

HB1311\_L.005

HOUSE COMMITTEE OF REFERENCE AMENDMENT

Committee on Appropriations.

HB24-1311 be amended as follows:

1 Strike the Finance Committee Report, dated April 8, 2024, and substitute:

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

4 "SECTION 1. In Colorado Revised Statutes, **add** 39-22-130 as  
5 follows:

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

9 (I) COLORADO FAMILIES STRUGGLE TO AFFORD MANY NECESSARY  
10 GOODS AND SERVICES, SUCH AS CHILD CARE, HOUSING, AND HEALTH CARE.  
11 EIGHTY-THREE PERCENT OF COLORADO PARENTS WORRY THAT THEIR  
12 CHILDREN WON'T BE ABLE TO AFFORD TO LIVE IN THE STATE IN THE  
13 FUTURE.

14 (II) TARGETED TAX CREDITS ARE A PROVEN TOOL TO LIFT FAMILIES  
15 OUT OF POVERTY. RESEARCH HAS SHOWN THAT FAMILIES THAT CLAIM  
16 THESE TYPES OF TAX CREDITS, SUCH AS THE STATE AND FEDERAL CHILD  
17 TAX CREDIT AND THE STATE AND FEDERAL EARNED INCOME TAX CREDIT,  
18 HAVE BETTER HEALTH, IMPROVED SCHOOLING OUTCOMES, AND INCREASED  
19 ADULT EARNING POTENTIAL. AS THE COST OF RAISING CHILDREN HAS  
20 INCREASED, A FAMILY AFFORDABILITY TAX CREDIT IS CRITICAL FOR THE  
21 WELL-BEING OF MANY CHILDREN AND FAMILIES ACROSS COLORADO.

22 (III) ACCORDING TO THE INSTITUTE ON TAXATION AND ECONOMIC  
23 POLICY, "[T]O CUT CHILD POVERTY RATES BY HALF, THE MAJORITY OF  
24 STATES WOULD REQUIRE A BASE CREDIT VALUE OF BETWEEN THREE  
25 THOUSAND DOLLARS AND FOUR THOUSAND FIVE HUNDRED DOLLARS PER  
26 CHILD PLUS A TWENTY PERCENT BOOST FOR YOUNG CHILDREN." WHEN  
27 COUPLED WITH THE STATE AND FEDERAL EARNED INCOME TAX CREDIT AND  
28 THE STATE AND FEDERAL CHILD TAX CREDIT, THE ADDITIONAL  
29 INVESTMENT PROVIDED BY THE FAMILY AFFORDABILITY TAX CREDIT  
30 WOULD ESTABLISH COLORADO AS A NATIONAL LEADER IN EQUITABLE  
31 ECONOMIC POLICY.

32 (IV) COLORADO IS DEALING WITH RISING COSTS AND FUNDING  
33 SHORTFALLS IN MANY AREAS ACROSS OUR STATE, AND IT IS NECESSARY TO  
34 PROVIDE TAX CREDITS TO THE PEOPLE WHO NEED IT MOST IN A WAY THAT  
35 WILL DO THE MOST GOOD. ESTABLISHING THE FAMILY AFFORDABILITY TAX  
36 CREDIT IS A PROVEN WAY TO DO THAT; AND

37 (V) BY PRIORITIZING THE STATE'S LOWEST-INCOME FAMILIES,  
38 EXPANDING THE CHILD AGE ELIGIBILITY, AND INCLUDING MORE FAMILIES,  
39 THE STATE CAN PROVIDE RESEARCH-BACKED INVESTMENTS FOR FAMILIES.

1 THROUGH THOUGHTFUL AND STRATEGIC INVESTMENT, COLORADO CAN  
2 CUT CHILD POVERTY NEARLY IN HALF.

3 (b) THE GENERAL ASSEMBLY DECLARES ITS INTENT TO  
4 PERIODICALLY REVIEW THE TAX CREDIT CREATED IN THIS SECTION IN AN  
5 EFFORT TO PREVENT A SIGNIFICANT INCREASE OR DECREASE, ADJUSTED  
6 FOR INFLATION, IN THE TOTAL AMOUNT OF THE CREDIT CLAIMED BY  
7 TAXPAYERS YEAR OVER YEAR STARTING IN INCOME TAX YEAR 2025.

