

Second Regular Session
Seventy-second General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 20-0468.02 Nicole Myers x4326

HOUSE BILL 20-1193

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A BILL FOR AN ACT

101 CONCERNING THE CREATION OF INCOME TAX BENEFITS TO FACILITATE
102 FAMILY LEAVE.

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 creates tax incentives to encourage employers to voluntarily support paid parental and medical leave programs for their eligible employees and to encourage eligible employees to save for time away from work during parental and medical leave.

Specifically, **section 2** of the bill establishes leave savings accounts. A leave savings account is an account with a financial

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.

institution for which the individual uses money to pay for any expense while he or she is on eligible leave, which includes:

- ! The birth of a child of the individual and caring for the child;
- ! The placement of a child with the individual for adoption or foster care;
- ! Caring for a spouse, child, or parent of the individual if the spouse, child, or parent has a serious health condition;
- ! A serious health condition that makes the individual unable to perform the functions of the position of the individual;
- ! Time for an individual to care for himself or herself or to care for a parent or child after being a victim of domestic abuse; or
- ! Any qualifying exigency, as determined by the United States secretary of labor, arising out of the fact that a spouse, child, or parent of the individual is on covered active duty, or has been notified of an impending call or order to covered active duty, in the United States armed forces.

An individual may annually contribute up to \$5,000 of wages to a leave savings account. An employer may make a contribution to the employee's leave savings account in any amount. The department of health care policy and financing is required to establish a form for an individual to report information regarding leave savings accounts, and the individual must annually file this form with the department of revenue to be eligible for the tax benefit.

Section 3 allows an employee to claim a state income tax deduction for amounts they or their employer contribute to a leave savings account. A taxpayer is also allowed to deduct any interest or other income earned during the taxable year on the investment of money in their leave savings account.

Section 4 creates an income tax credit for an employer that pays an employee for leave that is between 8 and 12 weeks long. The leave must be for one of the same reasons for which an employee may use money in a leave savings account as specified above. The amount of the credit is equal to 15% of the amount paid, so long as the amount paid is at least 50% of the employee's regular salary for a specified time period.

Section 4 also creates an income tax credit for an employer that contributes to an employee's leave savings account. The amount of the credit is equal to 15% of the amount contributed to the account; except that a credit is not allowed for contributions to a leave savings account that exceed \$3,000 in a single year.

Both credits are not refundable, but they may be carried forward up to 5 years.

The bill also specifies that for employers, an amount equal to the

amount the taxpayer contributed to an employee's leave savings account and an amount equal to the amount the taxpayer paid in wages for an employee while on family leave, to the extent an income tax credit is claimed, will be added to the taxpayer's federal taxable income.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 hereby declares that parental leave policies enable parents to take paid
4 time off from work to prepare for, and recover from, childbirth, the
5 adoption of a child, or foster care. This time provides a crucial bonding
6 experience for parents and children, and partial wage replacement ensures
7 parents stay on track with their financial responsibilities. Based on
8 increasing evidence, short-term leave policies immediately following the
9 birth or adoption of a child result in long-term positive outcomes for
10 childhood development.

11 (2) The general assembly also declares that it is good public policy
12 to facilitate an employee's saving for family leave related to a serious
13 health condition of the employee or the employee's family member.

14 (3) Now, therefore, it is the intent of the general assembly to
15 create appropriate tax incentives to encourage employees to voluntarily
16 establish paid parental and medical leave programs while concurrently
17 providing incentives for employers to promote a structured savings
18 program where employees may proactively save for time away from work
19 during the important first weeks of a child's life and during family
20 medical emergencies.

