

First Regular Session
Sixty-third General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 01-0582.01 Bob Lackner

HOUSE BILL 01-1137

HOUSE SPONSORSHIP

Sanchez

SENATE SPONSORSHIP

(None)

House Committees

Education
Finance

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING FINANCIAL INCENTIVES TO PROMOTE COMMUNITY**
102 **SUPPORT OF PUBLIC SCHOOLS, AND, IN CONNECTION THEREWITH,**
103 **PROVIDING A CREDIT AGAINST THE STATE INCOME TAX FOR**
104 **INDIVIDUALS WHO VOLUNTEER AT COLORADO PUBLIC SCHOOLS**
105 **AND FOR EMPLOYERS WHOSE PAID EMPLOYEES VOLUNTEER AT**
106 **COLORADO PUBLIC SCHOOLS.**

Bill Summary

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

For income tax years commencing on or after January 1, 2003, but prior to January 1, 2008, allows a credit against the state income tax to:

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.

- Any individual who performs qualifying volunteer service at a qualifying school in a specified amount for each hour spent by the employee performing such service during the calendar year prior to the taxable year for which the credit is claimed; or
- Any employer who permits a paid employee to perform qualifying volunteer service at a qualifying school in a specified amount for each hour spent by the employee performing such service during the calendar year prior to the taxable year for which the credit is claimed.

Provides that the hourly amount used to calculate the credit is to be adjusted for inflation on an annual basis.

Specifies that "qualifying service" means a donation of time directly spent at a public school located in Colorado by either a resident individual or by an employee in connection with:

- Educational programming or activities that further the educational mission of the qualifying school;
- School-sponsored organizations that further the educational mission of the qualifying school; or
- Maintenance or improvement activities affecting the physical plant of the qualifying school or the real property on which the school is located.

Specifies that, in the case of an employer, the qualifying service must be performed at a public school during the employee's regular hours of employment for which the employee is paid by the taxpayer-employer.

Provides that the credit allowed shall not exceed a specified dollar amount or the taxpayer's income tax liability for the taxable year for which the credit is claimed, whichever is less.

Specifies procedures to be followed in connection with verification of the information that needs to be filed to obtain the credit.

Allows any credit in excess of a taxpayer's income tax liability to be carried forward for a specified number of years, but states that any credit remaining after such period shall not be refunded to the taxpayer.

Defines terms.

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

2 **SECTION 1.** Part 5 of article 22 of title 39, Colorado Revised
 3 Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:
 4 **39-22-527. Credit for individuals who volunteer at public**
 5 **schools - credit for employers whose paid employees volunteer at**

1 **public schools - legislative declaration - repeal.** (1) THE GENERAL
2 ASSEMBLY RECOGNIZES THAT VOLUNTEER PARTICIPATION IS A CRITICAL
3 RESOURCE IN EMPOWERING PUBLIC SCHOOLS TO FULFILL THEIR
4 EDUCATIONAL MISSION ON BEHALF OF ALL OF THEIR STUDENTS AND THEIR
5 FAMILIES. THE GENERAL ASSEMBLY FURTHER RECOGNIZES THAT
6 VOLUNTEER ASSISTANCE IN THE PUBLIC SCHOOLS MAY RESULT IN
7 FINANCIAL SAVINGS TO THE STATE AND SCHOOL DISTRICTS THROUGH
8 REDUCED STAFFING NEEDS. IT IS THE INTENT OF THE GENERAL ASSEMBLY
9 TO FOSTER AND ENCOURAGE SUCH PARTICIPATION BY ALLOWING A CREDIT
10 AGAINST THE STATE INCOME TAX TO:

11 (a) INDIVIDUALS WHO PERFORM VOLUNTEER SERVICE IN THE PUBLIC
12 SCHOOLS OF THIS STATE; AND

13 (b) EMPLOYERS WHO PERMIT THEIR EMPLOYEES TO PERFORM
14 VOLUNTEER SERVICES IN THE PUBLIC SCHOOLS OF THIS STATE.