8 (c) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH  
9 REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE  
10 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY  
11 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY HEREBY FINDS AND  
12 DECLARES THAT THE PURPOSES OF THE TAX EXPENDITURE CREATED IN  
13 SUBSECTION (3) OF THIS SECTION ARE TO SUBSTANTIALLY REDUCE CHILD  
14 POVERTY, MAKE COLORADO MORE AFFORDABLE FOR FAMILIES, AND HELP  
15 FAMILIES AFFORD EXPENSES ASSOCIATED WITH HAVING CHILDREN BY  
16 PROVIDING TAX RELIEF FOR CERTAIN INDIVIDUALS.

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

24 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
25 REQUIRES:

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

30 (b) (I) "ESTIMATED ADJUSTMENT FACTOR" MEANS, FOR A GIVEN  
31 INCOME TAX YEAR, THE CAGR FOR NONEXEMPT REVENUE THAT IS  
32 CALCULATED ACCORDING TO THE FOLLOWING FORMULA, AS ADJUSTED  
33 PURSUANT TO SUBSECTION (2)(b)(IV) OF THIS SECTION:

34 
$$\text{CAGR} = \left( \left( \frac{\text{EV}}{\text{BV}} \right)^{1/n} - 1 \right) \times 100$$

35 (II) AS USED IN THIS SUBSECTION (2)(b):

36 (A) "APPLICABLE STATE FISCAL YEAR" MEANS THE FISCAL YEAR  
37 THAT BEGINS IN THE INCOME TAX YEAR FOR WHICH THE CREDIT IS  
38 ALLOWED.

39 (B) "BV" MEANS THE AMOUNT OF THE STATE'S NONEXEMPT  
40 REVENUE FOR STATE FISCAL YEAR 2024-25.

41 (C) "CAGR" MEANS THE ESTIMATED COMPOUND ANNUAL GROWTH  
42 RATE.

43 (D) "EV" MEANS THE ESTIMATE OF THE STATE'S NONEXEMPT  
44 REVENUE FOR THE APPLICABLE STATE FISCAL YEAR INCLUDED IN THE

1 ECONOMIC AND REVENUE FORECAST PREPARED BY LEGISLATIVE COUNCIL  
2 STAFF IN THE DECEMBER IMMEDIATELY PRECEDING APPLICABLE FISCAL  
3 YEAR.

4 (E) "N" MEANS, FOR THE APPLICABLE STATE FISCAL YEAR, THE  
5 NUMBER OF STATE FISCAL YEARS THAT HAVE PASSED SINCE THE 2024-25  
6 STATE FISCAL YEAR.

7 (F) "NONEXEMPT REVENUE" MEANS, FOR THE APPLICABLE STATE  
8 FISCAL YEAR, THE REVENUE THAT IS IDENTIFIED AS NONEXEMPT TABOR  
9 REVENUES IN THE ANNUAL COMPREHENSIVE FINANCIAL REPORT PUBLISHED  
10 BY THE OFFICE OF THE STATE CONTROLLER.

11 (G) "TABOR" MEANS SECTION 20 OF ARTICLE X OF THE STATE  
12 CONSTITUTION.

13 (III) THE EXECUTIVE DIRECTOR SHALL CALCULATE THE ESTIMATED  
14 ADJUSTMENT FACTOR IN ACCORDANCE WITH THIS SECTION.

15 (IV) THE ESTIMATED ADJUSTMENT FACTOR MUST BE INCREASED  
16 BY ONE-TENTH OF ONE PERCENTAGE POINT IF THE COLORADO  
17 UNEMPLOYMENT RATE, AS CALCULATED BY THE UNITED STATES BUREAU  
18 OF LABOR STATISTICS, REACHES FIVE PERCENT AND MUST BE INCREASED  
19 BY AN ADDITIONAL ONE-TENTH OF ONE PERCENTAGE POINT FOR EVERY  
20 ONE PERCENTAGE POINT INCREASE IN THE COLORADO UNEMPLOYMENT  
21 RATE ABOVE FIVE PERCENT.

22 (c) "FEDERAL POVERTY LEVEL" MEANS THE POVERTY LINE THAT  
23 IS REQUIRED TO BE UPDATED ANNUALLY WITHIN THE FEDERAL POVERTY  
24 GUIDELINES ADOPTED BY THE UNITED STATES DEPARTMENT OF HEALTH  
25 AND HUMAN SERVICES PURSUANT TO 42 U.S.C. SEC. 9902 (2).

