

SENATE COMMITTEE OF REFERENCE REPORT

Chairman of Committee

April 3, 2013
Date

Committee on State, Veterans, & Military Affairs.

After consideration on the merits, the Committee recommends the following:

SB13-001 be amended as follows, and as so amended, be referred to the Committee on Appropriations with favorable recommendation:

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

3 "SECTION 1. **Short title.** This act shall be known and may be
4 cited as the "Colorado Working Families Economic Opportunity Act of
5 2013".

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

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

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

14 39-22-123.5. **Earned income tax credit - not a refund of excess**
15 **state revenues - trigger - legislative declaration.** (1) THE GENERAL
16 ASSEMBLY HEREBY FINDS AND DECLARES THAT:

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

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

24 (c) SINCE ITS ESTABLISHMENT IN 1975, THE CREDIT HAS INCREASED
25 FAMILY INCOME, REDUCED CHILD POVERTY, AND PROMOTED EMPLOYMENT

1 BY SUPPLEMENTING THE EARNINGS OF LOW-WAGE WORKERS, INCLUDING
2 MILITARY FAMILIES;

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

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

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

14 (g) THE COLORADO EARNED INCOME TAX CREDIT HAS NOT BEEN
15 IN EFFECT SINCE 2001 BECAUSE THE REFUND HAS NOT BEEN TRIGGERED;
16 AND

17 (h) NOW, THEREFORE, IT IS THE INTENT OF THE GENERAL
18 ASSEMBLY TO ESTABLISH A PERMANENT AND REFUNDABLE STATE EARNED
19 INCOME TAX CREDIT FOR ELIGIBLE COLORADO TAXPAYERS, WHICH IS
20 EQUAL TO A PERCENTAGE OF THE FEDERAL EARNED INCOME TAX CREDIT.
21 THE INTENDED PURPOSE OF THIS CREDIT IS TO HELP INDIVIDUALS AND
22 FAMILIES ACHIEVE GREATER FINANCIAL SECURITY AND TO HELP
23 COLORADO'S ECONOMY.

24 (2) FOR AN INCOME TAX YEAR SPECIFIED IN PARAGRAPH (a) OF
25 SUBSECTION (3) OF THIS SECTION, A RESIDENT INDIVIDUAL WHO CLAIMS AN
26 EARNED INCOME TAX CREDIT ON THE INDIVIDUAL'S FEDERAL TAX RETURN
27 IS ALLOWED AN EARNED INCOME TAX CREDIT AGAINST THE TAXES DUE
28 UNDER THIS ARTICLE. THE AMOUNT OF THE CREDIT IS A PORTION OF THE
29 FEDERAL CREDIT CLAIMED ON THE RESIDENT INDIVIDUAL'S FEDERAL TAX
30 RETURN THAT DEPENDS ON THE YEAR IN WHICH IT IS CLAIMED. THE CREDIT
31 IS EQUAL TO SEVEN PERCENT OF THE FEDERAL CREDIT FOR THE FIRST
32 INCOME TAX YEAR THAT THE CREDIT IS ALLOWED AS A RESULT OF THE
33 OPERATION OF SUBSECTION (3) OF THIS SECTION, EIGHT AND ONE-HALF
34 PERCENT FOR THE NEXT INCOME TAX YEAR, AND TEN PERCENT OF THE
35 FEDERAL CREDIT FOR ALL INCOME TAX YEARS THEREAFTER.

