Second Regular Session Sixty-seventh General Assembly STATE OF COLORADO

REENGROSSED

This Version Includes All Amendments Adopted in the House of Introduction HOUSE BILL 10-1002

LLS NO. 10-0233.01 Ed DeCecco

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House Committees Finance Appropriations **Senate Committees**

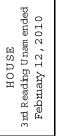
A BILL FOR AN ACT

101	CONCERNING AN INCREASE IN THE THRESHOLD NECESSARY TO
102	TRIGGER A TEMPORARY INCOME TAX RATE REDUCTION AS A
103	METHOD TO REFUND EXCESS STATE REVENUES BY AN AMOUNT
104	EQUAL TO THE THRESHOLD NECESSARY TO TRIGGER THE
105	EARNED INCOME TAX CREDIT REFUND.

Bill Summary

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

Economic Opportunity Poverty Reduction Task Force. The bill increases the threshold necessary to trigger a temporary income tax rate reduction as a method to provide a constitutionally required refund





of excess state revenues so that the rate reduction does not occur unless there is also an earned income tax credit refund.

1 Be it enacted by the General Assembly of the State of Colorado: 2 **SECTION 1.** 39-22-627 (1) (b), (3), and (6), Colorado Revised 3 Statutes, are amended to read: 4 39-22-627. Temporary adjustment of rate of income tax -5 refund of excess state revenues - authority of executive director. 6 (1) (b) In order for the provisions of paragraph (a) of this subsection (1) 7 to take effect, the amount of state revenues required to be refunded for the 8 specified state fiscal year shall exceed the TOTAL OF THE ADJUSTED 9 AMOUNT SET FORTH IN SECTION 39-22-123 (4) (c), PLUS THE estimated 10 amount by which state revenues would be decreased as the result of a 11 reduction in the state income tax rate from four and sixty-three 12 one-hundredths percent to four and one-half percent of federal taxable 13 income, as determined pursuant to this section.

14 (3) If one or more ballot questions are submitted to the voters at 15 a statewide election to be held in November of any given calendar year 16 that seek authorization for the state to retain and spend all or any portion 17 of the amount of excess state revenues for the state fiscal year ending 18 during said calendar year, the executive director shall not reduce the state 19 income tax rate until the results of said election are known so that the 20 state income tax rate may be reduced only if, after the results of said 21 election, the amount of excess state revenues required to be refunded for 22 the state fiscal year exceeds the TOTAL OF THE ADJUSTED AMOUNT SET 23 FORTH IN SECTION 39-22-123(4)(c), PLUS THE estimated amount by which 24 state revenues would be decreased as a result of a reduction in the state 25 income tax rate from four and sixty-three one-hundredths percent to four 1 and one-half percent of federal taxable income pursuant to this section.

2 (6) If, based on the financial report prepared by the controller in 3 accordance with section 24-77-106.5, C.R.S., the controller certifies that 4 the amount of the state revenues for any state fiscal year commencing on 5 or after July 1, 2010, exceeds the limitation on state fiscal year spending 6 imposed by section 20 (7) (a) of article X of the state constitution for that 7 state fiscal year and exceeds the amount of excess state revenues that the 8 voters statewide have authorized the state to retain and spend for that 9 state fiscal year by less than the TOTAL OF THE ADJUSTED AMOUNT SET 10 FORTH IN SECTION 39-22-123(4)(c), PLUS THE estimated amount by which 11 state revenues would be decreased as the result of a reduction in the state 12 income tax rate from four and sixty-three one-hundredths percent to four 13 and one-half percent of federal taxable income as calculated by the 14 executive director pursuant to subsection (2) of this section, then the 15 reduction in the state income tax rate allowed pursuant to subsection (1) 16 of this section shall not be allowed for the income tax year commencing 17 during the calendar year in which the state fiscal year ended.

18 **SECTION 2.** Act subject to petition - effective date. This act 19 shall take effect at 12:01 a.m. on the day following the expiration of the 20 ninety-day period after final adjournment of the general assembly (August 21 11, 2010, if adjournment sine die is on May 12, 2010); except that, if a 22 referendum petition is filed pursuant to section 1 (3) of article V of the 23 state constitution against this act or an item, section, or part of this act 24 within such period, then the act, item, section, or part shall not take effect 25 unless approved by the people at the general election to be held in 26 November 2010 and shall take effect on the date of the official 27 declaration of the vote thereon by the governor.