26 (d) "INFLATION" MEANS THE ANNUAL PERCENTAGE CHANGE IN THE  
27 UNITED STATES DEPARTMENT OF LABOR BUREAU OF LABOR STATISTICS  
28 CONSUMER PRICE INDEX FOR DENVER-AURORA-LAKEWOOD FOR ALL  
29 ITEMS PAID BY ALL URBAN CONSUMERS, OR ITS APPLICABLE SUCCESSOR  
30 INDEX.

31 (3) (a) IN ADDITION TO THE CHILD TAX CREDIT ALLOWED BY  
32 SECTION 39-22-129, FOR INCOME TAX YEARS COMMENCING ON OR AFTER  
33 JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2034, A RESIDENT INDIVIDUAL  
34 WHO FILES A SINGLE RETURN IS ALLOWED A FAMILY AFFORDABILITY TAX  
35 CREDIT AGAINST THE INCOME TAXES DUE UNDER THIS ARTICLE 22 FOR:

36 (I) EACH ELIGIBLE CHILD OF THE RESIDENT INDIVIDUAL WHO IS  
37 FIVE YEARS OF AGE OR YOUNGER AT THE CLOSE OF THE INCOME TAX YEAR  
38 IN THE AMOUNT OF THREE THOUSAND TWO HUNDRED DOLLARS, ADJUSTED  
39 FOR INFLATION AND AS MODIFIED BY SUBSECTIONS (4), (5), AND (6) OF  
40 THIS SECTION; AND

41 (II) EACH ELIGIBLE CHILD OF THE RESIDENT INDIVIDUAL WHO IS SIX  
42 YEARS OF AGE OR OLDER BUT LESS THAN SEVENTEEN YEARS OF AGE AT  
43 THE CLOSE OF THE INCOME TAX YEAR IN AN AMOUNT THAT IS  
44 SEVENTY-FIVE PERCENT OF THE AMOUNT ALLOWED IN SUBSECTION  
45 (3)(a)(I) OF THIS SECTION, AS MODIFIED BY SUBSECTIONS (4), (5), AND (6)

1 OF THIS SECTION.

2 (b) IN ADDITION TO THE CHILD TAX CREDIT ALLOWED BY SECTION  
3 39-22-129, FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
4 1, 2024, BUT BEFORE JANUARY 1, 2034, TWO RESIDENT INDIVIDUALS WHO  
5 FILE A JOINT RETURN ARE ALLOWED A FAMILY AFFORDABILITY TAX CREDIT  
6 AGAINST THE INCOME TAXES DUE UNDER THIS ARTICLE 22 FOR:

7 (I) EACH ELIGIBLE CHILD OF THE RESIDENT INDIVIDUALS WHO IS  
8 FIVE YEARS OF AGE OR YOUNGER AT THE CLOSE OF THE INCOME TAX YEAR  
9 IN THE AMOUNT OF THREE THOUSAND TWO HUNDRED DOLLARS, ADJUSTED  
10 FOR INFLATION AND AS MODIFIED BY SUBSECTIONS (4), (5), AND (6) OF  
11 THIS SECTION; AND

12 (II) EACH ELIGIBLE CHILD OF THE RESIDENT INDIVIDUALS WHO IS  
13 SIX YEARS OF AGE OR OLDER BUT LESS THAN SEVENTEEN YEARS OF AGE AT  
14 THE CLOSE OF THE INCOME TAX YEAR IN AN AMOUNT THAT IS  
15 SEVENTY-FIVE PERCENT OF THE AMOUNT ALLOWED IN SUBSECTION  
16 (3)(b)(I) OF THIS SECTION, AS MODIFIED BY SUBSECTIONS (4), (5), AND (6)  
17 OF THIS SECTION.

