

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

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 23-0125.01 Megan McCall x4215

HOUSE BILL 23-1112

HOUSE SPONSORSHIP

Bird,

SENATE SPONSORSHIP

Hansen and Kolker,

House Committees

Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE ENLARGEMENT OF CERTAIN INCOME TAX CREDITS**
102 **FOR LOW- AND MIDDLE-INCOME WORKING INDIVIDUALS OR**
103 **FAMILIES, AND, IN CONNECTION THEREWITH, REDUCING STATE**
104 **INCOME TAX REVENUE BY INCREASING THE EARNED INCOME TAX**
105 **CREDIT AND INCREASING THE CHILD TAX 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/>.)

Legislative Oversight Committee Concerning Tax Policy. For income tax years commencing on or after January 1, 2024, the bill

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.*

HOUSE
Amended 2nd Reading
April 26, 2023

increases the earned income tax credit that a resident individual can claim on their state income tax return to 40% of the federal credit claimed on the resident individual's federal income tax return. For income tax years commencing on or after January 1, 2024, the bill changes the definition of "eligible child" to match the age of eligibility for the federal credit, increases percentages of the federal credit that a resident individual can claim for the child tax credit on their state income tax return by 20%, 10%, or 5% depending on the resident individual's income level, and requires the department of revenue to adjust for inflation the income levels set forth to determine eligibility for the credit.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-22-123.5, **amend**
3 (2)(a), ■ (2)(c)(I), (2.5)(a), ■ (2.5)(d)(I), ■ and (2.7)(b)(I); and **add**
4 (2)(d), (2.5)(e), and (2.7)(c) as follows:

5 **39-22-123.5. Earned income tax credit - not a refund of excess**
6 **state revenues - trigger - legislative declaration - repeal.** (2) (a) (I) For
7 an income tax year commencing prior to January 1, 2022, a resident
8 individual who claims an earned income tax credit on the individual's
9 federal tax return is allowed an earned income tax credit against the taxes
10 due under this article 22 that is equal to ten percent of the federal credit
11 that the resident individual claimed on his or her federal tax return for the
12 same tax year.

13 (II) THIS SUBSECTION (2)(a) IS REPEALED, EFFECTIVE DECEMBER
14 31, 2032.

15 ■■■
16 (c) (I) For income tax years commencing on or after January 1,
17 2023, but before January 1, 2026 2024, **AND FOR THE INCOME TAX YEAR**
18 **COMMENCING ON JANUARY 1, 2025**, a resident individual who claims an
19 earned income tax credit on the individual's federal tax return is allowed
20 an earned income tax credit against the taxes due under this article 22 that


1 is equal to twenty-five percent of the federal credit that the resident
2 individual claimed on his or her federal tax return for the same tax year.

3 (d) (I) FOR THE INCOME TAX YEAR COMMENCING ON JANUARY 1,
4 2024, A RESIDENT INDIVIDUAL WHO CLAIMS AN EARNED INCOME TAX
5 CREDIT ON THE INDIVIDUAL'S FEDERAL TAX RETURN IS ALLOWED AN
6 EARNED INCOME TAX CREDIT AGAINST THE TAXES DUE UNDER THIS
7 ARTICLE 22 THAT IS EQUAL TO FORTY PERCENT OF THE FEDERAL CREDIT
8 THAT THE RESIDENT INDIVIDUAL CLAIMED ON HIS OR HER FEDERAL TAX
9 RETURN FOR THE SAME TAX YEAR.

10 (II) THIS SUBSECTION (2)(d) IS REPEALED, EFFECTIVE DECEMBER
11 31, 2034.

12 (2.5) (a) (I) For income tax years commencing on or after January
13 1, 2020, but before January 1, 2022, a resident individual is allowed an
14 earned income tax credit against the taxes due under this article 22 that
15 is equal to ten percent of the federal credit that the resident individual
16 would have been allowed, but for the fact that the resident individual, the
17 resident individual's spouse, or one or more of the resident individual's
18 dependents do not have a social security number that is valid for
19 employment.

