

Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 26-0526.01 Alison Killen x4350

SENATE BILL 26-056

SENATE SPONSORSHIP

Kirkmeyer,

HOUSE SPONSORSHIP

Caldwell,

Senate Committees

State, Veterans, & Military Affairs

House Committees

A BILL FOR AN ACT

101 CONCERNING MODIFYING THE STATE INCOME TAX ON OVERTIME
102 COMPENSATION TO APPLY ONLY IN THE 2026 INCOME TAX YEAR.

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>.)

The bill modifies the requirement that a taxpayer add the amount of any overtime compensation excluded or deducted from the taxpayer's federal gross income back to the taxpayer's federal taxable income for purposes of calculating state income tax liability to apply only in the 2026 income tax year.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-22-104, **amend**
3 (3)(u) as follows:

4 **39-22-104. Income tax imposed on individuals, estates, and**
5 **trusts - single rate - report - tax preference performance statement**
6 **- legislative declaration - definitions - repeal.**

7 (3) There shall be added to the federal taxable income:

8 (u) (I) FOR THE 2026 INCOME TAX YEAR ONLY, the amount of any
9 overtime compensation excluded or deducted from federal gross income.

10 (II) THIS SUBSECTION (3)(u) IS REPEALED, EFFECTIVE DECEMBER
11 31, 2032.

12 **SECTION 2. Act subject to petition - effective date.** (1) This
13 act takes effect at 12:01 a.m. on the day following the expiration of the
14 ninety-day period after final adjournment of the general assembly (August
15 12, 2026, if adjournment sine die is on May 13, 2026); except that, if a
16 referendum petition is filed pursuant to section 1 (3) of article V of the
17 state constitution against this act or an item, section, or part of this act
18 within such period, then the act, item, section, or part will not take effect
19 unless approved by the people at the general election to be held in
20 November 2026 and, in such case, will take effect on the date of the
21 official declaration of the vote thereon by the governor.