18 (4) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
19 1, 2024, BUT BEFORE JANUARY 1, 2025, THE CREDIT AMOUNTS IN:

20 (a) SUBSECTION (3)(a)(I) OF THIS SECTION ARE REDUCED, BUT NOT  
21 BELOW ZERO, BY AN AMOUNT EQUAL TO SIX AND EIGHT HUNDRED  
22 SEVENTY-FIVE ONE-THOUSANDTHS PERCENT FOR EACH FIVE THOUSAND  
23 DOLLARS BY WHICH A RESIDENT INDIVIDUAL'S ADJUSTED GROSS INCOME  
24 EXCEEDS FIFTEEN THOUSAND DOLLARS; AND

25 (b) SUBSECTION (3)(b)(I) OF THIS SECTION ARE REDUCED, BUT NOT  
26 BELOW ZERO, BY AN AMOUNT EQUAL TO SIX AND EIGHT HUNDRED  
27 SEVENTY-FIVE ONE-THOUSANDTHS PERCENT FOR EACH FIVE THOUSAND  
28 DOLLARS BY WHICH TWO RESIDENT INDIVIDUALS' ADJUSTED GROSS  
29 INCOME EXCEEDS TWENTY-FIVE THOUSAND DOLLARS.

30 (5) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
31 1, 2025, BUT BEFORE JANUARY 1, 2026, IF THE ESTIMATED ADJUSTMENT  
32 FACTOR IS:

33 (a) GREATER THAN OR EQUAL TO TWO PERCENT:

34 (I) THE FULL CREDIT AMOUNT SET FORTH IN SUBSECTION (3)(a)(I)  
35 OF THIS SECTION IS ALLOWED FOR A RESIDENT INDIVIDUAL WHO FILES A  
36 SINGLE RETURN WITH AN ADJUSTED GROSS INCOME OF FIFTEEN THOUSAND  
37 DOLLARS OR LESS, AND THE FULL CREDIT AMOUNT SET FORTH IN  
38 SUBSECTION (3)(b)(I) OF THIS SECTION IS ALLOWED FOR TWO RESIDENT  
39 INDIVIDUALS WHO FILE A JOINT RETURN WITH AN ADJUSTED GROSS INCOME  
40 OF TWENTY-FIVE THOUSAND DOLLARS OR LESS;

41 (II) THE CREDIT AMOUNT IN SUBSECTION (3)(a)(I) OF THIS SECTION  
42 IS REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO SIX AND  
43 EIGHT HUNDRED SEVENTY-FIVE ONE-THOUSANDTHS PERCENT FOR EACH  
44 FIVE THOUSAND DOLLARS BY WHICH A RESIDENT INDIVIDUAL'S ADJUSTED  
45 GROSS INCOME EXCEEDS FIFTEEN THOUSAND DOLLARS; AND

1 (III) THE CREDIT AMOUNT IN SUBSECTION (3)(b)(I) OF THIS  
2 SECTION IS REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO SIX  
3 AND EIGHT HUNDRED SEVENTY-FIVE ONE-THOUSANDTHS PERCENT FOR  
4 EACH FIVE THOUSAND DOLLARS BY WHICH TWO RESIDENT INDIVIDUALS'  
5 ADJUSTED GROSS INCOME EXCEEDS TWENTY-FIVE THOUSAND DOLLARS; OR

6 (b) LESS THAN TWO PERCENT, NO CREDIT IS ALLOWED PURSUANT  
7 TO THIS SECTION.

8 (6) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
9 1, 2026, BUT BEFORE JANUARY 1, 2034, IF THE ESTIMATED ADJUSTMENT  
10 FACTOR FOR THE INCOME TAX YEAR IS:

11 (a) GREATER THAN OR EQUAL TO THREE AND SEVENTY-FIVE  
12 ONE-HUNDREDTHS PERCENT:

13 (I) THE FULL CREDIT AMOUNT SET FORTH IN SUBSECTION (3)(a)(I)  
14 OF THIS SECTION IS ALLOWED FOR A RESIDENT INDIVIDUAL WHO FILES A  
15 SINGLE RETURN WITH AN ADJUSTED GROSS INCOME OF FIFTEEN THOUSAND  
16 DOLLARS OR LESS, AND THE FULL CREDIT AMOUNT SET FORTH IN  
17 SUBSECTION (3)(b)(I) OF THIS SECTION IS ALLOWED FOR TWO RESIDENT  
18 INDIVIDUALS WHO FILE A JOINT RETURN WITH AN ADJUSTED GROSS INCOME  
19 OF TWENTY-FIVE THOUSAND DOLLARS OR LESS;