20 (II) THIS SUBSECTION (2.5)(a) IS REPEALED, EFFECTIVE DECEMBER
21 31, 2032.

22 

23 (d) (I) For income tax years commencing on or after January 1,
24 2023, but before January 1, 2026 2024, AND FOR THE INCOME TAX YEAR
25 COMMENCING ON JANUARY 1, 2025, a resident individual is allowed an
26 earned income tax credit against the taxes due under this article 22 that
27 is equal to twenty-five percent of the federal credit that the resident

1 individual would have been allowed, but for the fact that the resident
2 individual, the resident individual's spouse, or one or more of the resident
3 individual's dependents do not have a social security number that is valid
4 for employment.

5 (e) (I) FOR THE INCOME TAX YEAR COMMENCING ON JANUARY 1,
6 2024, A RESIDENT INDIVIDUAL IS ALLOWED AN EARNED INCOME TAX
7 CREDIT AGAINST THE TAXES DUE UNDER THIS ARTICLE 22 THAT IS EQUAL
8 TO FORTY PERCENT OF THE FEDERAL CREDIT THAT THE RESIDENT
9 INDIVIDUAL WOULD HAVE BEEN ALLOWED, BUT FOR THE FACT THAT THE
10 RESIDENT INDIVIDUAL, THE RESIDENT INDIVIDUAL'S SPOUSE, OR ONE OR
11 MORE OF THE RESIDENT INDIVIDUAL'S DEPENDENTS DO NOT HAVE A SOCIAL
12 SECURITY NUMBER THAT IS VALID FOR EMPLOYMENT.

13 (II) THIS SUBSECTION (2.5)(e) IS REPEALED, EFFECTIVE DECEMBER
14 31, 2034.

15 [REDACTED]

16 (2.7) (b) (I) For income tax years commencing on or after January
17 1, 2023, but before January 1, ~~2026~~ 2024, AND FOR THE INCOME TAX YEAR
18 COMMENCING ON JANUARY 1, 2025, a resident individual is allowed an
19 earned income tax credit against the taxes due under this article 22 that
20 is equal to twenty-five percent of the federal credit that the resident
21 individual would have been allowed under section 32 (n)(1) of the
22 internal revenue code, notwithstanding the date limitation set forth in
23 section 32 (n) of the internal revenue code as specified in section 9621 (a)
24 of the "American Rescue Plan Act of 2021", Pub.L. 117-2.

25 (c) (I) FOR THE INCOME TAX YEAR COMMENCING ON JANUARY 1,
26 2024, A RESIDENT INDIVIDUAL IS ALLOWED AN EARNED INCOME TAX
27 CREDIT AGAINST THE TAXES DUE UNDER THIS ARTICLE 22 THAT IS EQUAL

1 TO FORTY PERCENT OF THE FEDERAL CREDIT THAT THE RESIDENT
2 INDIVIDUAL WOULD HAVE BEEN ALLOWED UNDER SECTION 32 (n)(1) OF
3 THE INTERNAL REVENUE CODE, NOTWITHSTANDING THE DATE LIMITATION
4 SET FORTH IN SECTION 32 (n) OF THE INTERNAL REVENUE CODE AS
5 SPECIFIED IN SECTION 9621 (a) OF THE "AMERICAN RESCUE PLAN ACT OF
6 2021", PUB.L. 117-2.

7 (II) THIS SUBSECTION (2.7)(c) IS REPEALED, EFFECTIVE DECEMBER
8 31, 2034.

9 SECTION 2. In Colorado Revised Statutes, 39-22-129, **amend**
10 (3), (3.5), and (4); and **add** (4.5) and (8) as follows:

11 **39-22-129. Child tax credit - legislative declaration -**
12 **definitions.** (3) (a) Except as provided in subsection (4) of this section,
13 ~~for income tax years commencing on or after January 1, 2022,~~ a resident
14 individual who claims a federal child tax credit for an eligible child on the
15 individual's federal tax return is allowed a child tax credit in the amount
16 set forth in subsection (3)(b) or (3)(c) of this section against the income
17 taxes due under this article 22 for the same tax year.

