO PARENTS WORRY THAT THEIR
20 CHILDREN WON'T BE ABLE TO AFFORD TO LIVE IN THE STATE IN THE FUTURE.
21 INVESTING IN PROGRAMS TO LOWER COSTS FOR COLORADO FAMILIES IS
22 ESSENTIAL. HOWEVER, CONSTITUTIONAL RESTRAINTS IMPOSED BY SECTION
23 20 OF ARTICLE X OF THE STATE CONSTITUTION LIMIT THE STATE FROM
24 MAKING THESE CRITICAL INVESTMENTS. THE NEXT BEST OPTION IS
25 PROVIDING RESEARCH-BASED TAX EXPENDITURES TO SUPPORT COLORADO
26 FAMILIES.

1 (III) TARGETED TAX CREDITS ARE A PROVEN TOOL TO LIFT FAMILIES
2 OUT OF POVERTY AND HELP COUNTLESS FAMILIES ACROSS THE COUNTRY.
3 RESEARCH HAS SHOWN THAT FAMILIES THAT RECEIVE THESE TYPES OF TAX
4 CREDITS, SUCH AS THE STATE AND FEDERAL CHILD TAX CREDIT AND THE
5 STATE AND FEDERAL EARNED INCOME TAX CREDIT, HAVE BETTER HEALTH,
6 IMPROVED SCHOOLING OUTCOMES, AND INCREASED ADULT EARNING
7 POTENTIAL. AS THE COST OF RAISING CHILDREN HAS INCREASED, A FAMILY
8 AFFORDABILITY TAX CREDIT IS CRITICAL FOR THE WELL-BEING OF MANY
9 CHILDREN AND FAMILIES ACROSS COLORADO.

10 (IV) ACCORDING TO THE INSTITUTE ON TAXATION AND ECONOMIC
11 POLICY, "[T]O CUT CHILD POVERTY RATES BY HALF, THE MAJORITY OF
12 STATES WOULD REQUIRE A BASE CREDIT VALUE OF BETWEEN THREE
13 THOUSAND DOLLARS AND FOUR THOUSAND FIVE HUNDRED DOLLARS PER
14 CHILD PLUS A TWENTY PERCENT BOOST FOR YOUNG CHILDREN". WHEN
15 COUPLED WITH THE STATE AND FEDERAL EARNED INCOME TAX CREDIT AND
16 THE STATE AND FEDERAL CHILD TAX CREDIT, THE ADDITIONAL INVESTMENT
17 PROVIDED BY THE FAMILY AFFORDABILITY TAX CREDIT WOULD ESTABLISH
18 COLORADO AS A NATIONAL LEADER IN EQUITABLE ECONOMIC POLICY.

19 (V) COLORADO IS DEALING WITH RISING COSTS AND FUNDING
20 SHORTFALLS IN MANY AREAS ACROSS OUR STATE. IT IS NECESSARY TO USE
21 THE EXCESS STATE REVENUE TO HELP SOLVE THESE PROBLEMS IN A WAY
22 THAT CONFORMS WITH THE CURRENT STATE CONSTITUTION BY PROVIDING
23 TAX CREDITS TO THE PEOPLE WHO NEED IT MOST IN A WAY THAT WILL DO
24 THE MOST GOOD. ESTABLISHING THE FAMILY AFFORDABILITY TAX CREDIT
25 IS A PROVEN WAY TO DO THAT.

26 (VI) BY PRIORITIZING THE STATE'S LOWEST-INCOME FAMILIES,
27 EXPANDING THE CHILD AGE ELIGIBILITY, AND INCLUDING MORE FAMILIES,

1 THE STATE CAN USE A PORTION OF ITS EXCESS REVENUE TO PROVIDE
2 RESEARCH-BACKED INVESTMENTS FOR FAMILIES. THROUGH THOUGHTFUL
3 AND STRATEGIC INVESTMENT, COLORADO CAN CUT CHILD POVERTY
4 NEARLY IN HALF.

5 (b) IN ACCORDANCE WITH SECTION 39-21-304(1), WHICH REQUIRES
6 EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE A TAX
7 PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
8 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY HEREBY FINDS AND
9 DECLARES THAT THE PURPOSES OF THE TAX EXPENDITURE CREATED IN
10 SUBSECTION (2) OF THIS SECTION ARE TO SUBSTANTIALLY REDUCE CHILD
11 POVERTY, MAKE COLORADO MORE AFFORDABLE FOR FAMILIES, AND HELP
12 FAMILIES AFFORD EXPENSES ASSOCIATED WITH HAVING CHILDREN BY
13 PROVIDING TAX RELIEF FOR CERTAIN INDIVIDUALS.