21 **SECTION 2.** In Colorado Revised Statutes, **add** 39-22-130 as
22 follows:

23 **39-22-130. Leave savings account - definitions.** (1) AS USED IN

1 THIS SECTION:

2 (a) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

3 (b) "ELIGIBLE LEAVE" MEANS LEAVE THAT AN INDIVIDUAL TAKES
4 FROM WORK FOR ONE OR MORE OF THE FOLLOWING REASONS:

5 (I) THE BIRTH OF A CHILD OF THE INDIVIDUAL AND TO CARE FOR
6 THE CHILD;

7 (II) THE PLACEMENT OF A CHILD WITH THE INDIVIDUAL FOR
8 ADOPTION OR FOSTER CARE;

9 (III) TO CARE FOR A SPOUSE, CHILD, OR PARENT OF THE
10 INDIVIDUAL IF THE SPOUSE, CHILD, OR PARENT HAS A SERIOUS HEALTH
11 CONDITION;

12 (IV) A SERIOUS HEALTH CONDITION THAT MAKES THE INDIVIDUAL
13 UNABLE TO PERFORM THE FUNCTIONS OF THE POSITION OF THE
14 INDIVIDUAL;

15 (V) FOR AN INDIVIDUAL TO CARE FOR HIMSELF OR HERSELF OR TO
16 CARE FOR THE INDIVIDUAL'S PARENT OR CHILD AFTER BEING A VICTIM OF
17 DOMESTIC ABUSE; OR

18 (VI) ANY QUALIFYING EXIGENCY, AS DETERMINED BY THE UNITED
19 STATES SECRETARY OF LABOR, ARISING OUT OF THE FACT THAT A SPOUSE,
20 CHILD, OR PARENT OF THE INDIVIDUAL IS ON COVERED ACTIVE DUTY, OR
21 HAS BEEN NOTIFIED OF AN IMPENDING CALL OR ORDER TO COVERED
22 ACTIVE DUTY, IN THE UNITED STATES ARMED FORCES THAT WOULD
23 ENTITLE THE INDIVIDUAL FOR LEAVE UNDER SECTION 29 U.S.C. SEC. 2612
24 (a)(1)(E).

25 (c) "FINANCIAL INSTITUTION" MEANS ANY STATE BANK, STATE
26 TRUST COMPANY, SAVINGS AND LOAN ASSOCIATION, FEDERALLY
27 CHARTERED CREDIT UNION DOING BUSINESS IN THE STATE, CREDIT UNION

1 CHARTERED BY THE STATE, NATIONAL BANK, BROKER-DEALER, MUTUAL
2 FUND, INSURANCE COMPANY, OR OTHER SIMILAR FINANCIAL ENTITY.

3 (d) "LEAVE SAVINGS ACCOUNT" MEANS AN ACCOUNT WITH A
4 FINANCIAL INSTITUTION DESIGNATED AS SUCH IN ACCORDANCE WITH
5 SUBSECTION (3) OF THIS SECTION.

6 (e) "VICTIM OF DOMESTIC ABUSE" HAS THE SAME MEANING AS SET
7 FORTH IN SECTION 10-3-1104.8 (1)(d).

8 (2) (a) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
9 JANUARY 1, 2021, AMOUNTS WITHHELD FROM AN INDIVIDUAL'S WAGES
10 THAT ARE DEPOSITED IN A LEAVE SAVINGS ACCOUNT, UP TO AN ANNUAL
11 MAXIMUM OF FIVE THOUSAND DOLLARS, MAY BE SUBTRACTED FROM THE
12 INDIVIDUAL'S FEDERAL TAXABLE INCOME AS SPECIFIED IN SECTION
13 39-22-104 (4)(z).

14 (b) AN EMPLOYER MAY MAKE A CONTRIBUTION TO AN EMPLOYEE'S
15 LEAVE SAVINGS ACCOUNT, REGARDLESS OF THE AMOUNT OF THE
16 EMPLOYEE'S CONTRIBUTIONS TO THE ACCOUNT. AN EMPLOYER THAT
17 MAKES A CONTRIBUTION TO AN EMPLOYEE'S LEAVE SAVINGS ACCOUNT IS
18 ELIGIBLE TO CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE
19 22, AS SPECIFIED IN SECTION 39-22-543.

