

NO FISCAL IMPACT**Drafting Number:** LLS 11-0951**Date:** April 25, 2011**Prime Sponsor(s):** Rep. Barker**Bill Status:** House Finance**Fiscal Analyst:** Harry Zeid (303-866-4753)**TITLE:** CONCERNING THE REPEAL OF THE COLORADO ESTATE TAX.**Summary of Legislation**

The bill repeals the Colorado Estate Tax Law and the Uniform Act on Interstate Compromise and Arbitration of Inheritance Taxes. The uniform act relates to the collection of estate taxes when the Department of Revenue claims that a decedent was domiciled in Colorado and another state claims that the decedent was domiciled in that state.

The bill takes effect August 10, 2011, assuming the General Assembly adjourns May 11, 2011, as scheduled and no referendum petition is filed.

Background

Currently, the Colorado estate tax is equal to the amount of the federal credit that is imposed on the transfer of the gross estate of every domiciliary. For all decedents dying after December 31, 2004, there has been no allowable federal credit, and accordingly, there has been no Colorado estate tax.

Assessment

The bill is assessed as no fiscal impact. In 2005, the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001 phased out the state estate tax credit and allowed an income tax deduction in lieu of the credit unless the state enacts legislation to the contrary. The Colorado estate tax expired January 1, 2005.

In addition to the phase-out of the state estate tax credit, EGTRRA repealed the federal estate tax in its entirety in 2010. In December, 2010, the 2010 Tax Relief Act was signed into law and extended the EGTRRA provisions for an additional two years, including income tax years 2011 and 2012, keeping in place the state estate tax deduction. With the extension of EGTRRA, Colorado will not receive estate taxes for income tax years 2011 and 2012. Given that the federal state tax credit that triggered the Colorado estate tax is unlikely to return in the foreseeable future, the bill is assessed as no fiscal impact.

Departments Contacted

Revenue