20 (II) THE CREDIT AMOUNT IN SUBSECTION (3)(a)(I) OF THIS SECTION  
21 IS REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO SIX AND  
22 EIGHT HUNDRED SEVENTY-FIVE ONE-THOUSANDTHS PERCENT FOR EACH  
23 FIVE THOUSAND DOLLARS BY WHICH A RESIDENT INDIVIDUAL'S ADJUSTED  
24 GROSS INCOME EXCEEDS FIFTEEN THOUSAND DOLLARS; AND

25 (III) THE CREDIT AMOUNT IN SUBSECTION (3)(b)(I) OF THIS  
26 SECTION IS REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO SIX  
27 AND EIGHT HUNDRED SEVENTY-FIVE ONE-THOUSANDTHS PERCENT FOR  
28 EACH FIVE THOUSAND DOLLARS BY WHICH TWO RESIDENT INDIVIDUALS'  
29 ADJUSTED GROSS INCOME EXCEEDS TWENTY-FIVE THOUSAND DOLLARS;

30 (b) GREATER THAN OR EQUAL TO THREE AND FIFTY-SIX  
31 ONE-HUNDREDTHS PERCENT, BUT LESS THAN THREE AND SEVENTY-FIVE  
32 ONE-HUNDREDTHS PERCENT, THEN:

33 (I) THE FULL CREDIT AMOUNT SET FORTH IN SUBSECTION (3)(a)(I)  
34 OF THIS SECTION IS ALLOWED FOR A RESIDENT INDIVIDUAL WHO FILES A  
35 SINGLE RETURN WITH AN ADJUSTED GROSS INCOME OF FIFTEEN THOUSAND  
36 DOLLARS OR LESS, AND THE FULL CREDIT AMOUNT SET FORTH IN  
37 SUBSECTION (3)(b)(I) OF THIS SECTION IS ALLOWED FOR TWO RESIDENT  
38 INDIVIDUALS WHO FILE A JOINT RETURN WITH AN ADJUSTED GROSS INCOME  
39 OF TWENTY-FIVE THOUSAND DOLLARS OR LESS;

40 (II) THE CREDIT AMOUNT IN SUBSECTION (3)(a)(I) OF THIS SECTION  
41 IS REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO NINE AND  
42 SIX ONE-HUNDREDTHS PERCENT FOR EACH FIVE THOUSAND DOLLARS BY  
43 WHICH A RESIDENT INDIVIDUAL'S ADJUSTED GROSS INCOME EXCEEDS  
44 FIFTEEN THOUSAND DOLLARS; AND

45 (III) THE CREDIT AMOUNT IN SUBSECTION (3)(b)(I) OF THIS

1 SECTION IS REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO  
2 NINE AND SIX ONE-HUNDREDTHS PERCENT FOR EACH FIVE THOUSAND  
3 DOLLARS BY WHICH TWO RESIDENT INDIVIDUALS' ADJUSTED GROSS  
4 INCOME EXCEEDS TWENTY-FIVE THOUSAND DOLLARS;

5 (c) GREATER THAN OR EQUAL TO THREE AND THIRTY-SEVEN  
6 ONE-HUNDREDTHS PERCENT, BUT LESS THAN THREE AND FIFTY-SIX  
7 ONE-HUNDREDTHS PERCENT, THEN:

8 (I) THE FULL CREDIT AMOUNT SET FORTH IN SUBSECTION (3)(a)(I)  
9 OF THIS SECTION IS ALLOWED FOR A RESIDENT INDIVIDUAL WHO FILES A  
10 SINGLE RETURN WITH AN ADJUSTED GROSS INCOME OF FIFTEEN THOUSAND  
11 DOLLARS OR LESS, AND THE FULL CREDIT AMOUNT SET FORTH IN  
12 SUBSECTION (3)(b)(I) OF THIS SECTION IS ALLOWED FOR TWO RESIDENT  
13 INDIVIDUALS WHO FILE A JOINT RETURN WITH AN ADJUSTED GROSS INCOME  
14 OF TWENTY-FIVE THOUSAND DOLLARS OR LESS;