15 (2) (a) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
16 JANUARY 1, 2003, BUT PRIOR TO JANUARY 1, 2008, AND SUBJECT TO THE
17 LIMITATIONS SET FORTH IN THIS SECTION, A CREDIT SHALL BE ALLOWED
18 AGAINST THE STATE INCOME TAX TO:

19 (I) ANY INDIVIDUAL WHO PERFORMS QUALIFYING SERVICE AT A
20 QUALIFYING SCHOOL DURING THE CALENDAR YEAR PRIOR TO THE TAXABLE
21 YEAR FOR WHICH THE CREDIT ALLOWED BY THIS SECTION IS CLAIMED; OR

22 (II) ANY TAXPAYER WHO PERMITS AN EMPLOYEE TO PERFORM
23 QUALIFYING SERVICE AT A QUALIFYING SCHOOL DURING THE CALENDAR
24 YEAR PRIOR TO THE TAXABLE YEAR FOR WHICH THE CREDIT ALLOWED BY
25 THIS SECTION IS CLAIMED.

26 (b) THE AMOUNT OF THE CREDIT ALLOWED PURSUANT TO
27 PARAGRAPH (a) OF THIS SUBSECTION (2) SHALL BE:

1 (I) IN THE CASE OF A TAXPAYER ALLOWED TO CLAIM THE CREDIT
2 PROVIDED BY THIS SECTION THAT IS ALSO AN INDIVIDUAL, THREE DOLLARS
3 FOR EACH HOUR SPENT BY THE INDIVIDUAL IN PERFORMING THE
4 QUALIFYING SERVICE DURING THE CALENDAR YEAR PRIOR TO THE TAXABLE
5 YEAR FOR WHICH THE CREDIT IS CLAIMED;

6 (II) IN THE CASE OF A TAXPAYER ALLOWED TO CLAIM THE CREDIT
7 PROVIDED BY THIS SECTION THAT IS NOT AN INDIVIDUAL, SIX DOLLARS FOR
8 EACH HOUR SPENT BY AN EMPLOYEE OF THE TAXPAYER IN PERFORMING THE
9 SERVICE DURING THE CALENDAR YEAR PRIOR TO THE TAXABLE YEAR FOR
10 WHICH THE CREDIT IS CLAIMED.

11 (c) IN CALCULATING THE HOURS SPENT FOR PURPOSES OF
12 PARAGRAPH (b) OF THIS SUBSECTION (2), ANY SEGMENT OF TIME OF LESS
13 THAN A FULL HOUR SHALL BE ROUNDED UPWARD TO THE NEAREST
14 FIFTEEN-MINUTE INCREMENT.

15 (3) FOR PURPOSES OF THIS SECTION:

16 (a) "EMPLOYEE" MEANS A PAID EMPLOYEE OF A TAXPAYER THAT
17 CLAIMS THE CREDIT ALLOWED BY THIS SECTION.

18 (b) "INDIVIDUAL" MEANS A RESIDENT INDIVIDUAL AS DEFINED IN
19 SECTION 39-22-103 (8).

20 (c) "QUALIFYING SCHOOL" MEANS A PUBLIC ELEMENTARY OR
21 SECONDARY SCHOOL LOCATED WITHIN COLORADO.

22 (d) "QUALIFYING SERVICE" MEANS:

23 (I) IN THE CASE OF A TAXPAYER CLAIMING THE CREDIT ALLOWED BY
24 THIS SECTION THAT IS ALSO AN INDIVIDUAL, A DONATION OF TIME BY THE
25 INDIVIDUAL DIRECTLY SPENT AT A QUALIFYING SCHOOL IN CONNECTION
26 WITH:

27 (A) EDUCATIONAL PROGRAMMING OR ACTIVITIES THAT FURTHER

1 THE EDUCATIONAL MISSION OF THE QUALIFYING SCHOOL;

2 (B) SCHOOL-SPONSORED ORGANIZATIONS THAT FURTHER THE
3 EDUCATIONAL MISSION OF THE QUALIFYING SCHOOL; OR

4 (C) MAINTENANCE OR IMPROVEMENT ACTIVITIES AFFECTING THE
5 PHYSICAL PLANT OF THE QUALIFYING SCHOOL OR THE REAL PROPERTY ON
6 WHICH THE SCHOOL IS LOCATED;

