

**First Regular Session  
Sixty-ninth General Assembly  
STATE OF COLORADO**

**ENGROSSED**

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

LLS NO. 13-0419.02 Ed DeCecco x4216

**SENATE BILL 13-001**

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**SENATE SPONSORSHIP**

**Kefalas and Morse**, Aguilar, Guzman, Ulibarri

**HOUSE SPONSORSHIP**

**Kagan**, Levy

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**Senate Committees**  
State, Veterans, & Military Affairs  
Appropriations

**House Committees**

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**A BILL FOR AN ACT**

101     **CONCERNING INCOME TAX CREDITS TO SUPPORT WORKING FAMILIES,**  
102             **AND, IN CONNECTION THEREWITH, ENACTING THE "COLORADO**  
103             **WORKING FAMILIES ECONOMIC OPPORTUNITY ACT OF 2013"**  
104             **AND MAKING AN APPROPRIATION.**

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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://www.leg.state.co.us/billsummaries>.)*

**Section 2** of the bill modifies the existing child care expenses income tax credit by:

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

SENATE  
Amended 2nd Reading  
April 16, 2013

- ! Allowing a taxpayer who is eligible for, but does not claim, the federal child care expenses income tax credit to claim the state credit;
- ! Basing the amount of the state credit on the eligible federal credit as opposed to the actual federal credit claimed; and
- ! Allowing the credit to be claimed for expenses related to caring for a dependent of the taxpayer who is physically or mentally incapable of caring for himself or herself and who lives with the taxpayer.

**Section 3** of the bill creates a child tax credit against state income taxes for a resident individual who is eligible to claim the federal child tax credit. The amount of this credit is \$100 for each qualifying child who is 5 years of age or under at the end of the taxable year for which the credit is claimed. This credit is refundable.

The Colorado earned income tax credit, which is 10% of the federal earned income tax credit, is a refund mechanism under the taxpayer's bill of rights (TABOR). So, it only applies if the state revenues are in excess of the constitutional limitation on state fiscal year spending. **Section 4** of the bill removes this contingency so that an eligible taxpayer may claim the Colorado earned income tax credit for any tax year beginning in 2013.

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

2 **SECTION 1. Short title.** This act shall be known and may be  
 3 cited as the "Colorado Working Families Economic Opportunity Act of  
 4 2013".

5 **SECTION 2.** In Colorado Revised Statutes, 39-22-123, **add** (6)  
 6 as follows:

7 **39-22-123. Earned income tax credit - refund of state excess**  
 8 **revenues for fiscal years commencing on or after July 1, 1998. (6) NO**  
 9 **CREDIT IS ALLOWED UNDER THIS SECTION FOR AN INCOME TAX YEAR FOR**  
 10 **WHICH A CREDIT IS ALLOWED UNDER SECTION 39-22-123.5.**

11 **SECTION 3.** In Colorado Revised Statutes, **add** 39-22-123.5 as  
 12 follows:

13 **39-22-123.5. Earned income tax credit - not a refund of excess**

1 state revenues - trigger - legislative declaration. (1) THE GENERAL  
2 ASSEMBLY HEREBY FINDS AND DECLARES THAT:

3 (a) THE FEDERAL EARNED INCOME TAX CREDIT IS A REFUNDABLE  
4 TAX CREDIT FOR LOW- AND MIDDLE-INCOME WORKING INDIVIDUALS AND  
5 FAMILIES WHOSE EARNINGS ARE BELOW AN INCOME THRESHOLD;

6 (b) THE AMOUNT OF THE CREDIT INCREASES WITH INCOME UNTIL  
7 THE CREDIT REACHES A MAXIMUM LEVEL AND THEN PHASES OUT, AND THIS  
8 STRUCTURE CREATES AN INCENTIVE FOR PEOPLE TO WORK AND EARN  
9 MORE INCOME;

10 (c) SINCE ITS ESTABLISHMENT IN 1975, THE CREDIT HAS INCREASED  
11 FAMILY INCOME, REDUCED CHILD POVERTY, AND PROMOTED EMPLOYMENT  
12 BY SUPPLEMENTING THE EARNINGS OF LOW-WAGE WORKERS, INCLUDING  
13 MILITARY FAMILIES;

14 (d) THE CREDIT HAS A POSITIVE IMPACT ON THE EDUCATION AND  
15 HEALTH OF CHILDREN LIVING IN POVERTY;