15 (II) THE CREDIT AMOUNT IN SUBSECTION (3)(a)(I) OF THIS SECTION  
16 IS REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO THIRTEEN  
17 AND FIFTY-NINE ONE-HUNDREDTHS PERCENT FOR EACH FIVE THOUSAND  
18 DOLLARS BY WHICH A RESIDENT INDIVIDUAL'S ADJUSTED GROSS INCOME  
19 EXCEEDS FIFTEEN THOUSAND DOLLARS; AND

20 (III) THE CREDIT AMOUNT IN SUBSECTION (3)(b)(I) OF THIS  
21 SECTION IS REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO  
22 THIRTEEN AND FIFTY-NINE ONE-HUNDREDTHS PERCENT FOR EACH FIVE  
23 THOUSAND DOLLARS BY WHICH TWO RESIDENT INDIVIDUALS' ADJUSTED  
24 GROSS INCOME EXCEEDS TWENTY-FIVE THOUSAND DOLLARS;

25 (d) GREATER THAN OR EQUAL TO THREE AND EIGHTEEN  
26 ONE-HUNDREDTHS PERCENT, BUT LESS THAN THREE AND THIRTY-SEVEN  
27 ONE-HUNDREDTHS PERCENT, THEN:

28 (I) THE CREDIT AMOUNT SET FORTH IN SUBSECTION (3)(a)(I) OF  
29 THIS SECTION IS REDUCED TO TWO THOUSAND SIX HUNDRED DOLLARS,  
30 ADJUSTED FOR INFLATION, FOR A RESIDENT INDIVIDUAL WHO FILES A  
31 SINGLE RETURN WITH AN ADJUSTED GROSS INCOME OF FIFTEEN THOUSAND  
32 DOLLARS OR LESS, AND THE CREDIT AMOUNT SET FORTH IN SUBSECTION  
33 (3)(b)(I) OF THIS SECTION IS REDUCED TO TWO THOUSAND SIX HUNDRED  
34 DOLLARS, ADJUSTED FOR INFLATION, FOR TWO RESIDENT INDIVIDUALS  
35 WHO FILE A JOINT RETURN WITH AN ADJUSTED GROSS INCOME OF  
36 TWENTY-FIVE THOUSAND DOLLARS OR LESS;

37 (II) THE CREDIT AMOUNT IN SUBSECTION (3)(a)(I) OF THIS  
38 SECTION, AS MODIFIED BY SUBSECTION (6)(d)(I) OF THIS SECTION, IS  
39 REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO NINETEEN  
40 AND TWENTY-THREE ONE-HUNDREDTHS PERCENT FOR EACH FIVE  
41 THOUSAND DOLLARS BY WHICH A RESIDENT INDIVIDUAL'S ADJUSTED  
42 GROSS INCOME EXCEEDS FIFTEEN THOUSAND DOLLARS; AND

43 (III) THE CREDIT AMOUNT IN SUBSECTION (3)(b)(I) OF THIS  
44 SECTION, AS MODIFIED BY SUBSECTION (6)(d)(I) OF THIS SECTION, WILL BE  
45 REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO NINETEEN

1 AND TWENTY-THREE ONE-HUNDREDTHS PERCENT FOR EACH FIVE  
2 THOUSAND DOLLARS BY WHICH TWO RESIDENT INDIVIDUALS' ADJUSTED  
3 GROSS INCOME EXCEEDS TWENTY-FIVE THOUSAND DOLLARS;

4 (e) GREATER THAN OR EQUAL TO THREE PERCENT, BUT LESS THAN  
5 THREE AND EIGHTEEN ONE-HUNDREDTHS PERCENT, THEN:

6 (I) THE CREDIT AMOUNT SET FORTH IN SUBSECTION (3)(a)(I) OF  
7 THIS SECTION IS REDUCED TO ONE THOUSAND SIX HUNDRED FIFTY  
8 DOLLARS, ADJUSTED FOR INFLATION, FOR A RESIDENT INDIVIDUAL WHO  
9 FILES A SINGLE RETURN WITH AN ADJUSTED GROSS INCOME OF FIFTEEN  
10 THOUSAND DOLLARS OR LESS, AND THE CREDIT AMOUNT SET FORTH IN  
11 SUBSECTION (3)(b)(I) OF THIS SECTION IS REDUCED TO ONE THOUSAND SIX  
12 HUNDRED FIFTY DOLLARS, ADJUSTED FOR INFLATION, FOR TWO RESIDENT  
13 INDIVIDUALS WHO FILE A JOINT RETURN WITH AN ADJUSTED GROSS INCOME  
14 OF TWENTY-FIVE THOUSAND DOLLARS OR LESS;

