

Second Regular Session  
Seventy-third General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 22-0936.01 Pierce Lively x2059

HOUSE BILL 22-1310

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HOUSE SPONSORSHIP

Larson and Kipp,

SENATE SPONSORSHIP

Bridges and Woodward,

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House Committees  
Education

Senate Committees

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A BILL FOR AN ACT

101 CONCERNING THE ALIGNMENT OF THE STATE INCOME TAX DEDUCTION  
102 FOR CONTRIBUTIONS TO A 529 ACCOUNT WITH THE CHANGES IN  
103 THE FEDERAL "SETTING EVERY COMMUNITY UP FOR  
104 RETIREMENT ENHANCEMENT ACT OF 2019" THAT ALLOWS  
105 TAX-FREE DISTRIBUTIONS FOR ELIGIBLE APPRENTICESHIP  
106 PROGRAMS.

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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 federal "Setting Every Community Up for Retirement

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.

Enhancement Act of 2019" expanded qualified distributions from a qualified state tuition program (529 account) to include expenses for fees, books, supplies, and equipment required for the participation of a designated beneficiary in certain apprenticeship programs.

In light of these changes to federal law, the bill amends Colorado law to clarify what qualifies as a qualified distribution from a 529 account for the purpose of determining state taxable income. The bill allows expenses for fees, books, supplies, and equipment required for the participation of a designated beneficiary in certain apprenticeship programs to be treated as such a qualified distribution.

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

2           **SECTION 1.** In Colorado Revised Statutes, 23-3.1-302, **amend**  
3 (12) as follows:

4           **23-3.1-302. Definitions.** As used in this part 3, unless the context  
5 otherwise requires:

6           (12) "Qualified higher education expenses" has the same meaning  
7 as that term is defined in section 529 of the internal revenue code,  
8 INCLUDING BUT NOT LIMITED TO EXPENSES FOR FEES, BOOKS, SUPPLIES,  
9 AND EQUIPMENT REQUIRED FOR THE PARTICIPATION OF A DESIGNATED  
10 BENEFICIARY IN AN APPRENTICESHIP PROGRAM AS DEFINED IN SECTION 529  
11 (c)(8) OF THE INTERNAL REVENUE CODE.

12           **SECTION 2.** In Colorado Revised Statutes, 39-22-104, **amend**  
13 (4)(i)(IV) as follows:

14           **39-22-104. Income tax imposed on individuals, estates, and**  
15 **trusts - single rate - report - legislative declaration - definitions -**  
16 **repeal.** (4) There shall be subtracted from federal taxable income:

17           (i) (IV) As used in this paragraph ~~(i), "designated beneficiary";~~  
18 ~~means a designated beneficiary as defined in section 529 (e)(1) of the~~  
19 ~~internal revenue code, "qualified state tuition program", means a qualified~~  
20 ~~state tuition program as defined in section 529 (b) of the internal revenue~~

1 ~~code, and "qualified higher education expenses" means qualified higher~~  
2 ~~education expenses as defined in section 529 (c)(3) of the internal~~  
3 ~~revenue code~~ SUBSECTION (4)(i), UNLESS THE CONTEXT OTHERWISE  
4 REQUIRES:

5 (A) "DESIGNATED BENEFICIARY" HAS THE SAME MEANING AS  
6 DEFINED IN SECTION 529 (e)(1) OF THE INTERNAL REVENUE CODE.

7 (B) "QUALIFIED HIGHER EDUCATION EXPENSE" HAS THE SAME  
8 MEANING AS DEFINED IN SECTION 529 OF THE INTERNAL REVENUE CODE,  
9 INCLUDING BUT NOT LIMITED TO EXPENSES FOR FEES, BOOKS, SUPPLIES,  
10 AND EQUIPMENT REQUIRED FOR THE PARTICIPATION OF A DESIGNATED  
11 BENEFICIARY IN AN APPRENTICESHIP PROGRAM AS DEFINED IN SECTION 529  
12 (c)(8) OF THE INTERNAL REVENUE CODE.

13 (C) "QUALIFIED STATE TUITION PROGRAM" MEANS A QUALIFIED  
14 TUITION PROGRAM AS DEFINED IN SECTION 529 (b) OF THE INTERNAL  
15 REVENUE CODE.

16 **SECTION 3. Act subject to petition - effective date.** This act  
17 takes effect January 1, 2023; except that, if a referendum petition is filed  
18 pursuant to section 1 (3) of article V of the state constitution against this  
19 act or an item, section, or part of this act within the ninety-day period  
20 after final adjournment of the general assembly, then the act, item,  
21 section, or part will not take effect unless approved by the people at the  
22 general election to be held in November 2022 and, in such case, will take  
23 effect January 1, 2023, or on the date of the official declaration of the  
24 vote thereon by the governor, whichever is later.