16 (e) THE CREDIT HAS A POSITIVE ECONOMIC IMPACT ON LOCAL  
17 ECONOMIES AND BUSINESSES BECAUSE IT PUTS MORE MONEY IN THE  
18 HANDS OF LOW- AND MIDDLE-INCOME WORKING PEOPLE WHO SPEND THE  
19 MONEY ON IMMEDIATE NEEDS, SUCH AS GROCERIES, SCHOOL SUPPLIES, CAR  
20 REPAIRS, RENT, AND HEALTH CARE;

21 (f) THE COLORADO EARNED INCOME TAX CREDIT, WHICH IS  
22 CURRENTLY TEN PERCENT OF THE FEDERAL EARNED INCOME TAX CREDIT,  
23 IS A MECHANISM TO REFUND EXCESS STATE REVENUES AS REQUIRED BY  
24 SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION;

25 (g) THE COLORADO EARNED INCOME TAX CREDIT HAS NOT BEEN  
26 IN EFFECT SINCE 2001 BECAUSE THE REFUND HAS NOT BEEN TRIGGERED;  
27 AND

1           (h) NOW, THEREFORE, IT IS THE INTENT OF THE GENERAL  
2           ASSEMBLY TO ESTABLISH A PERMANENT AND REFUNDABLE STATE EARNED  
3           INCOME TAX CREDIT FOR ELIGIBLE COLORADO TAXPAYERS, WHICH IS  
4           EQUAL TO A PERCENTAGE OF THE FEDERAL EARNED INCOME TAX CREDIT.  
5           THE INTENDED PURPOSE OF THIS CREDIT IS TO HELP INDIVIDUALS AND  
6           FAMILIES ACHIEVE GREATER FINANCIAL SECURITY AND TO HELP  
7           COLORADO'S ECONOMY.

8           (2) FOR AN INCOME TAX YEAR SPECIFIED IN PARAGRAPH (a) OF  
9           SUBSECTION (3) OF THIS SECTION, A RESIDENT INDIVIDUAL WHO CLAIMS AN  
10           EARNED INCOME TAX CREDIT ON THE INDIVIDUAL'S FEDERAL TAX RETURN  
11           IS ALLOWED AN EARNED INCOME TAX CREDIT AGAINST THE TAXES DUE  
12           UNDER THIS ARTICLE. THE AMOUNT OF THE CREDIT IS A PORTION OF THE  
13           FEDERAL CREDIT CLAIMED ON THE RESIDENT INDIVIDUAL'S FEDERAL TAX  
14           RETURN THAT DEPENDS ON THE YEAR IN WHICH IT IS CLAIMED. THE CREDIT  
15           IS EQUAL TO SEVEN PERCENT OF THE FEDERAL CREDIT FOR THE FIRST  
16           INCOME TAX YEAR THAT THE CREDIT IS ALLOWED AS A RESULT OF THE  
17           OPERATION OF SUBSECTION (3) OF THIS SECTION, EIGHT AND ONE-HALF  
18           PERCENT FOR THE NEXT INCOME TAX YEAR, AND TEN PERCENT OF THE  
19           FEDERAL CREDIT FOR ALL INCOME TAX YEARS THEREAFTER.

20           (3) (a) IF THE ESTIMATE OF GROSS GENERAL FUND REVENUE FOR  
21           THE FISCAL YEAR 2013-14, OR THE NEXT TWO FISCAL YEARS THEREAFTER,  
22           INCREASES BY AT LEAST ONE HUNDRED MILLION DOLLARS FROM THE  
23           MARCH ESTIMATE THAT PRECEDES THE FISCAL YEAR TO ANY OF THE NEXT  
24           FOUR QUARTERLY ESTIMATES AFTER THE MARCH ESTIMATE, THE TAX  
25           CREDIT ALLOWED UNDER THIS SECTION MAY BE CLAIMED FOR ANY INCOME  
26           TAX YEAR COMMENCING ON OR AFTER JANUARY 1 OF THE FISCAL YEAR  
27           FOR WHICH THE ESTIMATE INCREASED.

1           (b) FOR PURPOSES OF PARAGRAPH (a) OF THIS SUBSECTION (3), ALL  
2           OF THE ESTIMATES OF GROSS GENERAL FUND REVENUE FOR A GIVEN FISCAL  
3           YEAR ARE SOLELY FROM LEGISLATIVE COUNCIL STAFF OR THE OFFICE OF  
4           STATE PLANNING AND BUDGETING, WHICHEVER AGENCY HAS THE LOWER  
5           MARCH ESTIMATE FOR THE FISCAL YEAR.