14 (c) THE GENERAL ASSEMBLY AND THE STATE AUDITOR, IN
15 CONSULTATION WITH THE DEPARTMENT OF REVENUE, SHALL MEASURE THE
16 EFFECTIVENESS OF THE EXEMPTION ALLOWED BY THIS SECTION BY
17 DETERMINING THE NUMBER OF COLORADO FAMILIES WHO, AFTER CLAIMING
18 A CREDIT OR CREDITS IN THIS SECTION, NO LONGER FALL BELOW THE
19 FEDERAL POVERTY LEVEL IN THE TAX YEAR IN WHICH THEY CLAIMED THE
20 CREDIT OR CREDITS.

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

23 (a) "ELIGIBLE CHILD" MEANS A QUALIFYING CHILD, AS DEFINED IN
24 SECTION 152 (c) OF THE "INTERNAL REVENUE CODE OF 1986"; EXCEPT
25 THAT THE AGE REQUIREMENTS ARE AS SET FORTH SUBSECTIONS (3)(a)(I),
26 (3)(a)(II), (3)(b)(I), AND (3)(b)(II) OF THIS SECTION.

27 (b) "FEDERAL POVERTY LEVEL" MEANS THE POVERTY LINE THAT IS

1 REQUIRED TO BE UPDATED ANNUALLY WITHIN THE FEDERAL POVERTY
2 GUIDELINES ADOPTED BY THE UNITED STATES DEPARTMENT OF HEALTH
3 AND HUMAN SERVICES PURSUANT TO 42 U.S.C. SEC. 9902 (2).

4 (c) "INFLATION" MEANS THE ANNUAL PERCENTAGE CHANGE IN THE
5 UNITED STATES DEPARTMENT OF LABOR BUREAU OF LABOR STATISTICS
6 CONSUMER PRICE INDEX FOR DENVER-AURORA-LAKESWOOD FOR ALL ITEMS
7 PAID BY ALL URBAN CONSUMERS, OR ITS APPLICABLE SUCCESSOR INDEX.

8 (3) (a) (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
9 JANUARY 1, 2024, A RESIDENT INDIVIDUAL WHO FILES A SINGLE RETURN IS
10 ALLOWED A FAMILY AFFORDABILITY TAX CREDIT AGAINST THE INCOME
11 TAXES DUE UNDER THIS ARTICLE 22 FOR EACH ELIGIBLE CHILD OF THE
12 RESIDENT INDIVIDUAL WHO IS FIVE YEARS OF AGE OR YOUNGER AT THE
13 CLOSE OF THE INCOME TAX YEAR AS FOLLOWS:

14 (A) A RESIDENT INDIVIDUAL WHOSE FEDERAL ADJUSTED GROSS
15 INCOME IS LESS THAN OR EQUAL TO FIFTEEN THOUSAND DOLLARS SHALL
16 RECEIVE A CREDIT IN THE AMOUNT OF THREE THOUSAND TWO HUNDRED
17 DOLLARS; AND

18 (B) A RESIDENT INDIVIDUAL WHOSE FEDERAL ADJUSTED GROSS
19 INCOME IS BETWEEN FIFTEEN THOUSAND DOLLARS AND EIGHTY-FIVE
20 THOUSAND DOLLARS SHALL RECEIVE A CREDIT WITH THE AMOUNT OF THE
21 CREDIT BEING REDUCED BY TWO HUNDRED TWENTY DOLLARS FROM THE
22 AMOUNT SPECIFIED IN SUBSECTION (3)(a)(I)(A) OF THIS SECTION FOR
23 EVERY FIVE THOUSAND DOLLARS OF ADJUSTED GROSS INCOME ABOVE
24 FIFTEEN THOUSAND DOLLARS THAT THE RESIDENT INDIVIDUAL MAKES.

