

First Regular Session
Sixty-third General Assembly
STATE OF COLORADO

PREAMENDED

LLS NO. 01-0156.02 Julie Hoerner

HOUSE BILL 01-1110

HOUSE SPONSORSHIP

Mace, and Lawrence

SENATE SPONSORSHIP

Evans, and Hagedorn

House Committees

Health, Environment, Welfare, & Institutions
Finance

Senate Committees

A BILL FOR AN ACT

101 CONCERNING A CREDIT AGAINST STATE INCOME TAXES FOR
102 PRESCRIPTION MEDICATIONS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Health Care Task Force. Creates a credit against state income taxes for prescription medications in the actual amount expended up to \$500 per individual or \$1,000 per couple who have a Colorado adjusted income level of \$20,000 or less for an individual or \$40,000 for a couple and who do not have health insurance, medicare, or medicaid assistance for prescription medications. Allows individuals who have a Colorado adjusted income level of greater than \$20,000 or \$40,000 per couple to claim the credit, but requires the amount that may be claimed to be

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.

reduced by \$2 for every \$100 the person's income exceeds \$20,000 or \$40,000 respectively. Ties the tax credit to the excess revenues of the state.

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

2 **SECTION 1.** Part 1 of article 22 of title 39, Colorado Revised
3 Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

4 **39-22-127. Prescription medication credit.** (1) EXCEPT AS
5 OTHERWISE PROVIDED IN THIS SUBSECTION (1) AND IN SUBSECTION (3) OF
6 THIS SECTION, FOR INCOME TAX YEARS COMMENCING ON OR AFTER
7 JANUARY 1, 2001, IF, BASED ON THE FINANCIAL REPORT PREPARED BY THE
8 CONTROLLER IN ACCORDANCE WITH SECTION 24-77-106.5, C.R.S., THE
9 CONTROLLER CERTIFIES THAT THE AMOUNT OF STATE REVENUES FOR THE
10 STATE FISCAL YEAR ENDING IN THAT INCOME TAX YEAR EXCEEDS THE
11 LIMITATIONS ON STATE FISCAL YEAR SPENDING IMPOSED BY SECTION 20 (7)
12 (a) OF ARTICLE X OF THE STATE CONSTITUTION AND THE VOTERS
13 STATEWIDE HAVE EITHER NOT AUTHORIZED THE STATE TO RETAIN AND
14 SPEND ALL OF THE EXCESS STATE REVENUES OR HAVE AUTHORIZED THE
15 STATE TO RETAIN AND SPEND ONLY A PORTION OF THE EXCESS STATE
16 REVENUES FOR THAT FISCAL YEAR, THERE SHALL BE ALLOWED TO ANY
17 QUALIFIED INDIVIDUAL, A CREDIT AGAINST THE INCOME TAXES DUE
18 ON THE INDIVIDUAL'S INCOME UNDER THIS ARTICLE. THE CREDIT SHALL BE
19 AN AMOUNT EQUAL TO THE AMOUNT UNREIMBURSED FOR ANY
20 PRESCRIPTION MEDICATION DURING THE TAXABLE YEAR FOR WHICH THE
21 CREDIT IS CLAIMED UP TO FIVE HUNDRED DOLLARS FOR AN INDIVIDUAL.
22 THE CREDIT FOR A MARRIED COUPLE FILING A JOINT RETURN SHALL BE THE
23 UNREIMBURSED AMOUNT OF THE PRESCRIPTION MEDICATIONS UP TO ONE
24 THOUSAND DOLLARS.

1 (2) (a) ANY STATE INCOME TAX CREDIT ALLOWED PURSUANT TO
2 THIS SECTION SHALL BE PUBLISHED IN RULES PROMULGATED BY THE
3 EXECUTIVE DIRECTOR OF THE DEPARTMENT OF REVENUE IN ACCORDANCE
4 WITH ARTICLE 4 OF TITLE 24, C.R.S., AND SHALL BE INCLUDED IN INCOME
5 TAX FORMS FOR THAT TAXABLE YEAR.

6 (b) IF ONE OR MORE BALLOT QUESTIONS THAT SEEK AUTHORIZATION
7 FOR THE STATE TO RETAIN AND SPEND ALL OR ANY PORTION OF THE
8 AMOUNT OF EXCESS STATE REVENUES FOR THE IMMEDIATELY PRECEDING
9 FISCAL YEAR ARE SUBMITTED TO THE VOTERS AT A STATEWIDE ELECTION
10 TO BE HELD ON OR AFTER JANUARY 1, 2001, THE EXECUTIVE DIRECTOR OF
11 THE DEPARTMENT OF REVENUE SHALL NOT PUBLISH RULES CONTAINING
12 ANY STATE INCOME TAX CREDIT ALLOWED PURSUANT TO THIS SECTION
13 UNTIL SUCH RULES ARE ABLE TO REFLECT THE IMPACT OF THE RESULTS OF
14 SUCH ELECTION ON THE STATE INCOME TAX CREDIT ALLOWED PURSUANT TO
15 THIS SECTION.

