

Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 26-0316.01 Jed Franklin x5484

SENATE BILL 26-029

SENATE SPONSORSHIP

Carson,

HOUSE SPONSORSHIP

(None),

Senate Committees
State, Veterans, & Military Affairs

House Committees

A BILL FOR AN ACT

101 **CONCERNING AN INCOME TAX CREDIT FOR A CONTRIBUTION TO A**
102 **HEALTH SAVINGS ACCOUNT.**

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 credit for a resident individual's contributions to a health savings account that supports a high deductible health plan, as defined pursuant to federal law (credit). The credit is an amount equal to 25% of the amount of the contribution, limited to:

- \$500 for a single filer;
- \$1,000 for joint filers; and

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

- \$1,500 for contributions to a family health plan.

The credit is available beginning January 1, 2027, through December 31, 2032.

If the credit exceeds the income taxes due on the resident individual's income, the amount of the credit not used to offset income taxes is not carried forward as tax credits against the resident individual's subsequent years' income tax liability and is not refunded to the individual.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** 39-22-131 as
3 follows:

4 **39-22-131. Tax credit for contributions to a health savings
5 account - high deductible insurance plan - tax preference
6 performance statement - legislative declaration - repeal.**

7 (1) (a) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH
8 REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE
9 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
10 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS AND
11 DECLARES THAT THE PURPOSE OF THE TAX EXPENDITURE CREATED IN
12 SUBSECTION (2) OF THIS SECTION IS TO PROVIDE TAX RELIEF TO CERTAIN
13 INDIVIDUALS BY PROVIDING A FINANCIAL INCENTIVE FOR MAKING A
14 CONTRIBUTION TO A HEALTH SAVINGS ACCOUNT.

15 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR, IN
16 CONSULTATION WITH THE DEPARTMENT OF REVENUE, SHALL MEASURE THE
17 EFFECTIVENESS OF THE CREDIT ALLOWED BY THIS SECTION BY
18 DETERMINING THE INCREASE IN CONTRIBUTIONS TO HEALTH SAVINGS
19 ACCOUNTS DUE TO THE CREDIT.

20 (2) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
21 1, 2027, BUT PRIOR TO JANUARY 1, 2033, A RESIDENT INDIVIDUAL WHO

1 CONTRIBUTES TO A HEALTH SAVINGS ACCOUNT THAT SUPPORTS A HIGH
2 DEDUCTIBLE HEALTH INSURANCE PLAN AS DEFINED IN 26 U.S.C. SEC. 223
3 (c)(2), INCLUDING A QUALIFYING HIGH DEDUCTIBLE HEALTH INSURANCE
4 PLAN ISSUED BY AN EXCHANGE ESTABLISHED UNDER THE COLORADO
5 HEALTH BENEFIT EXCHANGE CREATED IN ARTICLE 22 OF TITLE 10, IS
6 ALLOWED, SUBJECT TO SUBSECTION (3) OF THIS SECTION, A CREDIT
7 AGAINST THE INCOME TAXES IMPOSED BY THIS ARTICLE 22 IN AN AMOUNT
8 EQUAL TO TWENTY-FIVE PERCENT OF THE AMOUNT CONTRIBUTED TO THE
9 HEALTH SAVINGS ACCOUNT DURING THE TAXABLE YEAR FOR WHICH THE
10 CREDIT IS CLAIMED.

11 (3) THE AMOUNT OF THE CREDIT ALLOWED PURSUANT TO THIS
12 SECTION SHALL NOT EXCEED:

13 (a) FIVE HUNDRED DOLLARS FOR A SINGLE FILER;
14 (b) ONE THOUSAND DOLLARS FOR JOINT FILERS; AND
15 (c) ONE THOUSAND FIVE HUNDRED DOLLARS FOR CONTRIBUTIONS
16 TO A FAMILY HEALTH PLAN, WHETHER THE CONTRIBUTION IS BY A SINGLE
17 FILER OR JOINT FILERS.

18 (4) IF THE CREDIT ALLOWED PURSUANT TO THIS SECTION EXCEEDS
19 THE INCOME TAXES DUE ON THE RESIDENT INDIVIDUAL'S INCOME, THE
20 AMOUNT OF THE CREDIT NOT USED TO OFFSET INCOME TAXES IS NOT
21 CARRIED FORWARD AS TAX CREDITS AGAINST THE RESIDENT INDIVIDUAL'S
22 SUBSEQUENT YEARS' INCOME TAX LIABILITY AND IS NOT REFUNDED TO THE
23 INDIVIDUAL.

24 (5) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2037.

25 **SECTION 2. Act subject to petition - effective date.** This act
26 takes effect at 12:01 a.m. on the day following the expiration of the
27 ninety-day period after final adjournment of the general assembly (August

1 12, 2026, if adjournment sine die is on May 13, 2026); except that, if a
2 referendum petition is filed pursuant to section 1 (3) of article V of the
3 state constitution against this act or an item, section, or part of this act
4 within such period, then the act, item, section, or part will not take effect
5 unless approved by the people at the general election to be held in
6 November 2026 and, in such case, will take effect on the date of the
7 official declaration of the vote thereon by the governor.