36 (3) (a) IF THE ESTIMATE OF GROSS GENERAL FUND REVENUE FOR
37 THE FISCAL YEAR 2013-14, OR THE NEXT TWO FISCAL YEARS THEREAFTER,
38 INCREASES BY AT LEAST ONE HUNDRED MILLION DOLLARS FROM THE
39 MARCH ESTIMATE THAT PRECEDES THE FISCAL YEAR TO ANY OF THE NEXT
40 FOUR QUARTERLY ESTIMATES AFTER THE MARCH ESTIMATE, THE TAX
41 CREDIT ALLOWED UNDER THIS SECTION MAY BE CLAIMED FOR ANY INCOME

1 TAX YEAR COMMENCING ON OR AFTER JANUARY 1 OF THE FISCAL YEAR
2 FOR WHICH THE ESTIMATE INCREASED.

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

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

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

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

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

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

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

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

35 (II) SINCE ITS ESTABLISHMENT AT THE FEDERAL LEVEL IN 1997,
36 THE CREDIT HAS INCREASED FAMILY INCOME, REDUCED CHILD POVERTY
37 AMONG FAMILIES WITH CHILDREN, AND SUPPORTED LOCAL ECONOMIES;
38 AND

39 (III) THE CREDIT HAS A POSITIVE IMPACT ON THE EARLY
40 CHILDHOOD DEVELOPMENT AND HEALTH OF CHILDREN WHOSE FAMILIES
41 GAIN INCOME FROM THE CREDIT.

1 (b) NOW, THEREFORE, IT IS THE INTENT OF THE GENERAL
2 ASSEMBLY TO ESTABLISH A PERMANENT AND REFUNDABLE STATE CHILD
3 TAX CREDIT FOR ELIGIBLE COLORADO TAXPAYERS, WHICH IS EQUAL TO A
4 PERCENTAGE OF THE FEDERAL CREDIT BASED ON A FAMILY'S ADJUSTED
5 GROSS INCOME. THE INTENDED PURPOSE OF THIS CREDIT IS TO SUPPORT
6 COLORADO WORKING FAMILIES WITH YOUNG CHILDREN, REDUCE CHILD
7 POVERTY, AND TO HELP COLORADO'S ECONOMY.

8 (2) AS USED IN THIS SECTION:

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

12 (b) "FEDERAL CHILD TAX CREDIT" MEANS THE CHILD TAX CREDIT
13 ALLOWED UNDER SECTION 24 OF THE INTERNAL REVENUE CODE, OR ANY
14 SUCCESSOR SECTION, AND INCLUDES THE REFUNDABLE PORTION OF THE
15 TAX CREDIT, WHICH PORTION IS REFERRED TO AS THE ADDITIONAL CHILD
16 CREDIT.

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

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

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

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

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

38 (II) A RESIDENT INDIVIDUAL WHO FILES A SINGLE RETURN AND
39 WHOSE FEDERAL ADJUSTED GROSS INCOME IS GREATER THAN
40 SEVENTY-FIVE THOUSAND DOLLARS IS NOT ALLOWED A CREDIT UNDER
41 THIS SECTION.