7 (II) IN THE CASE OF A TAXPAYER CLAIMING THE CREDIT ALLOWED
8 BY THIS SECTION THAT IS NOT AN INDIVIDUAL, A DONATION OF TIME BY AN
9 EMPLOYEE OF THE TAXPAYER DIRECTLY SPENT AT A QUALIFYING SCHOOL
10 DURING THE EMPLOYEE'S REGULAR HOURS OF EMPLOYMENT FOR WHICH
11 THE EMPLOYEE IS PAID BY THE TAXPAYER IN CONNECTION WITH:

12 (A) EDUCATIONAL PROGRAMMING OR ACTIVITIES THAT FURTHER
13 THE EDUCATIONAL MISSION OF THE QUALIFYING SCHOOL;

14 (B) SCHOOL-SPONSORED ORGANIZATIONS THAT FURTHER THE
15 EDUCATIONAL MISSION OF THE QUALIFYING SCHOOL; OR

16 (C) MAINTENANCE OR IMPROVEMENT ACTIVITIES AFFECTING THE
17 PHYSICAL PLANT OF THE QUALIFYING SCHOOL OR THE REAL PROPERTY ON
18 WHICH THE SCHOOL IS LOCATED.

19 (e) "TAXPAYER" MEANS:

20 (I) AN INDIVIDUAL WHO PERFORMS QUALIFYING SERVICES FOR
21 PURPOSES OF THIS SECTION; OR

22 (II) AN INDIVIDUAL , PARTNERSHIP, LIMITED LIABILITY COMPANY,
23 S CORPORATION, OR C CORPORATION THAT EMPLOYS ON A PAID BASIS AN
24 EMPLOYEE THAT PERFORMS QUALIFYING SERVICE FOR PURPOSES OF THIS
25 SECTION.

26 (4) (a) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION,
27 THE CREDIT ALLOWED BY THIS SECTION SHALL NOT EXCEED:

1 (I) IN THE CASE OF A TAXPAYER THAT IS ALSO AN INDIVIDUAL, FIVE
2 HUNDRED DOLLARS OR THE TAXPAYER'S INCOME TAX LIABILITY FOR THE
3 TAXABLE YEAR FOR WHICH THE CREDIT IS CLAIMED, WHICHEVER IS LESS;

4 (II) IN THE CASE OF A TAXPAYER THAT IS NOT AN INDIVIDUAL, FIVE
5 THOUSAND DOLLARS OR THE TAXPAYER'S INCOME TAX LIABILITY FOR THE
6 TAXABLE YEAR FOR WHICH THE CREDIT IS CLAIMED, WHICHEVER IS LESS.

7 (b) THE LIMITATION SET FORTH IN PARAGRAPH (a) OF THIS
8 SUBSECTION (4) SHALL APPLY:

9 (I) IN THE CASE OF INDIVIDUALS FILING FEDERAL INCOME TAX
10 RETURNS AS MARRIED FILING SEPARATELY, AT TWO HUNDRED FIFTY
11 DOLLARS PER INCOME TAX YEAR, AND THOSE FILING FEDERAL TAX RETURNS
12 AS SINGLE OR MARRIED JOINT AT FIVE HUNDRED DOLLARS PER INCOME TAX
13 YEAR;

14 (II) IN THE CASE OF A CONTROLLED GROUP OF C CORPORATIONS, AS
15 DEFINED IN SECTION 1563 (a) OF THE INTERNAL REVENUE CODE, AT FIVE
16 THOUSAND DOLLARS FOR THE ENTIRE AFFILIATED GROUP;

17 (III) IN THE CASE OF QUALIFIED SUBCHAPTER S SUBSIDIARIES AND
18 PARENT CORPORATIONS THEREOF AND FOR ALL RELATED LIMITED LIABILITY
19 COMPANIES, AT FIVE THOUSAND DOLLARS FOR ALL SUCH RELATED
20 CORPORATIONS IN TOTAL; AND

21 (IV) IN THE CASE OF ALL ENTITIES ELECTING PASS THROUGH ENTITY
22 STATUS FOR FEDERAL INCOME TAX PURPOSES, AT FIVE THOUSAND DOLLARS
23 PER ENTITY PASSING CREDIT THROUGH TO A PERSON SUBJECT TO INCOME
24 TAX TO BE SHARED BY THE TAXPAYER OWNERS ON THE SAME BASIS AS
25 PROFITS AND LOSSES ARE SHARED.