20 (3) BEGINNING JANUARY 1, 2021, AN INDIVIDUAL MAY OPEN AN
21 ACCOUNT WITH A FINANCIAL INSTITUTION TO BE USED BY THE INDIVIDUAL
22 SOLELY AS A LEAVE SAVINGS ACCOUNT. MONEY MAY REMAIN IN A LEAVE
23 SAVINGS ACCOUNT FOR AN UNLIMITED DURATION WITHOUT BEING SUBJECT
24 TO RECAPTURE OR PENALTY AND MAY BE WITHDRAWN BY THE INDIVIDUAL
25 FOR THE FOLLOWING PURPOSES:

26 (a) FOR WAGE REPLACEMENT WHILE THE INDIVIDUAL IS ON
27 ELIGIBLE LEAVE;

1 (b) TO PAY FOR ANY EXPENSE INCURRED BY THE INDIVIDUAL
2 WHILE HE OR SHE IS ON ELIGIBLE LEAVE THAT IS RELATED TO THE REASON
3 FOR THE ELIGIBLE LEAVE; OR

4 (c) TO PAY A SERVICE FEE THAT IS DEDUCTED BY THE FINANCIAL
5 INSTITUTION.

6 (4) EXCEPT AS SET FORTH IN SUBSECTION (5) OF THIS SECTION,
7 MONEY WITHDRAWN FROM A LEAVE SAVINGS ACCOUNT THAT IS USED FOR
8 ANY PURPOSE OTHER THAN THOSE SPECIFIED IN SUBSECTION (3) OF THIS
9 SECTION IS SUBJECT TO RECAPTURE AS PART OF THE INDIVIDUAL'S INCOME
10 IN THE TAXABLE YEAR IN WHICH IT IS WITHDRAWN AND TO A PENALTY
11 EQUAL TO TEN PERCENT OF THE AMOUNT RECAPTURED. THE PENALTY
12 APPLIES REGARDLESS OF WHETHER THE MONEY WAS SUBTRACTED FROM
13 FEDERAL TAXABLE INCOME UNDER SECTION 39-22-104 (4)(z).

14 (5) (a) IF AN INDIVIDUAL WHO CREATED A LEAVE SAVINGS
15 ACCOUNT NO LONGER WANTS TO SAVE MONEY IN THE ACCOUNT BUT HAS
16 NOT REACHED THE AGE OF SIXTY-FIVE, THE INDIVIDUAL MAY ROLLOVER
17 THE MONEY IN THE ACCOUNT TO ANY ELIGIBLE RETIREMENT ACCOUNT
18 THAT ALLOWS AFTER-TAX CONTRIBUTIONS.

19 (b) WHEN AN INDIVIDUAL WHO CREATED A LEAVE SAVINGS
20 ACCOUNT REACHES THE AGE OF SIXTY-FIVE YEARS, THE INDIVIDUAL MAY
21 WITHDRAW ANY MONEY REMAINING IN THE ACCOUNT WITHOUT PENALTY.

22 (c) IF AN INDIVIDUAL WHO CREATED A LEAVE SAVINGS ACCOUNT
23 DIES, THEN ALL OF THE MONEY IN THE ACCOUNT THAT WAS SUBTRACTED
24 FROM TAXABLE INCOME IS SUBJECT TO RECAPTURE IN THE TAXABLE YEAR
25 OF THE DEATH, BUT NO PENALTY IS DUE TO THE DEPARTMENT.

26 (6) THE DEPARTMENT OF HEALTHCARE POLICY AND FINANCING
27 SHALL ESTABLISH A FORM FOR AN INDIVIDUAL TO ANNUALLY REPORT

1 INFORMATION ABOUT A LEAVE SAVINGS ACCOUNT INCLUDING, BUT NOT
2 LIMITED TO, HOW THE MONEY FROM THE FUND IS USED, AND IDENTIFY ANY
3 SUPPORTING DOCUMENTATION THAT IS REQUIRED TO BE MAINTAINED. TO
4 BE ELIGIBLE FOR THE TAX BENEFIT UNDER THIS SECTION, AN INDIVIDUAL
5 MUST ANNUALLY FILE WITH HIS OR HER STATE INCOME TAX RETURN THE
6 COMPLETED FORM SIGNED BY THE INDIVIDUAL AND THE INDIVIDUAL'S
7 EMPLOYER AND ANY OTHER SUPPORTING DOCUMENTATION THE
8 DEPARTMENT REQUIRES. THE INDIVIDUAL IS RESPONSIBLE FOR
9 MAINTAINING DOCUMENTATION FOR THE LEAVE SAVINGS ACCOUNT AND
10 FOR ANY USE OF MONEY FROM THE ACCOUNT.

