

**First Regular Session  
Seventy-second General Assembly  
STATE OF COLORADO**

**INTRODUCED**

LLS NO. 19-0730.01 Esther van Mourik x4215

**SENATE BILL 19-055**

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**SENATE SPONSORSHIP**

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Finance

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**A BILL FOR AN ACT**

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

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**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, 2019, the bill:

- ! Reduces both the individual and the corporate state income tax rate from 4.63% to 4.49%; and
- ! Reduces the state alternative minimum tax by 0.14%.

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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) In fiscal year 2017-18, revenue subject to TABOR exceeded  
5 the Referendum C cap by \$18.5 million, which will require a TABOR  
6 refund in tax year 2018 equal to \$39.8 million;

7 (b) In fiscal year 2018-19, revenue subject to TABOR is expected  
8 to exceed the Referendum C cap by \$380.4 million, resulting in a  
9 TABOR refund in tax year 2019;

10 (c) In fiscal year 2019-20, the general assembly is projected to  
11 have \$1.22 billion, or 9.6%, more to spend or save in the general fund  
12 than what is budgeted to be spent and saved in fiscal year 2018-19; and

13 (d) Economic growth in the United States and in Colorado  
14 remains strong, although it is projected to slow over the next two years  
15 consistent with a maturing economic expansion. The nation sits just a few  
16 months away from the longest economic expansion in history.  
17 Expansionary fiscal policy under the federal "Tax Cuts and Jobs Act"  
18 provided a boost to business investment and optimism at the start of 2018.  
19 Consumer confidence remains near historic highs on abundant  
20 employment opportunities and budding wage gains, which have lured  
21 workers back into the labor force and improved household balance sheets.

22 (2) The general assembly, therefore, finds that because the  
23 Colorado economy appears to be flourishing, it is proper to reduce the  
24 state income tax rate and allow taxpayers to keep more of their own  
25 money.

26 **SECTION 2.** In Colorado Revised Statutes, 39-22-104, **amend**  
27 (1.7) as follows:

1           **39-22-104. Income tax imposed on individuals, estates, and**  
2           **trusts - single rate - legislative declaration - definitions - repeal.**

3           (1.7) (a) Except as otherwise provided in section 39-22-627, subject to  
4           subsection (2) of this section, with respect to taxable years commencing  
5           on or after January 1, 2000, BUT BEFORE JANUARY 1, 2019, a tax of four  
6           and sixty-three one hundredths percent is imposed on the federal taxable  
7           income, as determined pursuant to section 63 of the internal revenue  
8           code, of every individual, estate, and trust.

9           (b) EXCEPT AS OTHERWISE PROVIDED IN SECTION 39-22-627,  
10          SUBJECT TO SUBSECTION (2) OF THIS SECTION, WITH RESPECT TO TAXABLE  
11          YEARS COMMENCING ON OR AFTER JANUARY 1, 2019, A TAX OF FOUR AND  
12          FORTY-NINE ONE HUNDREDTHS PERCENT IS IMPOSED ON THE FEDERAL  
13          TAXABLE INCOME, AS DETERMINED PURSUANT TO SECTION 63 OF THE  
14          INTERNAL REVENUE CODE, OF EVERY INDIVIDUAL, ESTATE, AND TRUST.

15          **SECTION 3.** In Colorado Revised Statutes, 39-22-105, **amend**  
16          (1.5) and (3)(b) as follows:

17          **39-22-105. Alternative minimum tax.** (1.5) (a) With respect to  
18          each taxable year commencing on or after January 1, 2000, BUT BEFORE  
19          JANUARY 1, 2019, for every individual, estate, and trust, in addition to the  
20          tax imposed in section 39-22-104, a tax is imposed in an amount equal to  
21          the excess of:

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

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

26                (b) WITH RESPECT TO EACH TAXABLE YEAR COMMENCING ON OR  
27                AFTER JANUARY 1, 2019, FOR EVERY INDIVIDUAL, ESTATE, AND TRUST, IN

1 ADDITION TO THE TAX IMPOSED IN SECTION 39-22-104, A TAX IS IMPOSED  
2 IN AN AMOUNT EQUAL TO THE EXCESS OF:

3 (I) THREE AND THIRTY-THREE ONE HUNDREDTHS PERCENT OF THE  
4 COLORADO ALTERNATIVE MINIMUM TAXABLE INCOME, AS DETERMINED  
5 PURSUANT TO SUBSECTION (2) OF THIS SECTION; OVER

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

7 (3) (b) (I) For taxable years beginning on or after January 1, 2000,  
8 BUT BEFORE JANUARY 1, 2019, each individual, estate, and trust shall be  
9 allowed a credit against the tax imposed by this part 1 in an amount equal  
10 to twelve percent of the credit allowed for the same tax year by section 53  
11 of the internal revenue code.

