

Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 22-0562.02 Megan McCall x4215

HOUSE BILL 22-1127

HOUSE SPONSORSHIP

Woog,

SENATE SPONSORSHIP

(None),

House Committees
Finance

Senate Committees

A BILL FOR AN ACT

101 CONCERNING THE CREATION OF AN INCOME TAX DEDUCTION FOR RENT
102 PAID.

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 bill creates an income tax deduction of up to \$17,500 for tenants with taxable income under \$40,000 for an individual or under \$80,000 for a head-of-household or a married couple for rent paid on a rental residence in Colorado.

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.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-22-104, **add**
3 (4)(bb) as follows:

4 **39-22-104. Income tax imposed on individuals, estates, and**
5 **trusts - single rate - report - rules - legislative declarations -**
6 **definitions - repeal.** (4) There shall be subtracted from federal taxable
7 income:

8 (bb) (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
9 JANUARY 1, 2023, AN AMOUNT EQUAL TO THE AMOUNT OF RENT PAID BY
10 A QUALIFIED TENANT TO A LANDLORD FOR THE TENANT'S PRIMARY
11 RESIDENCE IN THE STATE DURING THE INCOME TAX YEAR UP TO
12 SEVENTEEN THOUSAND FIVE HUNDRED DOLLARS.

13 (II) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH
14 REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE
15 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
16 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY HEREBY FINDS AND
17 DECLARES THAT:

18 (A) THE GENERAL LEGISLATIVE PURPOSE OF THE INCOME TAX
19 DEDUCTION ALLOWED BY THIS SUBSECTION (4)(bb) IS TO PROVIDE TAX
20 RELIEF FOR CERTAIN BUSINESSES OR INDIVIDUALS, SPECIFICALLY ANY
21 TENANT WHO IS A NATURAL PERSON AND WHO PAYS RENT TO A LANDLORD
22 IN EXCHANGE FOR THE RIGHT TO OCCUPY RESIDENTIAL REAL PROPERTY AS
23 THE TENANT'S PRIMARY RESIDENCE AND HAS AN INDIVIDUAL OR
24 HOUSEHOLD TAXABLE INCOME UNDER A THRESHOLD AMOUNT. THE
25 SPECIFIC LEGISLATIVE PURPOSE OF THE INCOME TAX DEDUCTION ALLOWED
26 BY THIS SUBSECTION (4)(bb) IS TO MAKE RENTAL HOUSING MORE
27 AFFORDABLE FOR RENTERS BY PERMITTING A TENANT TO CLAIM A

1 DEDUCTION ON THEIR INCOME TAXES WHILE KEEPING RENTAL PROPERTY
2 OWNERS WHOLE.

3 (B) IN ORDER TO ALLOW THE GENERAL ASSEMBLY AND THE STATE
4 AUDITOR TO MEASURE THE EFFECTIVENESS OF THIS TAX EXPENDITURE, THE
5 DEPARTMENT OF REVENUE, WHEN ADMINISTERING THE DEDUCTION, SHALL
6 MAINTAIN AN ACCOUNTING OF THE TOTAL NUMBER OF TAXPAYERS WHO
7 CLAIM THE DEDUCTION IN A TAX YEAR AND THE AGGREGATE TOTAL
8 AMOUNT OF THE TAX DEDUCTION CLAIMED IN A TAX YEAR AND SHALL
9 PROVIDE THE INFORMATION UPON REQUEST OF THE GENERAL ASSEMBLY
10 OR THE STATE AUDITOR.

11 (III) TO CLAIM THE DEDUCTION ALLOWED IN THIS SUBSECTION
12 (4)(bb), A QUALIFIED TENANT SHALL ATTACH TO THE QUALIFIED TENANT'S
13 RETURN A COPY OF THE LEASE OR RENT AGREEMENT BETWEEN THE
14 QUALIFIED TENANT AND THE LANDLORD FOR THE RESIDENCE AND
15 CERTIFICATION FROM THE LANDLORD AFFIRMING THAT THE AMOUNT PAID
16 BY THE QUALIFYING TENANT WAS MADE IN ACCORDANCE WITH THE
17 AGREEMENT.

18 (IV) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
19 REQUIRES:

20 (A) "LANDLORD" HAS THE SAME MEANING AS SET FORTH IN
21 SECTION 38-12-502 (5).

22 (B) "QUALIFIED TENANT" MEANS A RESIDENT INDIVIDUAL WHO IS
23 A TENANT WHO RENTS HIS OR HER PRIMARY RESIDENCE FROM A LANDLORD
24 AND HAS TAXABLE INCOME BELOW FORTY THOUSAND DOLLARS IF FILING
25 AN INDIVIDUAL RETURN OR BELOW EIGHTY THOUSAND DOLLARS IF FILING
26 A JOINT RETURN.

27 (C) "TENANT" HAS THE SAME MEANING AS SET FORTH IN SECTION

1 38-12-502 (9).

2 **SECTION 2.** In Colorado Revised Statutes, 39-21-304, **amend**
3 (4) as follows:

4 **39-21-304. Tax expenditure - tax preference performance**
5 **statement - tax expenditure repeal requirement.** (4) On and after
6 January 1, 2021, EXCEPT AS OTHERWISE PROVIDED IN SECTION 39-22-104
7 (4)(bb), any bill that creates a new tax expenditure must include a repeal
8 of the expenditure after a specified period of tax years and any bill that
9 extends an expiring tax expenditure must extend the expenditure for a
10 specified period of tax years. A bill that creates a new tax expenditure or
11 extends an expiring tax expenditure may not establish the tax expenditure
12 for an indefinite period of time.

13 **SECTION 3. Act subject to petition - effective date.** This act
14 takes effect at 12:01 a.m. on the day following the expiration of the
15 ninety-day period after final adjournment of the general assembly; except
16 that, if a referendum petition is filed pursuant to section 1 (3) of article V
17 of the state constitution against this act or an item, section, or part of this
18 act within such period, then the act, item, section, or part will not take
19 effect unless approved by the people at the general election to be held in
20 November 2022 and, in such case, will take effect on the date of the
21 official declaration of the vote thereon by the governor.