

**First Regular Session
Sixty-third General Assembly
STATE OF COLORADO**

INTRODUCED

LLS NO. 01-0390.01 Christy Chase

HOUSE BILL 01-1181

HOUSE SPONSORSHIP

Nunez, Cadman, Clapp, Cloer, Crane, Lee, Mitchell, Paschall, Rhodes, Schultheis, Stafford, Dean, Fairbank, Fritz, Hefley, King, Scott, Sinclair, Smith, Snook, Spradley, Swenson, Webster, and White

SENATE SPONSORSHIP

Lamborn,

House Committees

Finance

Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE REDUCTION OF THE STATE INCOME TAX RATE.**

Bill Summary

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

Reduces the state income tax rate imposed on individuals, estates, trusts, domestic C corporations, and foreign C corporations doing business in Colorado from 4.63% to 4.25% for income tax years commencing on or after January 1, 2001.

Requires the executive director of the department of revenue to include a statement on all income tax return forms explaining that the income tax rate for income tax years commencing on or after January 1, 2001, was reduced.

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.*

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

2 **SECTION 1.** 39-22-104 (1.7) and (2), Colorado Revised Statutes,
3 are amended, and the said 39-22-104 is further amended BY THE
4 ADDITION OF A NEW SUBSECTION, to read:

5 **39-22-104. Income tax imposed on individuals, estates, and**
6 **trusts - single rate - definitions.** (1.7) Subject to subsection (2) of this
7 section, with respect to taxable years commencing on or after January 1,
8 2000, BUT PRIOR TO JANUARY 1, 2001, a tax of four and sixty-three one
9 hundredths percent is imposed on the federal taxable income, as
10 determined pursuant to section 63 of the internal revenue code, of every
11 individual, estate, and trust.

12 (1.8) SUBJECT TO SUBSECTION (2) OF THIS SECTION, WITH RESPECT
13 TO TAXABLE YEARS COMMENCING ON OR AFTER JANUARY 1, 2001, A TAX
14 OF FOUR AND ONE-QUARTER PERCENT IS IMPOSED ON THE FEDERAL
15 TAXABLE INCOME, AS DETERMINED PURSUANT TO SECTION 63 OF THE
16 INTERNAL REVENUE CODE, OF EVERY INDIVIDUAL, ESTATE, AND TRUST.

17 (2) Prior to the application of the rate of tax prescribed in
18 subsection (1), (1.5), ~~or~~ (1.7), OR (1.8) of this section, the federal taxable
19 income shall be modified as provided in subsections (3) and (4) of this
20 section.

21 **SECTION 2.** The introductory portion to 39-22-105 (1.5) and
22 39-22-105 (4), Colorado Revised Statutes, are amended, and the said
23 39-22-105 is further amended BY THE ADDITION OF A NEW
24 SUBSECTION, to read:

25 **39-22-105. Alternative minimum tax.** (1.5) With respect to each
26 taxable year commencing on or after January 1, 2000, BUT PRIOR TO

1 JANUARY 1, 2001, for every individual, estate, and trust, in addition to the
2 tax imposed in section 39-22-104, a tax is imposed in an amount equal to
3 the excess of:

4 (1.7) WITH RESPECT TO EACH TAXABLE YEAR COMMENCING ON OR
5 AFTER JANUARY 1, 2001, FOR EVERY INDIVIDUAL, ESTATE, AND TRUST, IN
6 ADDITION TO THE TAX IMPOSED IN SECTION 39-22-104, A TAX IS IMPOSED
7 IN AN AMOUNT EQUAL TO THE EXCESS OF:

8 (a) THREE AND NINETEEN ONE-HUNDREDTHS PERCENT OF THE
9 COLORADO ALTERNATIVE MINIMUM TAXABLE INCOME, AS DETERMINED
10 PURSUANT TO SUBSECTION (2) OF THIS SECTION; OVER

11 (b) THE TAX IMPOSED IN SECTION 39-22-104.