12 (II) FOR TAXABLE YEARS BEGINNING ON OR AFTER JANUARY 1,  
13 2019, EACH INDIVIDUAL, ESTATE, AND TRUST SHALL BE ALLOWED A  
14 CREDIT AGAINST THE TAX IMPOSED BY THIS PART 1 IN AN AMOUNT EQUAL  
15 TO ELEVEN AND EIGHTY-SIX ONE HUNDREDTHS PERCENT OF THE CREDIT  
16 ALLOWED FOR THE SAME TAX YEAR BY SECTION 53 OF THE INTERNAL  
17 REVENUE CODE.

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

20 **39-22-301. Corporate tax imposed.** (1) (d) (I) A tax is imposed  
21 upon each domestic C corporation and foreign C corporation doing  
22 business in Colorado annually in an amount of the net income of such C  
23 corporation during the year derived from sources within Colorado as set  
24 forth in the following schedule of rates:

25 (I) Except as otherwise provided in section 39-22-627, for income  
26 tax years commencing on or after January 1, 2000, BUT BEFORE JANUARY  
27 1, 2019, four and sixty-three one hundredths percent of the Colorado net

1 income;

2 (J) EXCEPT AS OTHERWISE PROVIDED IN SECTION 39-22-627, FOR  
3 INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2019, FOUR  
4 AND FORTY-NINE ONE HUNDREDTHS PERCENT OF THE COLORADO NET  
5 INCOME.

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

8 **39-22-604. Withholding tax - requirement to withhold - tax**  
9 **lien - exemption from lien - definitions.** (18) (a) Any person who  
10 makes a payment for services to any natural person that is not otherwise  
11 subject to state income tax withholding but that requires an information  
12 return, including but not limited to any payment for which internal  
13 revenue service form 1099-B, 1099-DIV, 1099-INT, 1099-MISC,  
14 1099-OID, or 1099-PATR, the issuance of any of which allows taxpayer  
15 identification number verification through the taxpayer identification  
16 number matching program administered by the internal revenue service,  
17 or any other version of form 1099 is required, shall deduct and withhold  
18 state income tax at the rate of ~~four and sixty-three one-hundredths percent~~  
19 SET FORTH IN SECTION 39-22-104 OR 39-22-304 if the person who  
20 performed the services:

21 (b) Any person other than a natural person and any natural person  
22 who in the course of conducting a trade or business as a sole proprietor  
23 makes any payment for services to a natural person that is not reported on  
24 any information return shall deduct and withhold state income tax at the  
25 rate of ~~four and sixty-three one-hundredths percent~~ SET FORTH IN SECTION  
26 39-22-104, unless the employer making payment has a validated taxpayer  
27 identification number from the person to whom payment is made.

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

3           **39-22-627. Temporary adjustment of rate of income tax -**  
4 **refund of excess state revenues - authority of executive director.**

5 (1) (a) Subject to the provisions of this section, if, for any state fiscal  
6 year commencing on or after July 1, 2010, the amount of state revenues  
7 in excess of the limitation on state fiscal year spending imposed by  
8 section 20 (7)(a) of article X of the state constitution that are required to  
9 be refunded for such state fiscal year exceeds the amount specified in  
10 ~~paragraph (b) of this subsection (1)~~ SUBSECTION (1)(b) OF THIS SECTION,  
11 the executive director shall temporarily reduce the state income tax rate  
12 for the income tax year commencing during the calendar year in which  
13 the state fiscal year ended ~~from four and sixty-three one-hundredths~~  
14 ~~percent of the federal taxable income of every individual, estate, trust, and~~  
15 ~~corporation, as specified in sections 39-22-104 (1.7) and 39-22-301~~  
16 ~~(1)(d)(I)(I), to four and one-half percent of the federal taxable income of~~  
17 ~~every individual, estate, trust, and corporation~~ BY TWO AND EIGHTY  
18 THOUSAND SEVEN HUNDRED SEVENTY-EIGHT HUNDRED-THOUSANDTHS  
19 PERCENT to refund excess state revenues that are required to be refunded  
20 pursuant to section 20 (7)(d) of article X of the state constitution.

21           (b) In order for the provisions of subsection (1)(a) of this section  
22 to take effect, the amount of state revenues required to be refunded for the  
23 specified state fiscal year must exceed the total of the amount of  
24 reimbursement for property tax revenues lost as a result of the property  
25 tax exemptions allowed by part 2 of article 3 of this title 39 paid by the  
26 state treasurer to each county treasurer as required by section 39-3-207 (4)  
27 for the property tax year that commenced during the specified state fiscal

1 year plus the estimated amount by which state revenues would be  
2 decreased as the result of a reduction in the state income tax rate ~~from~~  
3 ~~four and sixty-three one-hundredths percent to four and one-half percent~~  
4 ~~of federal taxable income~~ BY TWO AND EIGHTY THOUSAND SEVEN  
5 HUNDRED SEVENTY-EIGHT HUNDRED-THOUSANDTHS PERCENT as  
6 determined pursuant to this section.