18 (b) (I) For a resident individual who files a single return, the
19 amount of the credit is equal to:

20 (A) Thirty percent FOR INCOME TAX YEARS COMMENCING ON OR
21 AFTER JANUARY 1, 2022, BUT BEFORE JANUARY 1, 2024, AND ON OR AFTER
22 JANUARY 1, 2025, AND FIFTY PERCENT FOR THE INCOME TAX YEAR
23 COMMENCING ON JANUARY 1, 2024, of the federal child tax credit that the
24 resident individual claimed on his or her federal tax return for each
25 eligible child, if the individual's federal adjusted gross income is
26 twenty-five thousand dollars or less;

27 (B) Fifteen percent FOR INCOME TAX YEARS COMMENCING ON OR

1 AFTER JANUARY 1, 2022, BUT BEFORE JANUARY 1, 2024, AND ON OR AFTER
2 JANUARY 1, 2025, AND TWENTY PERCENT FOR THE INCOME TAX YEAR
3 COMMENCING ON JANUARY 1, 2024, of the federal child tax credit that the
4 resident individual claimed on his or her federal tax return for each
5 eligible child, if the individual's federal adjusted gross income is greater
6 than twenty-five thousand dollars but less than or equal to fifty thousand
7 dollars; and

8 (C) Five percent FOR INCOME TAX YEARS COMMENCING ON OR
9 AFTER JANUARY 1, 2022, BUT BEFORE JANUARY 1, 2024, AND ON OR AFTER
10 JANUARY 1, 2025, AND TEN PERCENT FOR THE INCOME TAX YEAR
11 COMMENCING ON JANUARY 1, 2024, of the federal child tax credit that the
12 resident individual claimed on his or her federal tax return for each
13 eligible child, if the individual's federal adjusted gross income is greater
14 than fifty thousand dollars but less than or equal to seventy-five thousand
15 dollars.

16 (II) ~~A resident individual who files a single return and whose~~
17 ~~federal adjusted gross income is greater than seventy-five thousand~~
18 ~~dollars is not allowed a credit under this section.~~

19 (c) (I) For two resident individuals who file a joint return, the
20 amount of the credit is equal to:

21 (A) Thirty percent FOR INCOME TAX YEARS COMMENCING ON OR
22 AFTER JANUARY 1, 2022, BUT BEFORE JANUARY 1, 2024, AND ON OR AFTER
23 JANUARY 1, 2025, AND FIFTY PERCENT FOR THE INCOME TAX YEAR
24 COMMENCING ON JANUARY 1, 2024, of the federal child tax credit that the
25 resident individuals claimed on their federal tax return for each eligible
26 child, if the individuals' federal adjusted gross income is thirty-five
27 thousand dollars or less;

1 (B) Fifteen percent FOR INCOME TAX YEARS COMMENCING ON OR
2 AFTER JANUARY 1, 2022, BUT BEFORE JANUARY 1, 2024, AND ON OR AFTER
3 JANUARY 1, 2025, AND TWENTY PERCENT FOR THE INCOME TAX YEAR
4 COMMENCING ON JANUARY 1, 2024, of the federal child tax credit that the
5 resident individuals claimed on their federal tax return for each eligible
6 child, if the individuals' federal adjusted gross income is greater than
7 thirty-five thousand dollars but less than or equal to sixty thousand
8 dollars; and

9 (C) Five percent FOR INCOME TAX YEARS COMMENCING ON OR
10 AFTER JANUARY 1, 2022, BUT BEFORE JANUARY 1, 2024, AND ON OR AFTER
11 JANUARY 1, 2025, AND TEN PERCENT FOR THE INCOME TAX YEAR
12 COMMENCING ON JANUARY 1, 2024, of the federal child tax credit that the
13 resident individuals claimed on their federal tax return for each eligible
14 child, if the individuals' federal adjusted gross income is greater than sixty
15 thousand dollars but less than or equal to eighty-five thousand dollars.