11 (7) (a) A FINANCIAL INSTITUTION IS NOT REQUIRED TO:

12 (I) DESIGNATE AN ACCOUNT AS A LEAVE SAVINGS ACCOUNT IN THE
13 FINANCIAL INSTITUTION'S ACCOUNT CONTRACTS OR SYSTEMS OR IN ANY
14 OTHER WAY;

15 (II) TRACK THE USE OF MONEY WITHDRAWN FROM A LEAVE
16 SAVINGS ACCOUNT; OR

17 (III) REPORT ANY INFORMATION TO THE DEPARTMENT OR ANY
18 OTHER GOVERNMENTAL AGENCY THAT IS NOT OTHERWISE REQUIRED BY
19 LAW.

20 (b) A FINANCIAL INSTITUTION IS NOT RESPONSIBLE OR LIABLE FOR:

21 (I) DETERMINING OR ENSURING THAT MONEY IN A LEAVE SAVINGS
22 ACCOUNT IS USED FOR AN ELIGIBLE EXPENSE; OR

23 (II) REPORTING OR REMITTING TAXES OR PENALTIES RELATED TO
24 THE USE OF MONEY IN A LEAVE SAVINGS ACCOUNT.

25 (c) IN IMPLEMENTING THIS SECTION, THE DEPARTMENT SHALL NOT
26 ESTABLISH ANY ADMINISTRATIVE, REPORTING, OR OTHER REQUIREMENTS
27 ON FINANCIAL INSTITUTIONS THAT ARE OUTSIDE THE SCOPE OF NORMAL

1 ACCOUNT PROCEDURES.

2 (8) NOTHING IN THIS SECTION SHALL BE CONSTRUED TO PROHIBIT
3 THE DEPARTMENT FROM REQUESTING THAT A FINANCIAL INSTITUTION
4 PROVIDE TO THE DEPARTMENT DOCUMENTS CREATED IN THE NORMAL
5 COURSE OF BUSINESS TO VERIFY INFORMATION PROVIDED TO THE
6 DEPARTMENT BY A TAXPAYER WHO CREATED A LEAVE SAVINGS ACCOUNT.

7 **SECTION 3.** In Colorado Revised Statutes, 39-22-104, **add** (3)(l)
8 and (4)(z) as follows:

9 **39-22-104. Income tax imposed on individuals, estates, and**
10 **trusts - single rate - legislative declaration - definitions - repeal.**

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

12 (l) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,
13 2021:

14 (I) AN AMOUNT EQUAL TO THE AMOUNT THE TAXPAYER
15 CONTRIBUTED TO THE LEAVE SAVINGS ACCOUNT OF THE TAXPAYER'S
16 EMPLOYEE, TO THE EXTENT AN INCOME TAX CREDIT IS CLAIMED FOR SUCH
17 CONTRIBUTION PURSUANT TO SECTION 39-22-544;

18 (II) AN AMOUNT EQUAL TO THE AMOUNT THAT A TAXPAYER PAYS
19 IN WAGES FOR THE TAXPAYER'S EMPLOYEE WHILE THE EMPLOYEE IS ON
20 ELIGIBLE LEAVE, TO THE EXTENT AN INCOME TAX CREDIT IS CLAIMED FOR
21 SUCH PAYMENT OF WAGES PURSUANT TO SECTION 39-22-543.

22 (4) There shall be subtracted from federal taxable income:

23 (z) (I) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY
24 1, 2021:

25 (A) FOR AN EMPLOYEE, AN AMOUNT EQUAL TO THE AMOUNT
26 WITHHELD FROM AN INDIVIDUAL'S WAGES THAT IS DEPOSITED IN THE
27 EMPLOYEE'S LEAVE SAVINGS ACCOUNT IN ACCORDANCE WITH SECTION

1 39-22-103;

2 (B) FOR AN EMPLOYEE, AN AMOUNT EQUAL TO THE AMOUNT
3 DEPOSITED IN AN INDIVIDUAL'S LEAVE SAVINGS ACCOUNT BY THE
4 INDIVIDUAL'S EMPLOYER IN ACCORDANCE WITH SECTION 39-22-130; AND

5 (C) AN AMOUNT EQUAL TO ANY INTEREST AND OTHER INCOME
6 EARNED ON THE INVESTMENT OF THE MONEY DURING THE TAXABLE YEAR
7 IN A TAXPAYER'S LEAVE SAVINGS ACCOUNT.