16 (c) THE GENERAL ASSEMBLY HEREBY FINDS, DETERMINES, AND
17 DECLARES THAT THE TAX CREDIT CREATED IN THIS SECTION IS A
18 REASONABLE METHOD OF REFUNDING EXCESS STATE REVENUES.

19 (3) (a) IF, BASED ON THE FINANCIAL REPORT PREPARED BY THE
20 CONTROLLER IN ACCORDANCE WITH SECTION 24-77-106.5, C.R.S., THE
21 CONTROLLER CERTIFIES THAT THE AMOUNT OF STATE REVENUES FOR THE
22 STATE FISCAL YEAR COMMENCING ON JULY 1, 2001, EXCEEDS THE
23 LIMITATION ON STATE FISCAL YEAR SPENDING IMPOSED BY SECTION 20 (7)
24 (a) OF ARTICLE X OF THE STATE CONSTITUTION FOR THAT FISCAL YEAR BY
25 LESS THAN _____ DOLLARS, THEN THE CREDIT AUTHORIZED BY
26 SUBSECTION (1) OF THIS SECTION SHALL NOT BE ALLOWED FOR THE INCOME
27 TAX YEAR COMMENCING ON JANUARY 1, 2003.

1 (b) IF, BASED ON THE FINANCIAL REPORT PREPARED BY THE
2 CONTROLLER IN ACCORDANCE WITH SECTION 24-77-106.5, C.R.S., THE
3 CONTROLLER CERTIFIES THAT THE AMOUNT OF STATE REVENUES FOR ANY
4 STATE FISCAL YEAR COMMENCING ON OR AFTER JULY 1, 2002, EXCEEDS
5 THE LIMITATION ON STATE FISCAL YEAR SPENDING IMPOSED BY SECTION 20
6 (7) (a) OF ARTICLE X OF THE STATE CONSTITUTION FOR THAT FISCAL YEAR
7 BY LESS THAN _____ DOLLARS, AS ADJUSTED PURSUANT TO
8 PARAGRAPH (c) OF THIS SUBSECTION (3), THEN THE CREDIT AUTHORIZED BY
9 SUBSECTION (1) OF THIS SECTION SHALL NOT BE ALLOWED FOR THE INCOME
10 TAX YEAR IN WHICH THE STATE FISCAL YEAR ENDED.

11 (c) (I) NO LATER THAN OCTOBER 1 OF ANY GIVEN CALENDAR YEAR
12 COMMENCING ON OR AFTER JANUARY 1, 2002, THE EXECUTIVE DIRECTOR
13 SHALL ANNUALLY ADJUST THE DOLLAR AMOUNT SPECIFIED IN PARAGRAPH
14 (b) OF THIS SUBSECTION (3) TO REFLECT THE RATE OF GROWTH OF
15 COLORADO PERSONAL INCOME FOR THE CALENDAR YEAR IMMEDIATELY
16 PRECEDING THE CALENDAR YEAR IN WHICH SUCH ADJUSTMENT IS MADE.
17 FOR PURPOSES OF THIS SUBPARAGRAPH (I), THE "RATE OF GROWTH OF
18 COLORADO PERSONAL INCOME" MEANS THE PERCENTAGE CHANGE
19 BETWEEN THE MOST RECENTLY PUBLISHED ANNUAL ESTIMATE OF TOTAL
20 PERSONAL INCOME FOR COLORADO, AS DEFINED AND OFFICIALLY
21 REPORTED BY THE BUREAU OF ECONOMIC ANALYSIS IN THE UNITED STATES
22 DEPARTMENT OF COMMERCE, FOR THE CALENDAR YEAR IMMEDIATELY
23 PRECEDING THE CALENDAR YEAR IN WHICH THE ADJUSTMENT IS MADE AND
24 THE MOST RECENTLY PUBLISHED ANNUAL ESTIMATE OF TOTAL PERSONAL
25 INCOME FOR COLORADO, AS DEFINED AND OFFICIALLY REPORTED BY THE
26 BUREAU OF ECONOMIC ANALYSIS IN THE UNITED STATES DEPARTMENT OF
27 COMMERCE, FOR THE CALENDAR YEAR PRIOR TO THE CALENDAR YEAR