16 (II) ~~Two resident individuals who file a joint return and whose~~
17 ~~federal adjusted gross income is greater than eighty-five thousand dollars~~
18 ~~are not allowed a credit under this section.~~

19 (3.5) (a) Except as provided in subsection (4) of this section, ~~for~~
20 ~~income tax years commencing on or after January 1, 2022,~~ a resident
21 individual who could have claimed a federal child tax credit for an
22 eligible child on the individual's federal tax return had section 24 (h)(7)
23 of the internal revenue code not applied to the definition of qualifying
24 child, is allowed a child tax credit in the amount set forth in subsection
25 (3.5)(b) or (3.5)(c) of this section against the income taxes due under this
26 article 22 for the same tax year.

27 (b) (I) For a resident individual who files a single return, the

1 amount of the credit is equal to:

2 (A) Thirty percent FOR INCOME TAX YEARS COMMENCING ON OR
3 AFTER JANUARY 1, 2022, BUT BEFORE JANUARY 1, 2024, AND ON OR AFTER
4 JANUARY 1, 2025, AND FIFTY PERCENT FOR THE INCOME TAX YEAR
5 COMMENCING ON JANUARY 1, 2024, of the federal child tax credit that the
6 resident individual could have claimed on their federal tax return for each
7 eligible child, if the individual's federal adjusted gross income is
8 twenty-five thousand dollars or less;

9 (B) Fifteen percent FOR INCOME TAX YEARS COMMENCING ON OR
10 AFTER JANUARY 1, 2022, BUT BEFORE JANUARY 1, 2024, AND ON OR AFTER
11 JANUARY 1, 2025, AND TWENTY PERCENT FOR THE INCOME TAX YEAR
12 COMMENCING ON JANUARY 1, 2024, of the federal child tax credit that the
13 resident individual could have claimed on their federal tax return for each
14 eligible child, if the individual's federal adjusted gross income is greater
15 than twenty-five thousand dollars but less than or equal to fifty thousand
16 dollars; and

17 (C) Five percent FOR INCOME TAX YEARS COMMENCING ON OR
18 AFTER JANUARY 1, 2022, BUT BEFORE JANUARY 1, 2024, AND ON OR AFTER
19 JANUARY 1, 2025, AND TEN PERCENT FOR THE INCOME TAX YEAR
20 COMMENCING ON JANUARY 1, 2024, of the federal child tax credit that the
21 resident individual could have claimed on their federal tax return for each
22 eligible child, if the individual's federal adjusted gross income is greater
23 than fifty thousand dollars but less than or equal to seventy-five thousand
24 dollars.

25 (II) ~~A resident individual who files a single return and whose~~
26 ~~federal adjusted gross income is greater than seventy-five thousand~~
27 ~~dollars is not allowed a credit under this section.~~

1 (c) (I) For two resident individuals who file a joint return, the
2 amount of the credit is equal to:

3 (A) Thirty percent FOR INCOME TAX YEARS COMMENCING ON OR
4 AFTER JANUARY 1, 2022, BUT BEFORE JANUARY 1, 2024, AND ON OR AFTER
5 JANUARY 1, 2025, AND FIFTY PERCENT FOR THE INCOME TAX YEAR
6 COMMENCING ON JANUARY 1, 2024, of the federal child tax credit that the
7 resident individuals could have claimed on their federal tax return for
8 each eligible child, if the individuals' federal adjusted gross income is
9 thirty-five thousand dollars or less;