8 (II) AS USED IN THIS SUBSECTION (4)(z):

9 (A) "EMPLOYEE" HAS THE SAME MEANING AS SET FORTH IN
10 SECTION 39-22-604 (2)(a).

11 (B) "LEAVE SAVINGS ACCOUNT" HAS THE SAME MEANING AS SET
12 FORTH IN SECTION 39-22-130 (1)(d).

13 **SECTION 4.** In Colorado Revised Statutes, 39-22-304, **add** (2)(i)
14 as follows:

15 **39-22-304. Net income of corporation - legislative declaration**
16 **- definitions - repeal.** (2) There shall be added to federal taxable income:

17 (i) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,
18 2021:

19 (I) AN AMOUNT EQUAL TO THE AMOUNT THE TAXPAYER
20 CONTRIBUTED TO THE LEAVE SAVINGS ACCOUNT OF THE TAXPAYER'S
21 EMPLOYEE, TO THE EXTENT AN INCOME TAX CREDIT IS CLAIMED FOR SUCH
22 CONTRIBUTION PURSUANT TO SECTION 39-22-544;

23 (II) AN AMOUNT EQUAL TO THE AMOUNT THAT A TAXPAYER PAYS
24 IN WAGES FOR THE TAXPAYER'S EMPLOYEE WHILE THE EMPLOYEE IS ON
25 ELIGIBLE LEAVE, TO THE EXTENT AN INCOME TAX CREDIT IS CLAIMED FOR
26 SUCH PAYMENT OF WAGES PURSUANT TO SECTION 39-22-543.

27 **SECTION 5.** In Colorado Revised Statutes, **add** 39-22-543 and

1 39-22-544 as follows:

2 **39-22-543. Credit for employers - family leave - definition.**

3 (1) AS USED IN THIS SECTION, "EMPLOYEE" HAS THE SAME MEANING AS
4 SET FORTH IN SECTION 39-22-604 (2)(a).

5 (2) EXCEPT AS SET FORTH IN SUBSECTION (3) OF THIS SECTION, FOR
6 ANY INCOME TAX YEAR COMMENCING ON OR AFTER JANUARY 1, 2021, A
7 TAXPAYER IS ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS
8 ARTICLE 22 THAT IS EQUAL TO FIFTEEN PERCENT OF THE AMOUNT THE
9 TAXPAYER PAID TO AN EMPLOYEE FOR THE PERIOD THE EMPLOYEE WAS ON
10 LEAVE FROM WORK DURING THE TAXABLE YEAR FOR ONE OF THE
11 FOLLOWING REASONS:

12 (a) THE BIRTH OF A CHILD OF THE EMPLOYEE AND TO CARE FOR THE
13 CHILD;

14 (b) THE PLACEMENT OF A CHILD WITH THE EMPLOYEE FOR
15 ADOPTION OR FOSTER CARE;

16 (c) TO CARE FOR A SPOUSE, CHILD, OR PARENT OF THE EMPLOYEE
17 IF THE SPOUSE, CHILD, OR PARENT HAS A SERIOUS HEALTH CONDITION;

18 (d) A SERIOUS HEALTH CONDITION THAT MAKES THE EMPLOYEE
19 UNABLE TO PERFORM THE FUNCTIONS OF THE POSITION OF THE EMPLOYEE;

20 (e) FOR AN INDIVIDUAL TO CARE FOR HIMSELF OR HERSELF OR TO
21 CARE FOR THE INDIVIDUAL'S PARENT OR CHILD AFTER BEING A VICTIM OF
22 DOMESTIC ABUSE; OR