6           (c) IF THE ESTIMATE OF GROSS GENERAL FUND REVENUE HAS  
7           INCREASED ENOUGH TO TRIGGER THE TAX CREDIT, LEGISLATIVE COUNCIL  
8           STAFF OR THE OFFICE OF STATE PLANNING AND BUDGETING, DEPENDING ON  
9           PARAGRAPH (b) OF THIS SUBSECTION (3), SHALL CERTIFY SUCH FACT IN THE  
10          APPLICABLE QUARTERLY ESTIMATE.

11          (4) THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION  
12          THAT EXCEEDS THE RESIDENT INDIVIDUAL'S INCOME TAXES DUE IS  
13          REFUNDED TO THE INDIVIDUAL.

14          (5) IN THE CASE OF A PART-YEAR RESIDENT, THE CREDIT ALLOWED  
15          UNDER THIS SECTION IS APPORTIONED IN THE RATIO DETERMINED UNDER  
16          SECTION 39-22-110 (1).

17          (6) THE CREDIT ALLOWED UNDER THIS SECTION IS NOT  
18          CONSIDERED TO BE INCOME OR RESOURCES FOR THE PURPOSE OF  
19          DETERMINING ELIGIBILITY FOR THE PAYMENT OF PUBLIC ASSISTANCE  
20          BENEFITS AND MEDICAL ASSISTANCE BENEFITS AUTHORIZED UNDER STATE  
21          LAW OR FOR A PAYMENT MADE UNDER ANY OTHER PUBLICLY FUNDED  
22          PROGRAMS.

23          **SECTION 4.** In Colorado Revised Statutes, **add 39-22-129 as**  
24          **follows:**

25          **39-22-129. Child tax credit - trigger - legislative declaration -**  
26          **definitions.** (1) (a) THE GENERAL ASSEMBLY HEREBY FINDS AND  
27          DECLARES THAT:

1           (I) THE FEDERAL CHILD TAX CREDIT, WHICH INCLUDES THE  
2 REFUNDABLE PORTION OF THE CREDIT COMMONLY KNOWN AS THE  
3 ADDITIONAL CHILD TAX CREDIT, SUPPORTS LOW- AND MIDDLE-INCOME  
4 WORKING FAMILIES WHOSE EARNINGS ARE BELOW AN INCOME THRESHOLD  
5 AND WHO HAVE CHILDREN UNDER SEVENTEEN YEARS OF AGE;

6           (II) SINCE ITS ESTABLISHMENT AT THE FEDERAL LEVEL IN 1997,  
7 THE CREDIT HAS INCREASED FAMILY INCOME, REDUCED CHILD POVERTY  
8 AMONG FAMILIES WITH CHILDREN, AND SUPPORTED LOCAL ECONOMIES;  
9 AND

10          (III) THE CREDIT HAS A POSITIVE IMPACT ON THE EARLY  
11 CHILDHOOD DEVELOPMENT AND HEALTH OF CHILDREN WHOSE FAMILIES  
12 GAIN INCOME FROM THE CREDIT.

13          (b) NOW, THEREFORE, IT IS THE INTENT OF THE GENERAL  
14 ASSEMBLY TO ESTABLISH A PERMANENT AND REFUNDABLE STATE CHILD  
15 TAX CREDIT FOR ELIGIBLE COLORADO TAXPAYERS, WHICH IS EQUAL TO A  
16 PERCENTAGE OF THE FEDERAL CREDIT BASED ON A FAMILY'S ADJUSTED  
17 GROSS INCOME. THE INTENDED PURPOSE OF THIS CREDIT IS TO SUPPORT  
18 COLORADO WORKING FAMILIES WITH YOUNG CHILDREN, REDUCE CHILD  
19 POVERTY, AND TO HELP COLORADO'S ECONOMY.

20          (2) AS USED IN THIS SECTION:

21          (a) "ELIGIBLE CHILD" MEANS A QUALIFYING CHILD FOR PURPOSES  
22 OF THE FEDERAL CHILD TAX CREDIT WHO IS UNDER SIX YEARS OF AGE AT  
23 THE END OF THE TAXABLE YEAR FOR WHICH THE CREDIT IS CLAIMED.

