

Second Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 14-0712.03 Ed DeCecco x4216

HOUSE BILL 14-1279

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A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF A STATE INCOME TAX CREDIT TO**
102 **REIMBURSE A BUSINESS FOR PERSONAL PROPERTY TAXES PAID IN**
103 **THE STATE.**

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>.)

For 5 income tax years beginning on January 1, 2014, the bill creates an income tax credit to reimburse a qualifying taxpayer for personal property taxes paid in Colorado for which the taxpayer does not already receive a state or federal income tax benefit. This is accomplished

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.

by allowing a tax credit that is equal to the taxpayer's personal property taxes paid multiplied by a percentage equal to 100% minus the sum of the taxpayer's federal marginal income tax rate for the year and 4.63%.

To qualify for a tax credit, a taxpayer must have \$25,000 or less worth of personal property on which property taxes are paid in Colorado during an income tax year commencing in 2014, or have less than an inflation-adjusted amount for each income tax year thereafter. The amount of the credit that exceeds a taxpayer's income taxes is refunded to the taxpayer.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** 39-22-536 as
3 follows:

4 **39-22-536. Credit for personal property taxes paid - legislative**
5 **declaration - definitions - repeal.** (1) THE GENERAL ASSEMBLY
6 DECLARES THAT THE PURPOSE OF THE TAX EXPENDITURE IN THIS SECTION
7 IS TO ASSIST SMALL BUSINESSES IN EXPANDING THEIR OPERATIONS IN
8 COLORADO.

9 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
10 REQUIRES:

11 (a) "FEDERAL MARGINAL INCOME TAX RATE" MEANS THE FEDERAL
12 INCOME TAX RATE AT WHICH AN ADDITIONAL DOLLAR OF TAXABLE
13 INCOME WOULD BE TAXED.

14 (b) "INFLATION" MEANS THE ANNUAL PERCENTAGE CHANGE IN THE
15 UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS,
16 CONSUMER PRICE INDEX FOR DENVER-BOULDER-GREELEY, ALL ITEMS, ALL
17 URBAN CONSUMERS, OR ITS SUCCESSOR INDEX.

18 (c) "PROPERTY TAX" MEANS THE AD VALOREM TAX IMPOSED
19 PURSUANT TO SECTION 3 OF ARTICLE X OF THE STATE CONSTITUTION BUT
20 DOES NOT INCLUDE THE GRADUATED ANNUAL SPECIFIC OWNERSHIP TAX

1 IMPOSED PURSUANT TO SECTION 6 OF ARTICLE X OF THE STATE
2 CONSTITUTION.

3 (3) (a) FOR ANY INCOME TAX YEAR COMMENCING ON OR AFTER
4 JANUARY 1, 2014, BUT PRIOR TO JANUARY 1, 2019, A TAXPAYER WHO
5 QUALIFIES UNDER PARAGRAPH (b) OF THIS SUBSECTION (3) IS ALLOWED A
6 CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE THAT IS EQUAL TO A
7 PERCENTAGE OF THE PROPERTY TAXES PAID FOR PERSONAL PROPERTY IN
8 COLORADO DURING THE INCOME TAX YEAR. FOR A GIVEN INCOME TAX
9 YEAR, A TAXPAYER'S PERCENTAGE IS EQUAL TO ONE HUNDRED PERCENT
10 MINUS THE SUM OF THE TAXPAYER'S FEDERAL MARGINAL INCOME TAX
11 RATE FOR THE YEAR AND FOUR AND SIXTY-THREE ONE HUNDREDTHS
12 PERCENT.

13 (b) TO QUALIFY FOR A TAX CREDIT UNDER THIS SECTION, A
14 TAXPAYER MUST HAVE TWENTY-FIVE THOUSAND DOLLARS OR LESS WORTH
15 OF PERSONAL PROPERTY ON WHICH PROPERTY TAXES ARE PAID IN
16 COLORADO DURING AN INCOME TAX YEAR COMMENCING IN 2014, OR HAVE
17 LESS THAN AN INFLATION-ADJUSTED AMOUNT FOR EACH INCOME TAX
18 YEAR THEREAFTER. THESE ANNUAL LIMITS ARE BASED ON THE TOTAL
19 ACTUAL VALUE OF THE TAXPAYER'S PERSONAL PROPERTY.

20 (c) THE AMOUNT OF THE CREDIT UNDER THIS SECTION THAT
21 EXCEEDS THE TAXPAYER'S INCOME TAXES DUE IS REFUNDED TO THE
22 TAXPAYER.

23 (4) TO CLAIM A CREDIT UNDER THIS SECTION, A TAXPAYER MUST
24 SUBMIT TO THE DEPARTMENT OF REVENUE A COPY OF A PROPERTY TAX
25 STATEMENT DESCRIBED IN SECTION 39-10-103 FOR ALL OF THE
26 TAXPAYER'S PERSONAL PROPERTY FOR THE PROPERTY TAX YEAR FOR
27 WHICH THE CREDIT IS CLAIMED.

1 (5) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2021.

2 **SECTION 2. Act subject to petition - effective date.** This act
3 takes effect at 12:01 a.m. on the day following the expiration of the
4 ninety-day period after final adjournment of the general assembly (August
5 6, 2014, if adjournment sine die is on May 7, 2014); except that, if a
6 referendum petition is filed pursuant to section 1 (3) of article V of the
7 state constitution against this act or an item, section, or part of this act
8 within such period, then the act, item, section, or part will not take effect
9 unless approved by the people at the general election to be held in
10 November 2014 and, in such case, will take effect on the date of the
11 official declaration of the vote thereon by the governor.