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March 23, 2022

House Finance Committee  
Colorado General Assembly

**RE: HB22-1127 Income Tax Deduction for Rent - SUPPORT**

Dear Chair Bird, Vice-Chair Snyder, and Members of the Committee:

HB22-1127 would allow an income tax deduction up to \$17,500 for lower income Coloradans who rent.

The League of Women Voters is a nonpartisan organization encouraging informed and active participation in government and influencing public policy through education and advocacy. Our members span the state of Colorado. The League believes a tax system should be progressive, with a higher overall tax rate for those who have more and a lower overall tax rate for those who have less.

This bill would provide hundreds of dollars in tax relief for those who have seen their rents rise especially quickly in the last two years. In a tight household budget, that can be a lifeline, and goes to those who most need it. That makes it a progressive change to Colorado's tax system, reducing the effective tax rate for many who have less.

The fiscal note for this bill is high. But Colorado already gives away hundreds of millions in housing deductions, with most of the home mortgage interest tax expenditure going to those earning over \$100,000, giving to those who already have much. Cutting out the home mortgage interest tax deduction, that subsidy mostly to the well-off, could likely pay for most of this bill. Even restricting the home mortgage deduction to those who have the least, as this bill does with rent, could pay for a substantial amount of this bill's cost.

A targeted deduction for rent could help Coloradans hit by high rents, and make our state more equitable.

Thank you,

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