24          (b) "FEDERAL CHILD TAX CREDIT" MEANS THE CHILD TAX CREDIT  
25 ALLOWED UNDER SECTION 24 OF THE INTERNAL REVENUE CODE, OR ANY  
26 SUCCESSOR SECTION, AND INCLUDES THE REFUNDABLE PORTION OF THE  
27 TAX CREDIT, WHICH PORTION IS REFERRED TO AS THE ADDITIONAL CHILD

1 CREDIT.

2 (3) (a) FOR AN INCOME TAX YEAR SPECIFIED IN PARAGRAPH (a) OF  
3 SUBSECTION (4) OF THIS SECTION, A RESIDENT INDIVIDUAL WHO CLAIMS A  
4 FEDERAL CHILD TAX CREDIT FOR AN ELIGIBLE CHILD ON THE INDIVIDUAL'S  
5 FEDERAL TAX RETURN IS ALLOWED A CHILD TAX CREDIT AGAINST THE  
6 INCOME TAXES DUE UNDER THIS ARTICLE.

7 (b) (I) FOR A RESIDENT INDIVIDUAL WHO FILES A SINGLE RETURN,  
8 THE AMOUNT OF THE CREDIT IS EQUAL TO:

9 (A) THIRTY PERCENT OF THE FEDERAL CHILD TAX CREDIT THAT  
10 THE RESIDENT INDIVIDUAL CLAIMED ON HIS OR HER FEDERAL TAX RETURN  
11 FOR EACH ELIGIBLE CHILD, IF THE INDIVIDUAL'S FEDERAL ADJUSTED GROSS  
12 INCOME IS TWENTY-FIVE THOUSAND DOLLARS OR LESS;

13 (B) FIFTEEN PERCENT OF THE FEDERAL CHILD TAX CREDIT THAT  
14 THE RESIDENT INDIVIDUAL CLAIMED ON HIS OR HER FEDERAL TAX RETURN  
15 FOR EACH ELIGIBLE CHILD, IF THE INDIVIDUAL'S FEDERAL ADJUSTED GROSS  
16 INCOME IS GREATER THAN TWENTY-FIVE THOUSAND DOLLARS BUT LESS  
17 THAN OR EQUAL TO FIFTY THOUSAND DOLLARS; AND

18 (C) FIVE PERCENT OF THE FEDERAL CHILD TAX CREDIT THAT THE  
19 RESIDENT INDIVIDUAL CLAIMED ON HIS OR HER FEDERAL TAX RETURN FOR  
20 EACH ELIGIBLE CHILD, IF THE INDIVIDUAL'S FEDERAL ADJUSTED GROSS  
21 INCOME IS GREATER THAN FIFTY THOUSAND DOLLARS BUT LESS THAN OR  
22 EQUAL TO SEVENTY-FIVE THOUSAND DOLLARS.

23 (II) A RESIDENT INDIVIDUAL WHO FILES A SINGLE RETURN AND  
24 WHOSE FEDERAL ADJUSTED GROSS INCOME IS GREATER THAN  
25 SEVENTY-FIVE THOUSAND DOLLARS IS NOT ALLOWED A CREDIT UNDER  
26 THIS SECTION.

27 (c) (I) FOR TWO RESIDENT INDIVIDUALS WHO FILE A JOINT RETURN,

1 THE AMOUNT OF THE CREDIT IS EQUAL TO:

2 (A) THIRTY PERCENT OF THE FEDERAL CHILD TAX CREDIT THAT  
3 THE RESIDENT INDIVIDUALS CLAIMED ON THEIR FEDERAL TAX RETURN FOR  
4 EACH ELIGIBLE CHILD, IF THE INDIVIDUALS' FEDERAL ADJUSTED GROSS  
5 INCOME IS THIRTY-FIVE THOUSAND DOLLARS OR LESS;

6 (B) FIFTEEN PERCENT OF THE FEDERAL CHILD TAX CREDIT THAT  
7 THE RESIDENT INDIVIDUALS CLAIMED ON THEIR FEDERAL TAX RETURN FOR  
8 EACH ELIGIBLE CHILD, IF THE INDIVIDUALS' FEDERAL ADJUSTED GROSS  
9 INCOME IS GREATER THAN THIRTY-FIVE THOUSAND DOLLARS BUT LESS  
10 THAN OR EQUAL TO SIXTY THOUSAND DOLLARS; AND

11 (C) FIVE PERCENT OF THE FEDERAL CHILD TAX CREDIT THAT THE  
12 RESIDENT INDIVIDUALS CLAIMED ON THEIR FEDERAL TAX RETURN FOR  
13 EACH ELIGIBLE CHILD, IF THE INDIVIDUALS' FEDERAL ADJUSTED GROSS  
14 INCOME IS GREATER THAN SIXTY THOUSAND DOLLARS BUT LESS THAN OR  
15 EQUAL TO EIGHTY-FIVE THOUSAND DOLLARS.