1 (c) (I) FOR TWO RESIDENT INDIVIDUALS WHO FILE A JOINT RETURN,
2 THE AMOUNT OF THE CREDIT IS EQUAL TO:
3 (A) THIRTY PERCENT OF THE FEDERAL CHILD TAX CREDIT THAT
4 THE RESIDENT INDIVIDUALS CLAIMED ON THEIR FEDERAL TAX RETURN FOR
5 EACH ELIGIBLE CHILD, IF THE INDIVIDUALS' FEDERAL ADJUSTED GROSS
6 INCOME IS THIRTY-FIVE THOUSAND DOLLARS OR LESS;
7 (B) FIFTEEN PERCENT OF THE FEDERAL CHILD TAX CREDIT THAT
8 THE RESIDENT INDIVIDUALS CLAIMED ON THEIR FEDERAL TAX RETURN FOR
9 EACH ELIGIBLE CHILD, IF THE INDIVIDUALS' FEDERAL ADJUSTED GROSS
10 INCOME IS GREATER THAN THIRTY-FIVE THOUSAND DOLLARS BUT LESS
11 THAN OR EQUAL TO SIXTY THOUSAND DOLLARS; AND
12 (C) FIVE PERCENT OF THE FEDERAL CHILD TAX CREDIT THAT THE
13 RESIDENT INDIVIDUALS CLAIMED ON THEIR FEDERAL TAX RETURN FOR
14 EACH ELIGIBLE CHILD, IF THE INDIVIDUALS' FEDERAL ADJUSTED GROSS
15 INCOME IS GREATER THAN SIXTY THOUSAND DOLLARS BUT LESS THAN OR
16 EQUAL TO EIGHTY-FIVE THOUSAND DOLLARS.
17 (II) TWO RESIDENT INDIVIDUALS WHO FILE A JOINT RETURN AND
18 WHOSE FEDERAL ADJUSTED GROSS INCOME IS GREATER THAN EIGHTY-FIVE
19 THOUSAND DOLLARS ARE NOT ALLOWED A CREDIT UNDER THIS SECTION.
20 (4) (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.
28 (b) FOR PURPOSES OF PARAGRAPH (a) OF THIS SUBSECTION (4), ALL
29 OF THE ESTIMATES OF GROSS GENERAL FUND REVENUE FOR A GIVEN FISCAL
30 YEAR ARE SOLELY FROM LEGISLATIVE COUNCIL STAFF OR THE OFFICE OF
31 STATE PLANNING AND BUDGETING, WHICHEVER AGENCY HAS THE LOWER
32 MARCH ESTIMATE FOR THE FISCAL YEAR.
33 (c) IF THE ESTIMATE OF GROSS GENERAL FUND REVENUE HAS
34 INCREASED ENOUGH TO TRIGGER THE TAX CREDIT, LEGISLATIVE COUNCIL
35 STAFF OR THE OFFICE OF STATE PLANNING AND BUDGETING, DEPENDING ON
36 PARAGRAPH (b) OF THIS SUBSECTION (3), SHALL CERTIFY SUCH FACT IN THE
37 APPLICABLE QUARTERLY ESTIMATE.
38 (5) THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION
39 THAT EXCEEDS THE RESIDENT INDIVIDUAL'S INCOME TAXES DUE IS
40 REFUNDED TO THE INDIVIDUAL.

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

4 (7) THE CREDIT ALLOWED UNDER THIS SECTION IS NOT
5 CONSIDERED TO BE INCOME OR RESOURCES FOR THE PURPOSE OF
6 DETERMINING ELIGIBILITY FOR THE PAYMENT OF PUBLIC ASSISTANCE
7 BENEFITS AND MEDICAL ASSISTANCE BENEFITS AUTHORIZED UNDER STATE
8 LAW OR FOR A PAYMENT MADE UNDER ANY OTHER PUBLICLY FUNDED
9 PROGRAMS.

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

12 **39-22-627. Temporary adjustment of rate of income tax -**
13 **refund of excess state revenues - authority of executive director.**
14 (9) IF, BY OPERATION OF SECTION 39-22-123 (6), EXCESS STATE REVENUES
15 ARE NO LONGER REFUNDED THROUGH AN EARNED INCOME TAX CREDIT,
16 THE TOTAL OF THE ADJUSTED AMOUNT SET FORTH IN SECTION 39-22-123
17 (4) (c) IS NOT ADDED TO THE ESTIMATED AMOUNT BY WHICH STATE
18 REVENUES WOULD BE DECREASED AS THE RESULT OF A REDUCTION IN THE
19 STATE INCOME TAX RATE FOR PURPOSES OF THE CALCULATIONS SET FORTH
20 IN PARAGRAPH (b) OF SUBSECTION (1) AND SUBSECTIONS (3) AND (6) OF
21 THIS SECTION.

22 **SECTION 6. Act subject to petition - effective date.** This act
23 takes effect at 12:01 a.m. on the day following the expiration of the
24 ninety-day period after final adjournment of the general assembly (August
25 7, 2013, if adjournment sine die is on May 8, 2013); except that, if a
26 referendum petition is filed pursuant to section 1 (3) of article V of the
27 state constitution against this act or an item, section, or part of this act
28 within such period, then the act, item, section, or part will not take effect
29 unless approved by the people at the general election to be held in
30 November 2014 and, in such case, will take effect on the date of the
31 official declaration of the vote thereon by the governor."

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