7 (2) Except as otherwise provided in subsection (3) of this section,  
8 no later than October 1, 2011, and no later than each October 1 thereafter  
9 of any calendar year, during which it is certified in accordance with ~~the~~  
10 ~~provisions of section 24-77-106.5 C.R.S.~~, that state revenues exceed the  
11 limitation on state fiscal year spending imposed by section 20 (7)(a) of  
12 article X of the state constitution for the state fiscal year ending in that  
13 calendar year and exceed any amount that the voters statewide have  
14 authorized the state to retain and spend for the state fiscal year ending in  
15 that calendar year, the executive director shall estimate the amount by  
16 which state revenues would be decreased as the result of a reduction in  
17 the state income tax rate ~~from four and sixty-three one-hundredths percent~~  
18 ~~to four and one-half percent of federal taxable income~~ BY TWO AND  
19 EIGHTY THOUSAND SEVEN HUNDRED SEVENTY-EIGHT  
20 HUNDRED-THOUSANDTHS PERCENT for the income tax year commencing  
21 during the calendar year in which the state fiscal year ended.

22 (3) If one or more ballot questions are submitted to the voters at  
23 a statewide election to be held in November of any given calendar year  
24 that seek authorization for the state to retain and spend all or any portion  
25 of the amount of excess state revenues for the state fiscal year ending  
26 during said calendar year, the executive director shall not reduce the state  
27 income tax rate until the results of said election are known so that the

1 state income tax rate may be reduced only if, after the results of said  
2 election, the amount of excess state revenues required to be refunded for  
3 the state fiscal year exceeds the total of the amount of reimbursement for  
4 property tax revenues lost as a result of the property tax exemptions  
5 allowed by part 2 of article 3 of this title 39 paid by the state treasurer to  
6 each county treasurer as required by section 39-3-207 (4) for the property  
7 tax year that commenced during the specified state fiscal year plus the  
8 estimated amount by which state revenues would be decreased as a result  
9 of a reduction in the state income tax rate ~~from four and sixty-three~~  
10 ~~one-hundredths percent to four and one-half percent of federal taxable~~  
11 ~~income~~ BY TWO AND EIGHTY THOUSAND SEVEN HUNDRED SEVENTY-EIGHT  
12 HUNDRED-THOUSANDTHS PERCENT pursuant to this section.

13 (6) If, based on the financial report prepared by the controller in  
14 accordance with section 24-77-106.5, the controller certifies that the  
15 amount of the state revenues for any state fiscal year commencing on or  
16 after July 1, 2017, exceeds the limitation on state fiscal year spending  
17 imposed by section 20 (7)(a) of article X of the state constitution for that  
18 state fiscal year and exceeds the amount of excess state revenues that the  
19 voters statewide have authorized the state to retain and spend for that  
20 state fiscal year by less than the total of the amount of reimbursement for  
21 property tax revenues lost as a result of the property tax exemptions  
22 allowed by part 2 of article 3 of this title 39 paid by the state treasurer to  
23 each county treasurer as required by section 39-3-207 (4) for the property  
24 tax year that commenced during the specified state fiscal year plus the  
25 estimated amount by which state revenues would be decreased as the  
26 result of a reduction in the state income tax rate ~~from four and sixty-three~~  
27 ~~one-hundredths percent to four and one-half percent of federal taxable~~



1 ~~income~~ BY TWO AND EIGHTY THOUSAND SEVEN HUNDRED SEVENTY-EIGHT  
2 HUNDRED-THOUSANDTHS PERCENT as calculated by the executive director  
3 pursuant to subsection (2) of this section, then the reduction in the state  
4 income tax rate allowed pursuant to subsection (1) of this section shall not  
5 be allowed for the income tax year commencing during the calendar year  
6 in which the state fiscal year ended.

7           **SECTION 7. Act subject to petition - effective date.** This act  
8 takes effect at 12:01 a.m. on the day following the expiration of the  
9 ninety-day period after final adjournment of the general assembly (August  
10 2, 2019, if adjournment sine die is on May 3, 2019); except that, if a  
11 referendum petition is filed pursuant to section 1 (3) of article V of the  
12 state constitution against this act or an item, section, or part of this act  
13 within such period, then the act, item, section, or part will not take effect  
14 unless approved by the people at the general election to be held in  
15 November 2020 and, in such case, will take effect on the date of the  
16 official declaration of the vote thereon by the governor.