

Second Regular Session  
Seventy-first General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 18-0830.01 Esther van Mourik x4215

SENATE BILL 18-061

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SENATE SPONSORSHIP

Sonnenberg and Grantham,

HOUSE SPONSORSHIP

(None),

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Senate Committees  
Finance

House Committees

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A BILL FOR AN ACT

101 CONCERNING A REDUCTION OF THE STATE INCOME TAX RATE.

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://leg.colorado.gov>.)*

For income tax years commencing on and after January 1, 2018, the bill reduces both the individual and the corporate state income tax rate from 4.63% to 4.43%. The bill also reduces the state alternative minimum tax by 0.2% for income tax years commencing on and after January 1, 2018.

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Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
Capital letters or bold & italic numbers 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. Legislative declaration.** (1) The general assembly  
3 hereby finds and declares that:

4 (a) Senate Bill 17-267, enacted in 2017, included a requirement  
5 that each principal department of the state, except the department of  
6 education and the department of transportation, submit budget requests  
7 that are at least two percent lower than actual budgets for the 2017-18  
8 fiscal year;

9 (b) The general assembly overwhelmingly supported the passage  
10 of Senate Bill 17-267 with the requirement of reducing the size of state  
11 government;

12 (c) The budget submitted by the governor in November 2017 did  
13 not adhere to the compromise reached by the executive branch and the  
14 general assembly, nor to section 24-37-305, C.R.S.; and

15 (d) With the increase in anticipated revenue to Colorado as a  
16 result of Senate Bill 17-267, it appears that the only way to achieve the  
17 goal of limiting the growth of government is to reduce the state income  
18 tax rate.

19 **SECTION 2.** In Colorado Revised Statutes, 39-22-104, **amend**  
20 (1.7) as follows:

21 **39-22-104. Income tax imposed on individuals, estates, and**  
22 **trusts - single rate - legislative declaration - definitions - repeal.**

23 (1.7) (a) Except as otherwise provided in section 39-22-627, subject to  
24 subsection (2) of this section, with respect to taxable years commencing  
25 on or after January 1, 2000, BUT BEFORE JANUARY 1, 2018, a tax of four  
26 and sixty-three one hundredths percent is imposed on the federal taxable  
27 income, as determined pursuant to section 63 of the internal revenue

1 code, of every individual, estate, and trust.

2 (b) EXCEPT AS OTHERWISE PROVIDED IN SECTION 39-22-627,  
3 SUBJECT TO SUBSECTION (2) OF THIS SECTION, WITH RESPECT TO TAXABLE  
4 YEARS COMMENCING ON OR AFTER JANUARY 1, 2018, A TAX OF FOUR AND  
5 FORTY-THREE ONE HUNDREDTHS PERCENT IS IMPOSED ON THE FEDERAL  
6 TAXABLE INCOME, AS DETERMINED PURSUANT TO SECTION 63 OF THE  
7 INTERNAL REVENUE CODE, OF EVERY INDIVIDUAL, ESTATE, AND TRUST.

8 **SECTION 3.** In Colorado Revised Statutes, 39-22-105, **amend**  
9 (1.5) and (3)(b) as follows:

10 **39-22-105. Alternative minimum tax.** (1.5) (a) With respect to  
11 each taxable year commencing on or after January 1, 2000, BUT BEFORE  
12 JANUARY 1, 2018, for every individual, estate, and trust, in addition to the  
13 tax imposed in section 39-22-104, a tax is imposed in an amount equal to  
14 the excess of:

15 (a) (I) Three and forty-seven one-hundredths percent of the  
16 Colorado alternative minimum taxable income, as determined pursuant  
17 to subsection (2) of this section; over

18 (b) (II) The tax imposed in section 39-22-104.

19 (b) WITH RESPECT TO EACH TAXABLE YEAR COMMENCING ON OR  
20 AFTER JANUARY 1, 2018, FOR EVERY INDIVIDUAL, ESTATE, AND TRUST, IN  
21 ADDITION TO THE TAX IMPOSED IN SECTION 39-22-104, A TAX IS IMPOSED  
22 IN AN AMOUNT EQUAL TO THE EXCESS OF:

23 (I) THREE AND TWENTY-SEVEN ONE HUNDREDTHS PERCENT OF THE  
24 COLORADO ALTERNATIVE MINIMUM TAXABLE INCOME, AS DETERMINED  
25 PURSUANT TO SUBSECTION (2) OF THIS SECTION; OVER

26 (II) THE TAX IMPOSED IN SECTION 39-22-104.

