

Second Regular Session  
Sixty-seventh General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 10-0745.02 Ed DeCecco

HOUSE BILL 10-1199

---

HOUSE SPONSORSHIP

Ferrandino,

SENATE SPONSORSHIP

Heath,

---

House Committees  
Appropriations

Senate Committees

---

A BILL FOR AN ACT

101 CONCERNING A TEMPORARY LIMIT ON THE STATE INCOME TAX  
102 DEDUCTION FOR A NET OPERATING LOSS.

---

**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://www.leg.state.co.us/billsummaries>.)*

Under current law, a corporation may reduce its Colorado taxable income by carrying forward a net operating loss (NOL). There is no annual limit on the amount of NOL that may be carried forward.

For each of the next 3 income tax years, the bill limits the amount of NOL that may be carried forward to \$250,000. A NOL may be carried

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.*

forward one additional year for each year that a corporation is prohibited from carrying forward a portion of its NOL because of this limit.

---

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

2 **SECTION 1.** 39-22-504, Colorado Revised Statutes, is amended  
3 BY THE ADDITION OF A NEW SUBSECTION to read:

4 **39-22-504. Net operating losses.** (6) (a) NOTWITHSTANDING  
5 ANY OTHER PROVISION OF THIS SECTION, THE MAXIMUM AMOUNT OF NET  
6 OPERATING LOSS THAT A CORPORATION MAY SUBTRACT FROM FEDERAL  
7 TAXABLE INCOME PURSUANT TO SECTION 39-22-304 (3) (g) FOR A TAX  
8 YEAR COMMENCING ON OR AFTER JANUARY 1, 2011, BUT PRIOR TO  
9 JANUARY 1, 2014, IS TWO HUNDRED FIFTY THOUSAND DOLLARS.

10 (b) A NET OPERATING LOSS MAY BE CARRIED FORWARD ONE  
11 ADDITIONAL YEAR FOR EACH TAX YEAR THAT A CORPORATION IS  
12 PROHIBITED PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (6) FROM  
13 SUBTRACTING A PORTION OF THE CORPORATION'S NET OPERATING LOSS  
14 FROM FEDERAL TAXABLE INCOME.

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