12 (4) In the case of a nonresident taxpayer, the tax imposed by
13 subsections (1), ~~and~~ (1.5), AND (1.7) of this section and the credit allowed
14 by subsection (3) of this section shall be apportioned in the ratio of the
15 modified federal alternative minimum taxable income from Colorado
16 sources over the total modified federal alternative minimum taxable
17 income.

18 **SECTION 3.** 39-22-105 (3) (b), Colorado Revised Statutes, is
19 amended, and the said 39-22-105 (3) is further amended BY THE
20 ADDITION OF A NEW PARAGRAPH, to read:

21 **39-22-105. Alternative minimum tax.** (3) (b) For taxable years
22 beginning on or after January 1, 2000, BUT PRIOR TO JANUARY 1, 2001,
23 each individual, estate, and trust shall be allowed a credit against the tax
24 imposed by this part 1 in an amount equal to twelve percent of the credit
25 allowed for the same tax year by section 53 of the internal revenue code.

26 (c) FOR TAXABLE YEARS BEGINNING ON OR AFTER JANUARY 1,
27 2001, EACH INDIVIDUAL, ESTATE, AND TRUST SHALL BE ALLOWED A CREDIT

1 AGAINST THE TAX IMPOSED BY THIS PART 1 IN AN AMOUNT EQUAL TO
2 ELEVEN AND THIRTY-EIGHT ONE-HUNDREDTHS PERCENT OF THE CREDIT
3 ALLOWED FOR THE SAME TAX YEAR BY SECTION 53 OF THE INTERNAL
4 REVENUE CODE.

5 **SECTION 4.** 39-22-301 (1) (d) (I) (I), Colorado Revised Statutes,
6 is amended, and the said 39-22-301 (1) (d) (I) is further amended BY
7 THE ADDITION OF A NEW SUB-SUBPARAGRAPH, to read:

8 **39-22-301. Corporate tax imposed.** (1) (d) (I) A tax is imposed
9 upon each domestic C corporation and foreign C corporation doing
10 business in Colorado annually in an amount of the net income of such C
11 corporation during the year derived from sources within Colorado as set
12 forth in the following schedule of rates:

13 (I) For income tax years commencing on or after January 1, 2000,
14 BUT PRIOR TO JANUARY 1, 2001, four and sixty-three one-hundredths
15 percent of the Colorado net income.

16 (J) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
17 1, 2001, FOUR AND ONE-QUARTER PERCENT OF THE COLORADO NET
18 INCOME.

19 **SECTION 5.** 39-22-601 (10), Colorado Revised Statutes, is
20 amended to read:

21 **39-22-601. Returns.** (10) For income tax years commencing on
22 or after January 1, 1999, the executive director shall include on every
23 income tax return form a statement explaining that prior to January 1,
24 1999, the income tax rate for an individual, estate, and trust was five
25 percent of federal taxable income and the income tax rate for corporations
26 was five percent of net income. The statement shall also explain that the
27 income tax rate was reduced for income tax years commencing on or after

1 January 1, 1999, but prior to January 1, 2000, to four and three-quarters
2 percent, ~~and~~ that the income tax rate was reduced for income tax years
3 commencing on or after January 1, 2000, BUT PRIOR TO JANUARY 1, 2001,
4 to four and sixty-three one-hundredths percent, AND THAT THE INCOME
5 TAX RATE WAS REDUCED FOR INCOME TAX YEARS COMMENCING ON OR
6 AFTER JANUARY 1, 2001, TO FOUR AND ONE-QUARTER PERCENT.

7 **SECTION 6. Effective date.** This act shall take effect at 12:01
8 a.m. on the day following the expiration of the ninety-day period after
9 final adjournment of the general assembly that is allowed for submitting
10 a referendum petition pursuant to article V, section 1 (3) of the state
11 constitution; except that, if a referendum petition is filed against this act
12 or an item, section, or part of this act within such period, then the act,
13 item, section, or part, if approved by the people, shall take effect on the
14 date of the official declaration of the vote thereon by proclamation of the
15 governor.