25 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
26 1, 2024, A RESIDENT INDIVIDUAL WHO FILES A SINGLE RETURN IS ALLOWED
27 A FAMILY AFFORDABILITY TAX CREDIT AGAINST THE INCOME TAXES DUE

1 UNDER THIS ARTICLE 22 FOR EACH ELIGIBLE CHILD OF THE RESIDENT
2 INDIVIDUAL WHO IS BETWEEN SIX AND SIXTEEN YEARS OF AGE AT THE
3 CLOSE OF THE INCOME TAX YEAR AS FOLLOWS:

4 (A) A RESIDENT INDIVIDUAL WHOSE FEDERAL ADJUSTED GROSS
5 INCOME IS LESS THAN OR EQUAL TO FIFTEEN THOUSAND DOLLARS SHALL
6 RECEIVE A CREDIT IN THE AMOUNT OF TWO THOUSAND FOUR HUNDRED
7 DOLLARS; AND

8 (B) A RESIDENT INDIVIDUAL WHOSE FEDERAL ADJUSTED GROSS
9 INCOME IS BETWEEN FIFTEEN THOUSAND DOLLARS AND EIGHTY-FIVE
10 THOUSAND DOLLARS SHALL RECEIVE A CREDIT WITH THE AMOUNT OF THE
11 CREDIT BEING REDUCED BY ONE HUNDRED SIXTY-FIVE DOLLARS FROM THE
12 AMOUNT SPECIFIED IN SUBSECTION (3)(a)(II)(A) OF THIS SECTION FOR
13 EVERY FIVE THOUSAND DOLLARS OF ADJUSTED GROSS INCOME ABOVE
14 FIFTEEN THOUSAND DOLLARS THAT THE RESIDENT INDIVIDUAL MAKES.

15 (III) A RESIDENT INDIVIDUAL WHO FILES A SINGLE RETURN AND
16 WHOSE FEDERAL ADJUSTED GROSS INCOME IS GREATER THAN EIGHTY-FIVE
17 THOUSAND DOLLARS IS NOT ALLOWED A CREDIT UNDER THIS SECTION.

18 (b) (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
19 JANUARY 1, 2024, TWO RESIDENT INDIVIDUALS WHO FILE A JOINT RETURN
20 ARE ALLOWED A FAMILY AFFORDABILITY TAX CREDIT AGAINST THE INCOME
21 TAXES DUE UNDER THIS ARTICLE 22 FOR EACH ELIGIBLE CHILD OF THE
22 RESIDENT INDIVIDUALS WHO IS FIVE YEARS OF AGE OR YOUNGER AT THE
23 CLOSE OF THE INCOME TAX YEAR AS FOLLOWS:

24 (A) TWO RESIDENT INDIVIDUALS WHOSE FEDERAL ADJUSTED GROSS
25 INCOME IS LESS THAN OR EQUAL TO TWENTY-FIVE THOUSAND DOLLARS
26 SHALL RECEIVE A CREDIT IN THE AMOUNT OF THREE THOUSAND TWO
27 HUNDRED DOLLARS; AND

1 (B) TWO RESIDENT INDIVIDUALS WHOSE FEDERAL ADJUSTED GROSS
2 INCOME IS BETWEEN TWENTY-FIVE THOUSAND DOLLARS AND NINETY-FIVE
3 THOUSAND DOLLARS SHALL RECEIVE A CREDIT WITH THE AMOUNT OF THE
4 CREDIT BEING REDUCED BY TWO HUNDRED TWENTY DOLLARS FROM THE
5 AMOUNT SPECIFIED IN SUBSECTION (3)(b)(I)(A) OF THIS SECTION FOR
6 EVERY FIVE THOUSAND DOLLARS OF ADJUSTED GROSS INCOME ABOVE
7 TWENTY-FIVE THOUSAND DOLLARS THAT THE RESIDENT INDIVIDUALS
8 MAKE.

9 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
10 1, 2024, TWO RESIDENT INDIVIDUALS WHO FILE A JOINT RETURN ARE
11 ALLOWED A FAMILY AFFORDABILITY TAX CREDIT AGAINST THE INCOME
12 TAXES DUE UNDER THIS ARTICLE 22 FOR EACH ELIGIBLE CHILD OF THE
13 RESIDENT INDIVIDUALS WHO IS BETWEEN SIX AND SIXTEEN YEARS OF AGE
14 AT THE CLOSE OF THE INCOME TAX YEAR AS FOLLOWS:

15 (A) TWO RESIDENT INDIVIDUALS WHOSE FEDERAL ADJUSTED GROSS
16 INCOME IS LESS THAN OR EQUAL TO TWENTY-FIVE THOUSAND DOLLARS
17 SHALL RECEIVE A CREDIT IN THE AMOUNT OF TWO THOUSAND FOUR
18 HUNDRED DOLLARS; AND