26 (5) NO LATER THAN JANUARY 30 OF ANY CALENDAR YEAR
27 FOLLOWING ANY TAXABLE YEAR FOR WHICH THE CREDIT IS ALLOWED,

1 EACH QUALIFYING SCHOOL AT WHICH QUALIFYING SERVICE WAS
2 PERFORMED SHALL PROVIDE, TO EITHER THE INDIVIDUAL THAT PERFORMED
3 QUALIFYING SERVICE DURING THE PRIOR CALENDAR YEAR OR TO THE
4 EMPLOYEE THAT PERFORMED QUALIFYING SERVICE DURING THE PRIOR
5 CALENDAR YEAR, A VERIFICATION FORM ISSUED BY THE EXECUTIVE
6 DIRECTOR SPECIFYING THE NAME OF THE EMPLOYEE OR INDIVIDUAL, THE
7 NUMBER OF HOURS SPENT PERFORMING THE QUALIFYING SERVICE, A BRIEF
8 DESCRIPTION OF THE QUALIFYING SERVICE PERFORMED, THE NAME AND
9 ADDRESS OF THE SCHOOL AT WHICH THE SERVICE WAS PERFORMED, AND
10 ANY OTHER INFORMATION AS THE EXECUTIVE DIRECTOR MAY REASONABLY
11 REQUIRE. EMPLOYEES SHALL RETURN ALL SUCH FORMS TO THEIR
12 EMPLOYER. A TAXPAYER THAT IS ALSO AN INDIVIDUAL SHALL FILE ALL
13 SUCH FORMS RECEIVED BY THE TAXPAYER WITH THE DEPARTMENT OF
14 REVENUE FOR THE PURPOSE OF CLAIMING THE CREDIT ALLOWED BY
15 SUBSECTION (2) OF THIS SECTION. A TAXPAYER THAT IS NOT AN
16 INDIVIDUAL SHALL FILE ALL SUCH FORMS RECEIVED FROM ANY OF ITS
17 EMPLOYEES WITH THE DEPARTMENT OF REVENUE FOR THE PURPOSE OF
18 CLAIMING THE CREDIT ALLOWED BY SUBSECTION (2) OF THIS SECTION.

19 (6) IF THE AMOUNT OF THE CREDIT ALLOWED PURSUANT TO THE
20 PROVISIONS OF THIS SECTION EXCEEDS THE AMOUNT OF INCOME TAXES
21 OTHERWISE DUE ON THE TAXPAYER'S INCOME IN THE TAXABLE YEAR FOR
22 WHICH THE CREDIT IS BEING CLAIMED, THE AMOUNT OF THE CREDIT NOT
23 USED AS AN OFFSET AGAINST INCOME TAXES IN SAID INCOME TAX YEAR
24 MAY BE CARRIED FORWARD AND USED AS A CREDIT AGAINST SUBSEQUENT
25 YEARS' INCOME TAX LIABILITY FOR A PERIOD NOT TO EXCEED FIVE YEARS
26 AND SHALL BE APPLIED FIRST TO THE EARLIEST INCOME TAX YEARS
27 POSSIBLE. ANY CREDIT REMAINING AFTER SUCH PERIOD SHALL NOT BE

1 REFUNDED TO THE TAXPAYER.

2 (7) THE EXECUTIVE DIRECTOR MAY PROMULGATE RULES AS MAY BE
3 NECESSARY TO ADMINISTER AND ENFORCE ANY PROVISION OF THIS
4 SECTION. SUCH RULES SHALL BE PROMULGATED IN ACCORDANCE WITH
5 ARTICLE 4 OF TITLE 24, C.R.S.

6 (8) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2013.

7 **SECTION 2. Safety clause.** The general assembly hereby finds,
8 determines, and declares that this act is necessary for the immediate
9 preservation of the public peace, health, and safety.