15 (II) THE CREDIT AMOUNT IN SUBSECTION (3)(a)(I) OF THIS  
16 SECTION, AS MODIFIED BY SUBSECTION (6)(e)(I) OF THIS SECTION, IS  
17 REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO THIRTY AND  
18 THIRTY ONE-HUNDREDTHS PERCENT FOR EACH FIVE THOUSAND DOLLARS  
19 BY WHICH A RESIDENT INDIVIDUAL'S ADJUSTED GROSS INCOME EXCEEDS  
20 FIFTEEN THOUSAND DOLLARS; AND

21 (III) THE CREDIT AMOUNT IN SUBSECTION (3)(b)(I) OF THIS  
22 SECTION, AS MODIFIED BY SUBSECTION (6)(e)(I) OF THIS SECTION, IS  
23 REDUCED, BUT NOT BELOW ZERO, BY AN AMOUNT EQUAL TO THIRTY AND  
24 THIRTY ONE-HUNDREDTHS PERCENT FOR EACH FIVE THOUSAND DOLLARS  
25 BY WHICH TWO RESIDENT INDIVIDUALS' ADJUSTED GROSS INCOME EXCEEDS  
26 TWENTY-FIVE THOUSAND DOLLARS; OR

27 (f) LESS THAN THREE PERCENT, NO CREDIT IS ALLOWED PURSUANT  
28 TO THIS SECTION.

29 (7) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
30 1, 2025, THE DEPARTMENT OF REVENUE SHALL ADJUST THE FEDERAL  
31 ADJUSTED GROSS INCOME AMOUNTS SET FORTH IN THIS SECTION TO  
32 REFLECT INFLATION FOR EACH INCOME TAX YEAR IN WHICH THE CREDIT  
33 DESCRIBED IN THIS SECTION IS ALLOWED IF CUMULATIVE INFLATION SINCE  
34 THE LAST ADJUSTMENT, WHEN APPLIED TO THE CURRENT LIMITS, RESULTS  
35 IN AN INCREASE OF AT LEAST ONE THOUSAND DOLLARS WHEN THE  
36 ADJUSTED LIMITS ARE ROUNDED TO THE NEAREST ONE THOUSAND  
37 DOLLARS.

38 (8) IN THE CASE OF A PART-YEAR RESIDENT, THE CREDIT ALLOWED  
39 UNDER THIS SECTION IS APPORTIONED IN THE RATIO DETERMINED UNDER  
40 SECTION 39-22-110 (1).

41 (9) THE CREDIT ALLOWED UNDER THIS SECTION IS NOT  
42 CONSIDERED TO BE INCOME OR RESOURCES FOR THE PURPOSE OF  
43 DETERMINING ELIGIBILITY FOR THE PAYMENT OF PUBLIC ASSISTANCE  
44 BENEFITS AND MEDICAL ASSISTANCE BENEFITS AUTHORIZED UNDER STATE  
45 LAW OR FOR A PAYMENT MADE UNDER ANY OTHER PUBLICLY FUNDED

1 PROGRAMS.

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

5 (11) THE DEPARTMENT OF REVENUE IS AUTHORIZED AND  
6 ENCOURAGED TO DEVELOP A MEANS OF PAYING THE CREDITS ALLOWED BY  
7 THIS SECTION TO RESIDENT INDIVIDUALS WHO QUALIFY FOR THE CREDITS  
8 IN TWELVE EQUAL MONTHLY PAYMENTS RATHER THAN ANNUALLY.

9 (12) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2037.

10 **SECTION 2. Act subject to petition - effective date.** This act  
11 takes effect at 12:01 a.m. on the day following the expiration of the  
12 ninety-day period after final adjournment of the general assembly; except  
13 that, if a referendum petition is filed pursuant to section 1 (3) of article V  
14 of the state constitution against this act or an item, section, or part of this  
15 act within such period, then the act, item, section, or part will not take  
16 effect unless approved by the people at the general election to be held in  
17 November 2024 and, in such case, will take effect on the date of the  
18 official declaration of the vote thereon by the governor."."

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