1 IMMEDIATELY PRECEDING THE CALENDAR YEAR IN WHICH THE ADJUSTMENT
2 IS MADE.

3 (II) UPON CALCULATING THE ADJUSTMENT OF THE DOLLAR AMOUNT
4 IN ACCORDANCE WITH SUBPARAGRAPH (I) OF THIS PARAGRAPH (c), THE
5 EXECUTIVE DIRECTOR SHALL NOTIFY IN WRITING THE EXECUTIVE
6 COMMITTEE OF THE LEGISLATIVE COUNCIL, CREATED PURSUANT TO SECTION
7 2-3-301 (1), C.R.S., OF THE ADJUSTED DOLLAR AMOUNT AND THE BASIS
8 FOR THE ADJUSTMENT. SUCH WRITTEN NOTIFICATION SHALL BE GIVEN
9 WITHIN FIVE WORKING DAYS AFTER SUCH CALCULATION IS COMPLETED,
10 BUT SUCH WRITTEN NOTIFICATION SHALL BE GIVEN NO LATER THAN
11 OCTOBER 1 OF THE CALENDAR YEAR.

12 (III) IT IS THE FUNCTION OF THE EXECUTIVE COMMITTEE OF THE
13 LEGISLATIVE COUNCIL TO REVIEW AND APPROVE OR DISAPPROVE THE
14 ADJUSTMENT OF THE DOLLAR AMOUNT CALCULATED BY THE EXECUTIVE
15 DIRECTOR PURSUANT TO THIS PARAGRAPH (c) WITHIN TWENTY DAYS AFTER
16 RECEIPT OF THE WRITTEN NOTIFICATION FROM THE EXECUTIVE DIRECTOR.
17 ANY ADJUSTMENT THAT IS NOT APPROVED OR DISAPPROVED BY THE
18 EXECUTIVE COMMITTEE WITHIN THE TWENTY DAYS SHALL BE
19 AUTOMATICALLY APPROVED; EXCEPT THAT, IF THE EXECUTIVE COMMITTEE
20 SCHEDULES A HEARING ON SUCH ADJUSTMENT WITHIN THE TWENTY-DAY
21 PERIOD, SUCH AUTOMATIC APPROVAL SHALL NOT OCCUR UNLESS THE
22 EXECUTIVE COMMITTEE DOES NOT APPROVE OR DISAPPROVE SUCH
23 ADJUSTMENT AFTER THE CONCLUSION OF SUCH HEARING. ANY HEARING
24 CONDUCTED BY THE EXECUTIVE COMMITTEE PURSUANT TO THIS
25 SUBPARAGRAPH (III) SHALL BE CONCLUDED NO LATER THAN TWENTY-FIVE
26 DAYS AFTER RECEIPT OF THE WRITTEN NOTIFICATION FROM THE EXECUTIVE
27 DIRECTOR PURSUANT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH (c).

1 (IV) (A) IF THE EXECUTIVE COMMITTEE OF THE LEGISLATIVE
2 COUNCIL DISAPPROVES ANY ADJUSTMENT OF THE DOLLAR AMOUNT
3 CALCULATED BY THE EXECUTIVE DIRECTOR PURSUANT TO THIS PARAGRAPH
4 (c), THE EXECUTIVE COMMITTEE SHALL SPECIFY SUCH ADJUSTED DOLLAR
5 AMOUNT TO BE UTILIZED BY THE EXECUTIVE DIRECTOR. ANY ADJUSTED
6 DOLLAR AMOUNT SPECIFIED BY THE EXECUTIVE COMMITTEE PURSUANT TO
7 THIS SUB-SUBPARAGRAPH (A) SHALL BE CALCULATED IN ACCORDANCE
8 WITH THE PROVISIONS OF THIS PARAGRAPH (c).

9 (B) FOR THE PURPOSE OF DETERMINING WHETHER THE CREDIT
10 AUTHORIZED BY SUBSECTION (1) OF THIS SECTION IS TO BE ALLOWED FOR
11 ANY GIVEN INCOME TAX YEAR, THE EXECUTIVE DIRECTOR SHALL NOT
12 UTILIZE ANY ADJUSTED DOLLAR AMOUNT THAT HAS NOT BEEN APPROVED
13 PURSUANT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH (c) OR OTHERWISE
14 SPECIFIED PURSUANT TO SUB-SUBPARAGRAPH (A) OF THIS SUBPARAGRAPH
15 (IV).