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

19 (4) (a) IF THE ESTIMATE OF GROSS GENERAL FUND REVENUE FOR  
20 THE FISCAL YEAR 2013-14, OR THE NEXT TWO FISCAL YEARS THEREAFTER,  
21 INCREASES BY AT LEAST ONE HUNDRED MILLION DOLLARS FROM THE  
22 MARCH ESTIMATE THAT PRECEDES THE FISCAL YEAR TO ANY OF THE NEXT  
23 FOUR QUARTERLY ESTIMATES AFTER THE MARCH ESTIMATE, THE TAX  
24 CREDIT ALLOWED UNDER THIS SECTION MAY BE CLAIMED FOR ANY INCOME  
25 TAX YEAR COMMENCING ON OR AFTER JANUARY 1 OF THE FISCAL YEAR  
26 FOR WHICH THE ESTIMATE INCREASED.

27 (b) FOR PURPOSES OF PARAGRAPH (a) OF THIS SUBSECTION (4), ALL



1 OF THE ESTIMATES OF GROSS GENERAL FUND REVENUE FOR A GIVEN FISCAL  
2 YEAR ARE SOLELY FROM LEGISLATIVE COUNCIL STAFF OR THE OFFICE OF  
3 STATE PLANNING AND BUDGETING, WHICHEVER AGENCY HAS THE LOWER  
4 MARCH ESTIMATE FOR THE FISCAL YEAR.

5 (c) IF THE ESTIMATE OF GROSS GENERAL FUND REVENUE HAS  
6 INCREASED ENOUGH TO TRIGGER THE TAX CREDIT, LEGISLATIVE COUNCIL  
7 STAFF OR THE OFFICE OF STATE PLANNING AND BUDGETING, DEPENDING ON  
8 PARAGRAPH (b) OF THIS SUBSECTION (3), SHALL CERTIFY SUCH FACT IN THE  
9 APPLICABLE QUARTERLY ESTIMATE.

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

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

16 (7) THE CREDIT ALLOWED UNDER THIS SECTION IS NOT  
17 CONSIDERED TO BE INCOME OR RESOURCES FOR THE PURPOSE OF  
18 DETERMINING ELIGIBILITY FOR THE PAYMENT OF PUBLIC ASSISTANCE  
19 BENEFITS AND MEDICAL ASSISTANCE BENEFITS AUTHORIZED UNDER STATE  
20 LAW OR FOR A PAYMENT MADE UNDER ANY OTHER PUBLICLY FUNDED  
21 PROGRAMS.

22 **SECTION 5. In Colorado Revised Statutes, 39-22-627, add (9)**  
23 **as follows:**

24 **39-22-627. Temporary adjustment of rate of income tax -**  
25 **refund of excess state revenues - authority of executive director.**

26 **(9) IF, BY OPERATION OF SECTION 39-22-123 (6), EXCESS STATE REVENUES**  
27 **ARE NO LONGER REFUNDED THROUGH AN EARNED INCOME TAX CREDIT,**

1 THE TOTAL OF THE ADJUSTED AMOUNT SET FORTH IN SECTION 39-22-123  
2 (4) (c) IS NOT ADDED TO THE ESTIMATED AMOUNT BY WHICH STATE  
3 REVENUES WOULD BE DECREASED AS THE RESULT OF A REDUCTION IN THE  
4 STATE INCOME TAX RATE FOR PURPOSES OF THE CALCULATIONS SET FORTH  
5 IN PARAGRAPH (b) OF SUBSECTION (1) AND SUBSECTIONS (3) AND (6) OF  
6 THIS SECTION.

7 **SECTION 6. Appropriation.** In addition to any other  
8 appropriation, there is hereby appropriated, out of any moneys in the  
9 general fund not otherwise appropriated, to the department of revenue, for  
10 the fiscal year beginning July 1, 2013, the sum of \$106,000, or so much  
11 thereof as may be necessary, for allocation to the taxation business group  
12 for contract programming services related to the implementation of this  
13 act.

14 **SECTION 7. Act subject to petition - effective date.** This act  
15 takes effect at 12:01 a.m. on the day following the expiration of the  
16 ninety-day period after final adjournment of the general assembly (August  
17 7, 2013, if adjournment sine die is on May 8, 2013); except that, if a  
18 referendum petition is filed pursuant to section 1 (3) of article V of the  
19 state constitution against this act or an item, section, or part of this act  
20 within such period, then the act, item, section, or part will not take effect  
21 unless approved by the people at the general election to be held in  
22 November 2014 and, in such case, will take effect on the date of the  
23 official declaration of the vote thereon by the governor.