

DRAFT
9.29.09

Second Regular Session
Sixty-seventh General Assembly
STATE OF COLORADO

BILL 1

LLS NO. 10-0233.01 Ed DeCecco

INTERIM COMMITTEE BILL

Economic Opportunity Poverty Reduction Task Force

SHORT TITLE: "Priority Of TABOR Refund Methods"

A BILL FOR AN ACT

101 **CONCERNING AN INCREASE IN THE THRESHOLD NECESSARY TO**
102 **TRIGGER A TEMPORARY INCOME TAX RATE REDUCTION AS A**
103 **METHOD TO REFUND EXCESS STATE REVENUES BY AN AMOUNT**
104 **EQUAL TO THE THRESHOLD NECESSARY TO TRIGGER THE**
105 **EARNED INCOME TAX CREDIT REFUND.**

Bill Summary

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

Economic Opportunity Poverty Reduction Task Force.
Increases the threshold necessary to trigger a temporary income tax rate reduction as a method to provide a constitutionally required refund of

*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

excess state revenues so that the rate reduction does not occur unless there is also an earned income tax credit refund.

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

2 **SECTION 1.** 39-22-627 (1) (b), (3), and (6), Colorado Revised
3 Statutes, are amended to read:

4 **39-22-627. Temporary adjustment of rate of income tax -**
5 **refund of excess state revenues - authority of executive director.**

6 (1) (b) In order for the provisions of paragraph (a) of this subsection (1)
7 to take effect, the amount of state revenues required to be refunded for the
8 specified state fiscal year shall exceed the TOTAL OF THE ADJUSTED
9 AMOUNT SET FORTH IN SECTION 39-22-123 (4) (c), PLUS THE estimated
10 amount by which state revenues would be decreased as the result of a
11 reduction in the state income tax rate from four and sixty-three
12 one-hundredths percent to four and one-half percent of federal taxable
13 income, as determined pursuant to this section.

14 (3) If one or more ballot questions are submitted to the voters at
15 a statewide election to be held in November of any given calendar year
16 that seek authorization for the state to retain and spend all or any portion
17 of the amount of excess state revenues for the state fiscal year ending
18 during said calendar year, the executive director shall not reduce the state
19 income tax rate until the results of said election are known so that the
20 state income tax rate may be reduced only if, after the results of said
21 election, the amount of excess state revenues required to be refunded for
22 the state fiscal year exceeds the TOTAL OF THE ADJUSTED AMOUNT SET
23 FORTH IN SECTION 39-22-123 (4) (c), PLUS THE estimated amount by which
24 state revenues would be decreased as a result of a reduction in the state
25 income tax rate from four and sixty-three one-hundredths percent to four

1 and one-half percent of federal taxable income pursuant to this section.

2 (6) If, based on the financial report prepared by the controller in
3 accordance with section 24-77-106.5, C.R.S., the controller certifies that
4 the amount of the state revenues for any state fiscal year commencing on
5 or after July 1, 2010, exceeds the limitation on state fiscal year spending
6 imposed by section 20 (7) (a) of article X of the state constitution for that
7 state fiscal year and exceeds the amount of excess state revenues that the
8 voters statewide have authorized the state to retain and spend for that
9 state fiscal year by less than the TOTAL OF THE ADJUSTED AMOUNT SET
10 FORTH IN SECTION 39-22-123 (4) (c), PLUS THE estimated amount by which
11 state revenues would be decreased as the result of a reduction in the state
12 income tax rate from four and sixty-three one-hundredths percent to four
13 and one-half percent of federal taxable income as calculated by the
14 executive director pursuant to subsection (2) of this section, then the
15 reduction in the state income tax rate allowed pursuant to subsection (1)
16 of this section shall not be allowed for the income tax year commencing
17 during the calendar year in which the state fiscal year ended.

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