27 (3) (b) (I) For taxable years beginning on or after January 1, 2000,

1 BUT BEFORE JANUARY 1, 2018, each individual, estate, and trust shall be  
2 allowed a credit against the tax imposed by this part 1 in an amount equal  
3 to twelve percent of the credit allowed for the same tax year by section 53  
4 of the internal revenue code.

5 (II) FOR TAXABLE YEARS BEGINNING ON OR AFTER JANUARY 1,  
6 2018, EACH INDIVIDUAL, ESTATE, AND TRUST SHALL BE ALLOWED A  
7 CREDIT AGAINST THE TAX IMPOSED BY THIS PART 1 IN AN AMOUNT EQUAL  
8 TO ELEVEN AND EIGHT TENTHS PERCENT OF THE CREDIT ALLOWED FOR THE  
9 SAME TAX YEAR BY SECTION 53 OF THE INTERNAL REVENUE CODE.

10 **SECTION 4.** In Colorado Revised Statutes, 39-22-301, **amend**  
11 (1)(d)(I)(I); and **add** (1)(d)(I)(J) as follows:

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

17 (I) Except as otherwise provided in section 39-22-627, for income  
18 tax years commencing on or after January 1, 2000, BUT BEFORE JANUARY  
19 1, 2018, four and sixty-three one hundredths percent of the Colorado net  
20 income;

21 (J) EXCEPT AS OTHERWISE PROVIDED IN SECTION 39-22-627, FOR  
22 INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2018, FOUR  
23 AND FORTY-THREE ONE HUNDREDTHS PERCENT OF THE COLORADO NET  
24 INCOME.

25 **SECTION 5.** In Colorado Revised Statutes, 39-22-604, **amend**  
26 (18)(a) introductory portion and (18)(b) as follows:

27 **39-22-604. Withholding tax - requirement to withhold - tax**

1     **lien - exemption from lien - definitions.** (18) (a) Any person who  
2     makes a payment for services to any natural person that is not otherwise  
3     subject to state income tax withholding but that requires an information  
4     return, including but not limited to any payment for which internal  
5     revenue service form 1099-B, 1099-DIV, 1099-INT, 1099-MISC,  
6     1099-OID, or 1099-PATR, the issuance of any of which allows taxpayer  
7     identification number verification through the taxpayer identification  
8     number matching program administered by the internal revenue service,  
9     or any other version of form 1099 is required, shall deduct and withhold  
10    state income tax at the rate of ~~four and sixty-three one-hundredths percent~~  
11    SET FORTH IN SECTION 39-22-104 OR 39-22-304 if the person who  
12    performed the services:

13           (b) Any person other than a natural person and any natural person  
14    who in the course of conducting a trade or business as a sole proprietor  
15    makes any payment for services to a natural person that is not reported on  
16    any information return shall deduct and withhold state income tax at the  
17    rate of ~~four and sixty-three one-hundredths percent~~ SET FORTH IN SECTION  
18    39-22-104, unless the employer making payment has a validated taxpayer  
19    identification number from the person to whom payment is made.

20           **SECTION 6.** In Colorado Revised Statutes, 39-22-627, **amend**  
21    (1), (2), (3), and (6) as follows:

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

24    (1) (a) Subject to the provisions of this section, if, for any state fiscal  
25    year commencing on or after July 1, 2010, the amount of state revenues  
26    in excess of the limitation on state fiscal year spending imposed by  
27    section 20 (7)(a) of article X of the state constitution that are required to

1 be refunded for such state fiscal year exceeds the amount specified in  
2 ~~paragraph (b) of this subsection (1)~~ SUBSECTION (1)(b) OF THIS SECTION,  
3 the executive director shall temporarily reduce the state income tax rate  
4 for the income tax year commencing during the calendar year in which  
5 the state fiscal year ended ~~from four and sixty-three one-hundredths~~  
6 ~~percent of the federal taxable income of every individual, estate, trust, and~~  
7 ~~corporation, as specified in sections 39-22-104 (1.7) and 39-22-301~~  
8 ~~(1)(d)(I)(I), to four and one-half percent of the federal taxable income of~~  
9 ~~every individual, estate, trust, and corporation~~ BY TWO AND EIGHTY  
10 THOUSAND SEVEN HUNDRED SEVENTY-EIGHT HUNDRED-THOUSANDTHS  
11 PERCENT to refund excess state revenues that are required to be refunded  
12 pursuant to section 20 (7)(d) of article X of the state constitution.