16 (V) IF ONE OR MORE BALLOT QUESTIONS ARE SUBMITTED TO THE
17 VOTERS AT A STATEWIDE ELECTION TO BE HELD IN NOVEMBER OF ANY
18 CALENDAR YEAR COMMENCING ON OR AFTER JANUARY 1, 2001, THAT SEEK
19 AUTHORIZATION FOR THE STATE TO RETAIN AND SPEND ALL OR ANY
20 PORTION OF THE AMOUNT OF EXCESS STATE REVENUES FOR THE STATE
21 FISCAL YEAR ENDING DURING SUCH CALENDAR YEAR, THE EXECUTIVE
22 DIRECTOR SHALL NOT DETERMINE WHETHER THE CREDIT AUTHORIZED BY
23 SUBSECTION (1) OF THIS SECTION SHALL BE ALLOWED AND SHALL NOT
24 PROMULGATE RULES CONTAINING SUCH CREDIT UNTIL THE IMPACT OF THE
25 RESULTS OF THE ELECTION ON THE AMOUNT OF THE EXCESS STATE
26 REVENUES TO BE REFUNDED IS ASCERTAINED.

27 (4) (a) (I) AN INDIVIDUAL SHALL BE ENTITLED TO THE MAXIMUM

1 CREDIT ALLOWED PURSUANT TO THIS SECTION IF THE INDIVIDUAL HAS A
2 FEDERAL ADJUSTED GROSS INCOME OF TWENTY THOUSAND DOLLARS OR
3 LESS.

4 (II) A MARRIED COUPLE SHALL BE ENTITLED TO THE MAXIMUM
5 CREDIT ALLOWED PURSUANT TO THIS SECTION IF THE COUPLE HAS A
6 FEDERAL ADJUSTED GROSS INCOME OF FORTY THOUSAND DOLLARS OR LESS.

7 (b) (I) AN INDIVIDUAL WHO HAS A FEDERAL ADJUSTED GROSS
8 INCOME OF MORE THAN TWENTY THOUSAND DOLLARS SHALL BE ENTITLED
9 TO A CREDIT EQUAL TO THE MAXIMUM CREDIT ALLOWED BY THIS SECTION
10 REDUCED BY TWO DOLLARS FOR EVERY HUNDRED DOLLARS SUCH
11 INDIVIDUAL'S INCOME EXCEEDS TWENTY THOUSAND DOLLARS.

12 (II) A MARRIED COUPLE WHO HAS A FEDERAL ADJUSTED GROSS
13 INCOME OF MORE THAN FORTY THOUSAND DOLLARS SHALL BE ENTITLED TO
14 A CREDIT EQUAL TO THE MAXIMUM CREDIT ALLOWED BY THIS SECTION
15 REDUCED BY TWO DOLLARS FOR EVERY HUNDRED DOLLARS SUCH COUPLE'S
16 INCOME EXCEEDS FORTY THOUSAND DOLLARS.

17 (5) IF THE CREDIT ALLOWED UNDER SUBSECTION (1) OF THIS
18 SECTION EXCEEDS THE INCOME TAXES DUE ON THE RESIDENT INDIVIDUAL'S
19 OR RESIDENT COUPLE'S INCOME, THE AMOUNT OF THE CREDIT NOT USED TO
20 OFFSET INCOME TAXES SHALL NOT BE CARRIED FORWARD AS TAX CREDITS
21 AGAINST THE RESIDENT INDIVIDUAL'S OR RESIDENT COUPLE'S SUBSEQUENT
22 YEARS' INCOME TAX LIABILITY AND SHALL BE REFUNDED TO THE
23 INDIVIDUAL OR COUPLE.

24 (6) FOR THE PURPOSES OF THIS SECTION, UNLESS THE CONTEXT
25 OTHERWISE REQUIRES:

26 (a) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

1 (b) "QUALIFIED INDIVIDUAL" MEANS ANY INDIVIDUAL WHO IS A
2 RESIDENT OF COLORADO, SIXTY-FIVE YEARS OF AGE OR OLDER, AND WHO
3 INCURS AN EXPENSE THAT IS NOT REIMBURSED OR COVERED THROUGH:

4 (I) A HEALTH BENEFIT PLAN AS DEFINED IN SECTION 10-16-102,
5 C.R.S.;

6 (II) MEDICARE WITH INCOME AND RESOURCES AT A LEVEL THAT
7 QUALIFIES SUCH INDIVIDUAL AS ELIGIBLE UNDER SECTION 301 OF TITLE III
8 OF THE FEDERAL "MEDICARE CATASTROPHIC COVERAGE ACT OF 1988", AS
9 AMENDED, OR SUBSEQUENT FEDERAL LEGISLATION; OR

10 (III) MEDICAID.

11 **SECTION 2. Effective date.** This act shall take effect at 12:01
12 a.m. on the day following the expiration of the ninety-day period after
13 final adjournment of the general assembly that is allowed for submitting
14 a referendum petition pursuant to article V, section 1 (3) of the state
15 constitution; except that, if a referendum petition is filed against this act
16 or an item, section, or part of this act within such period, then the act,
17 item, section, or part, if approved by the people, shall take effect on the
18 date of the official declaration of the vote thereon by proclamation of the
19 governor.