19 (B) TWO RESIDENT INDIVIDUALS WHOSE FEDERAL ADJUSTED GROSS
20 INCOME IS BETWEEN TWENTY-FIVE THOUSAND DOLLARS AND NINETY-FIVE
21 THOUSAND DOLLARS SHALL RECEIVE A CREDIT WITH THE AMOUNT OF THE
22 CREDIT BEING REDUCED BY ONE HUNDRED SIXTY-FIVE DOLLARS FROM THE
23 AMOUNT SPECIFIED IN SUBSECTION (3)(b)(II)(A) OF THIS SECTION FOR
24 EVERY FIVE THOUSAND DOLLARS OF ADJUSTED GROSS INCOME ABOVE
25 TWENTY-FIVE THOUSAND DOLLARS THAT THE RESIDENT INDIVIDUALS
26 MAKE.

27 (III) TWO RESIDENT INDIVIDUALS WHO FILE A JOINT RETURN AND

1 WHOSE FEDERAL ADJUSTED GROSS INCOME IS GREATER THAN NINETY-FIVE
2 THOUSAND DOLLARS ARE NOT ALLOWED A CREDIT UNDER THIS SECTION.

3 (4) (a) THE FULL CREDIT AMOUNTS SET FORTH IN SUBSECTION (3)
4 OF THIS SECTION ARE ONLY ALLOWED FOR AN INCOME TAX YEAR, BASED ON
5 THE FINANCIAL REPORT PREPARED BY THE CONTROLLER IN ACCORDANCE
6 WITH SECTION 24-77-106.5, IN WHICH THE CONTROLLER CERTIFIES THAT
7 THE AMOUNT OF STATE REVENUES FOR THE STATE FISCAL YEAR ENDING IN
8 THAT INCOME TAX YEAR EXCEEDS THE LIMITATION ON STATE FISCAL YEAR
9 SPENDING IMPOSED BY SECTION 20 (7)(a) OF ARTICLE X OF THE STATE
10 CONSTITUTION AND THE VOTERS STATEWIDE EITHER HAVE NOT
11 AUTHORIZED THE STATE TO RETAIN AND SPEND ALL OF THE EXCESS STATE
12 REVENUES OR HAVE AUTHORIZED THE STATE TO RETAIN AND SPEND ONLY
13 A PORTION OF THE EXCESS STATE REVENUES FOR THAT FISCAL YEAR AND
14 THE PROJECTED AGGREGATE AMOUNT OF THE CREDIT CLAIMED FOR THE
15 INCOME TAX YEAR DOES NOT EXCEED THE AMOUNT OF EXCESS STATE
16 REVENUES THE STATE IS REQUIRED TO REFUND UNDER SECTION 20 (7)(d)
17 OF ARTICLE X OF THE STATUTE CONSTITUTION LESS THE AMOUNTS
18 PROJECTED TO BE REFUNDED AS REQUIRED BY PART 2 OF ARTICLE 3 OF THIS
19 TITLE 39.

20 (b) IF THE PROVISIONS SET FORTH IN SUBSECTION (4)(a) OF THIS
21 SECTION ARE MET, BUT THE EXCESS STATE REVENUES THE STATE IS
22 REQUIRED TO REFUND UNDER SECTION 20 (7)(d) OF ARTICLE X OF THE
23 STATE CONSTITUTION LESS THE AMOUNTS PROJECTED TO BE REFUNDED AS
24 REQUIRED BY PART 2 OF ARTICLE 3 OF THIS TITLE 39 WILL NOT EXCEED THE
25 PROJECTED AGGREGATE AMOUNT OF THE CREDIT CLAIMED FOR THE INCOME
26 TAX YEAR, THEN THE CREDIT AMOUNTS ALLOWED PURSUANT TO
27 SUBSECTION (3) OF THIS SECTION ARE ALLOWED BUT MUST BE REDUCED

1 PROPORTIONALLY SO THAT THE AGGREGATE AMOUNT OF THE CREDIT
2 AVAILABLE IS EQUAL TO THE AMOUNT OF EXCESS STATE REVENUES
3 REMAINING TO BE REFUNDED.