13 (b) In order for the provisions of subsection (1)(a) of this section  
14 to take effect, the amount of state revenues required to be refunded for the  
15 specified state fiscal year must exceed the total of the amount of  
16 reimbursement for property tax revenues lost as a result of the property  
17 tax exemptions allowed by part 2 of article 3 of this title 39 paid by the  
18 state treasurer to each county treasurer as required by section 39-3-207 (4)  
19 for the property tax year that commenced during the specified state fiscal  
20 year plus the estimated amount by which state revenues would be  
21 decreased as the result of a reduction in the state income tax rate ~~from~~  
22 ~~four and sixty-three one-hundredths percent to four and one-half percent~~  
23 ~~of federal taxable income~~ BY TWO AND EIGHTY THOUSAND SEVEN  
24 HUNDRED SEVENTY-EIGHT HUNDRED-THOUSANDTHS PERCENT, as  
25 determined pursuant to this section.

26 (2) Except as otherwise provided in subsection (3) of this section,  
27 no later than October 1, 2011, and no later than each October 1 thereafter

1 of any calendar year, during which it is certified in accordance with the  
2 provisions of section 24-77-106.5 C.R.S., that state revenues exceed the  
3 limitation on state fiscal year spending imposed by section 20 (7)(a) of  
4 article X of the state constitution for the state fiscal year ending in that  
5 calendar year and exceed any amount that the voters statewide have  
6 authorized the state to retain and spend for the state fiscal year ending in  
7 that calendar year, the executive director shall estimate the amount by  
8 which state revenues would be decreased as the result of a reduction in  
9 the state income tax rate ~~from four and sixty-three one-hundredths percent~~  
10 ~~to four and one-half percent of federal taxable income~~ BY TWO AND  
11 EIGHTY THOUSAND SEVEN HUNDRED SEVENTY-EIGHT  
12 HUNDRED-THOUSANDTHS PERCENT for the income tax year commencing  
13 during the calendar year in which the state fiscal year ended.

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 amount of reimbursement for  
23 property tax revenues lost as a result of the property tax exemptions  
24 allowed by part 2 of article 3 of this title 39 paid by the state treasurer to  
25 each county treasurer as required by section 39-3-207 (4) for the property  
26 tax year that commenced during the specified state fiscal year plus the  
27 estimated amount by which state revenues would be decreased as a result

1 of a reduction in the state income tax rate ~~from four and sixty-three~~  
2 ~~one-hundredths percent to four and one-half percent of federal taxable~~  
3 ~~income~~ BY TWO AND EIGHTY THOUSAND SEVEN HUNDRED SEVENTY-EIGHT  
4 HUNDRED-THOUSANDTHS PERCENT pursuant to this section.

5 (6) If, based on the financial report prepared by the controller in  
6 accordance with section 24-77-106.5, the controller certifies that the  
7 amount of the state revenues for any state fiscal year commencing on or  
8 after July 1, 2017, exceeds the limitation on state fiscal year spending  
9 imposed by section 20 (7)(a) of article X of the state constitution for that  
10 state fiscal year and exceeds the amount of excess state revenues that the  
11 voters statewide have authorized the state to retain and spend for that  
12 state fiscal year by less than the total of the amount of reimbursement for  
13 property tax revenues lost as a result of the property tax exemptions  
14 allowed by part 2 of article 3 of this title 39 paid by the state treasurer to  
15 each county treasurer as required by section 39-3-207 (4) for the property  
16 tax year that commenced during the specified state fiscal year plus the  
17 estimated amount by which state revenues would be decreased as the  
18 result of a reduction in the state income tax rate ~~from four and sixty-three~~  
19 ~~one-hundredths percent to four and one-half percent of federal taxable~~  
20 ~~income~~ BY TWO AND EIGHTY THOUSAND SEVEN HUNDRED SEVENTY-EIGHT  
21 HUNDRED-THOUSANDTHS PERCENT as calculated by the executive director  
22 pursuant to subsection (2) of this section, then the reduction in the state  
23 income tax rate allowed pursuant to subsection (1) of this section shall not  
24 be allowed for the income tax year commencing during the calendar year  
25 in which the state fiscal year ended.

26 **SECTION 7. Safety clause.** The general assembly hereby finds,



- 1 determines, and declares that this act is necessary for the immediate
- 2 preservation of the public peace, health, and safety.