10 (B) Fifteen percent FOR INCOME TAX YEARS COMMENCING ON OR
11 AFTER JANUARY 1, 2022, BUT BEFORE JANUARY 1, 2024, AND ON OR AFTER
12 JANUARY 1, 2025, AND TWENTY PERCENT FOR THE INCOME TAX YEAR
13 COMMENCING ON JANUARY 1, 2024, of the federal child tax credit that the
14 resident individuals could have claimed on their federal tax return for
15 each eligible child, if the individuals' federal adjusted gross income is
16 greater than thirty-five thousand dollars but less than or equal to sixty
17 thousand dollars; and

18 (C) Five percent FOR INCOME TAX YEARS COMMENCING ON OR
19 AFTER JANUARY 1, 2022, BUT BEFORE JANUARY 1, 2024, AND ON OR AFTER
20 JANUARY 1, 2025, AND TEN PERCENT FOR THE INCOME TAX YEAR
21 COMMENCING ON JANUARY 1, 2024, of the federal child tax credit that the
22 resident individuals could have claimed on their federal tax return for
23 each eligible child, if the individuals' federal adjusted gross income is
24 greater than sixty thousand dollars but less than or equal to eighty-five
25 thousand dollars.

26 (II) ~~Two resident individuals who file a joint return and whose~~
27 ~~federal adjusted gross income is greater than eighty-five thousand dollars~~

1 are not allowed a credit under this section.

2 (4) ~~In any income tax year commencing on or after January 1,~~
3 ~~2022,~~ If the changes specified in section 9611 of the "American Rescue
4 Plan Act of 2021", Pub.L. 117-2, are no longer applicable to the federal
5 child tax credit allowed in section 24 of the internal revenue code, then
6 the amount of the child tax credit allowed in this section is as follows:

7 (a) (I) For a resident individual who files a single return, the
8 amount of the credit is equal to:

9 (A) Sixty percent FOR INCOME TAX YEARS COMMENCING ON OR
10 AFTER JANUARY 1, 2022, BUT BEFORE JANUARY 1, 2024, AND ON OR AFTER
11 JANUARY 1, 2025, AND SEVENTY PERCENT FOR THE INCOME TAX YEAR
12 COMMENCING ON JANUARY 1, 2024, of the federal child tax credit that the
13 resident individual claimed or could have claimed on their federal tax
14 return for each eligible child, if the individual's federal adjusted gross
15 income is twenty-five thousand dollars or less;

16 (B) Thirty percent FOR INCOME TAX YEARS COMMENCING ON OR
17 AFTER JANUARY 1, 2022, BUT BEFORE JANUARY 1, 2024, AND ON OR AFTER
18 JANUARY 1, 2025, AND FORTY PERCENT FOR THE INCOME TAX YEAR
19 COMMENCING ON JANUARY 1, 2024, of the federal child tax credit that the
20 resident individual claimed or could have claimed on their federal tax
21 return for each eligible child, if the individual's federal adjusted gross
22 income is greater than twenty-five thousand dollars but less than or equal
23 to fifty thousand dollars; and

24 (C) Ten percent FOR INCOME TAX YEARS COMMENCING ON OR
25 AFTER JANUARY 1, 2022, BUT BEFORE JANUARY 1, 2024, AND ON OR AFTER
26 JANUARY 1, 2025, AND TWENTY PERCENT FOR THE INCOME TAX YEAR
27 COMMENCING ON JANUARY 1, 2024, of the federal child tax credit that the

1 resident individual claimed or could have claimed on their federal tax
2 return for each eligible child, if the individual's federal adjusted gross
3 income is greater than fifty thousand dollars but less than or equal to
4 seventy-five thousand dollars.