4 (c) IF, FOR AN INCOME TAX YEAR ENDING IN A STATE FISCAL YEAR
5 IN WHICH NO EXCESS STATE REVENUES ARE CERTIFIED BY THE STATE
6 CONTROLLER BASED ON THE FINANCIAL REPORT REQUIRED BY SECTION
7 24-77-106.5, OR THE CONTROLLER CERTIFIES EXCESS STATE REVENUES BUT
8 THE AMOUNT OF EXCESS STATE REVENUES THE STATE IS REQUIRED TO
9 REFUND UNDER SECTION 20 (7)(d) OF ARTICLE X OF THE STATE
10 CONSTITUTION IS LESS THAN THE AMOUNTS PROJECTED TO BE REFUNDED
11 AS REQUIRED BY PART 2 OF ARTICLE 3 OF THIS TITLE 39, THEN THE CREDIT
12 IS NOT ALLOWED FOR THAT INCOME TAX YEAR.

13 (d) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT
14 ALLOWING THE CREDIT AS SET FORTH IN SUBSECTIONS (4)(a) AND (4)(b) OF
15 THIS SECTION, AFTER EXCESS STATE REVENUES ARE REFUNDED PURSUANT
16 TO PART 2 OF ARTICLE 3 OF THIS TITLE 39, BUT BEFORE ANY OTHER REFUND
17 MECHANISM PROVIDED FOR IN LAW, IS A REASONABLE METHOD OF
18 REFUNDING A PORTION OF SUCH REMAINING EXCESS STATE REVENUES THAT
19 ARE REQUIRED TO BE REFUNDED IN THAT STATE FISCAL YEAR IN
20 ACCORDANCE WITH SECTION 20 (7)(d) OF ARTICLE X OF THE STATE
21 CONSTITUTION.

22 (5) THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION
23 THAT EXCEEDS THE RESIDENT INDIVIDUAL'S INCOME TAXES DUE IS
24 REFUNDED TO THE INDIVIDUAL.

25 (6) IN THE CASE OF A PART-YEAR RESIDENT, THE CREDIT ALLOWED
26 UNDER THIS SECTION IS APPORTIONED IN THE RATIO DETERMINED UNDER
27 SECTION 39-22-110 (1).

1 (7) THE CREDIT ALLOWED UNDER THIS SECTION IS NOT CONSIDERED
2 TO BE INCOME OR RESOURCES FOR THE PURPOSE OF DETERMINING
3 ELIGIBILITY FOR THE PAYMENT OF PUBLIC ASSISTANCE BENEFITS AND
4 MEDICAL ASSISTANCE BENEFITS AUTHORIZED UNDER STATE LAW OR FOR A
5 PAYMENT MADE UNDER ANY OTHER PUBLICLY FUNDED PROGRAMS.

6 (8) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
7 1, 2025, THE DEPARTMENT OF REVENUE SHALL ADJUST THE FEDERAL
8 ADJUSTED GROSS INCOME AMOUNTS SET FORTH IN THIS SECTION TO
9 REFLECT INFLATION FOR EACH INCOME TAX YEAR IN WHICH THE CREDIT
10 DESCRIBED IN THIS SECTION IS ALLOWED IF CUMULATIVE INFLATION SINCE
11 THE LAST ADJUSTMENT, WHEN APPLIED TO THE CURRENT LIMITS, RESULTS
12 IN AN INCREASE OF AT LEAST ONE THOUSAND DOLLARS WHEN THE
13 ADJUSTED LIMITS ARE ROUNDED TO THE NEAREST ONE THOUSAND
14 DOLLARS.

15 (9) THE DEPARTMENT OF REVENUE IS AUTHORIZED AND
16 ENCOURAGED TO DEVELOP A MEANS OF PAYING THE CREDITS ALLOWED BY
17 THIS SECTION TO RESIDENT INDIVIDUALS WHO QUALIFY FOR THE CREDITS
18 IN TWELVE EQUAL MONTHLY PAYMENTS RATHER THAN ANNUALLY.

19 (10) NOTWITHSTANDING SECTION 39-21-304 (4), THE CREDITS IN
20 THIS SECTION CONTINUE INDEFINITELY.

21 **SECTION 2. Act subject to petition - effective date.** This act
22 takes effect at 12:01 a.m. on the day following the expiration of the
23 ninety-day period after final adjournment of the general assembly; except
24 that, if a referendum petition is filed pursuant to section 1 (3) of article V
25 of the state constitution against this act or an item, section, or part of this
26 act within such period, then the act, item, section, or part will not take
27 effect unless approved by the people at the general election to be held in

1 November 2024 and, in such case, will take effect on the date of the
2 official declaration of the vote thereon by the governor.