5 (II) ~~A resident individual who files a single return and whose
6 federal adjusted gross income is greater than seventy-five thousand
7 dollars is not allowed a credit under this section.~~

8 (b) (I) For two resident individuals who file a joint return, the
9 amount of the credit is equal to:

10 (A) Sixty percent FOR INCOME TAX YEARS COMMENCING ON OR
11 AFTER JANUARY 1, 2022, BUT BEFORE JANUARY 1, 2024, AND ON OR AFTER
12 JANUARY 1, 2025, AND SEVENTY PERCENT FOR THE INCOME TAX YEAR
13 COMMENCING ON JANUARY 1, 2024, of the federal child tax credit that the
14 resident individuals claimed or could have claimed on their federal tax
15 return for each eligible child, if the individuals' federal adjusted gross
16 income is thirty-five thousand dollars or less;

17 (B) Thirty percent FOR INCOME TAX YEARS COMMENCING ON OR
18 AFTER JANUARY 1, 2022, BUT BEFORE JANUARY 1, 2024, AND ON OR AFTER
19 JANUARY 1, 2025, AND FORTY PERCENT FOR THE INCOME TAX YEAR
20 COMMENCING ON JANUARY 1, 2024, of the federal child tax credit that the
21 resident individuals claimed or could have claimed on their federal tax
22 return for each eligible child, if the individuals' federal adjusted gross
23 income is greater than thirty-five thousand dollars but less than or equal
24 to sixty thousand dollars; and

25 (C) Ten percent FOR INCOME TAX YEARS COMMENCING ON OR
26 AFTER JANUARY 1, 2022, BUT BEFORE JANUARY 1, 2024, AND ON OR AFTER
27 JANUARY 1, 2025, AND TWENTY PERCENT FOR THE INCOME TAX YEAR

1 ~~COMMENCING ON~~ JANUARY 1, 2024, of the federal child tax credit that the
2 resident individuals claimed or could have claimed on their federal tax
3 return for each eligible child, if the individuals' federal adjusted gross
4 income is greater than sixty thousand dollars but less than or equal to
5 eighty-five thousand dollars.

6 ~~(II) Two resident individuals who file a joint return and whose~~
7 ~~federal adjusted gross income is greater than eighty-five thousand dollars~~
8 ~~are not allowed a credit under this section.~~

9 (4.5) (a) A RESIDENT INDIVIDUAL WHO FILES A SINGLE RETURN
10 AND WHOSE FEDERAL ADJUSTED GROSS INCOME IS GREATER THAN
11 SEVENTY-FIVE THOUSAND DOLLARS IS NOT ALLOWED A CREDIT UNDER
12 THIS SECTION.

13 (b) TWO RESIDENT INDIVIDUALS WHO FILE A JOINT RETURN AND
14 WHOSE FEDERAL ADJUSTED GROSS INCOME IS GREATER THAN EIGHTY-FIVE
15 THOUSAND DOLLARS ARE NOT ALLOWED A CREDIT UNDER THIS SECTION.

16 (8) (a) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
17 JANUARY 1, 2024, THE DEPARTMENT OF REVENUE SHALL ADJUST THE
18 FEDERAL ADJUSTED GROSS INCOME AMOUNTS SET FORTH IN SUBSECTIONS
19 (3)(b)(I), (3)(c)(I), (3.5)(b)(I), (3.5)(c)(I), (4)(a)(I), (4)(b)(I), AND (4.5) OF
20 THIS SECTION TO REFLECT INFLATION FOR EACH INCOME TAX YEAR IN
21 WHICH THE CREDIT DESCRIBED IN THIS SECTION IS ALLOWED.

22 (b) AS USED IN THIS SUBSECTION (8), "INFLATION" MEANS THE
23 ANNUAL PERCENTAGE CHANGE IN THE UNITED STATES DEPARTMENT OF
24 LABOR BUREAU OF LABOR STATISTICS CONSUMER PRICE INDEX FOR
25 DENVER-AURORA-LAKEWOOD FOR ALL ITEMS PAID BY ALL URBAN
26 CONSUMERS, OR ITS APPLICABLE SUCCESSOR INDEX.

27 **SECTION 3. 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; except
3 that, if a referendum petition is filed pursuant to section 1 (3) of article V
4 of the state constitution against this act or an item, section, or part of this
5 act within such period, then the act, item, section, or part will not take
6 effect unless approved by the people at the general election to be held in
7 November 2024 and, in such case, will take effect on the date of the
8 official declaration of the vote thereon by the governor.