23 (f) ANY QUALIFYING EXIGENCY, AS DETERMINED BY THE UNITED
24 STATES SECRETARY OF LABOR, ARISING OUT OF THE FACT THAT A SPOUSE,
25 CHILD, OR PARENT OF THE INDIVIDUAL IS ON COVERED ACTIVE DUTY, OR
26 HAS BEEN NOTIFIED OF AN IMPENDING CALL OR ORDER TO COVERED
27 ACTIVE DUTY, IN THE UNITED STATES ARMED FORCES THAT WOULD

1 ENTITLE THE INDIVIDUAL FOR LEAVE UNDER SECTION 29 U.S.C. SEC. 2612
2 (a)(1)(E).

3 (3) TO CLAIM THE CREDIT UNDER SUBSECTION (2) OF THIS SECTION,
4 A TAXPAYER MUST PAY THE EMPLOYEE AT LEAST FIFTY PERCENT OF THE
5 EMPLOYEE'S REGULAR WAGE FOR AT LEAST EIGHT WEEKS, BUT IN NO CASE
6 SHALL A TAXPAYER CLAIM THE CREDIT FOR MORE THAN TWELVE WEEKS OF
7 PAY. ANY PAYMENTS BY THE EMPLOYER FOR ACCRUED PAID VACATION,
8 SICK, OR PERSONAL LEAVE ARE NOT ELIGIBLE FOR THE CREDIT.

9 (4) A TAXPAYER THAT CLAIMS A CREDIT PURSUANT TO THIS
10 SECTION SHALL ADD AN AMOUNT EQUAL TO THE AMOUNT OF THE
11 CONTRIBUTION TO THE EMPLOYEE'S LEAVE SAVINGS ACCOUNT FOR WHICH
12 A CREDIT IS CLAIMED TO THE TAXPAYER'S FEDERAL TAXABLE INCOME
13 PURSUANT TO SECTION 39-22-104 (3)(1) OR 39-22-304 (2)(i), AS
14 APPLICABLE.

15 (5) IF THE AMOUNT OF A CREDIT ALLOWED UNDER THIS SECTION
16 EXCEEDS A TAXPAYER'S ACTUAL TAX LIABILITY FOR AN INCOME TAX YEAR,
17 THE AMOUNT OF THE CREDIT NOT USED TO OFFSET INCOME TAX LIABILITY
18 FOR THE INCOME TAX YEAR IS NOT REFUNDED TO THE TAXPAYER. THE
19 TAXPAYER MAY CARRY FORWARD AND APPLY THE UNUSED CREDIT
20 AGAINST THE INCOME TAX DUE IN EACH OF THE FIVE SUCCEEDING INCOME
21 TAX YEARS, BUT THE TAXPAYER SHALL APPLY THE CREDIT AGAINST THE
22 INCOME TAX DUE FOR THE EARLIEST OF THE INCOME TAX YEARS POSSIBLE.
23 ANY AMOUNT OF THE TAX CREDIT THAT IS NOT USED AFTER THIS PERIOD
24 IS NOT REFUNDABLE.

25 **39-22-544. Credit for employers - contribution to leave savings**
26 **account - definition.** (1) AS USED IN THIS SECTION, "EMPLOYEE" HAS THE
27 SAME MEANING AS SET FORTH IN SECTION 39-22-604 (2)(a).

1 (2) EXCEPT AS SET FORTH IN SUBSECTION (3) OF THIS SECTION, FOR
2 ANY INCOME TAX YEAR COMMENCING ON OR AFTER JANUARY 1, 2021, A
3 TAXPAYER IS ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS
4 ARTICLE 22 THAT IS EQUAL TO FIFTEEN PERCENT OF THE AMOUNT THE
5 TAXPAYER CONTRIBUTED TO AN EMPLOYEE'S LEAVE SAVINGS ACCOUNT
6 PURSUANT TO SECTION 39-22-130; EXCEPT THAT A CREDIT SHALL NOT BE
7 ALLOWED FOR CONTRIBUTIONS TO A LEAVE SAVINGS ACCOUNT THAT
8 EXCEED THREE THOUSAND DOLLARS IN A SINGLE YEAR.

9 (3) A TAXPAYER THAT CLAIMS A CREDIT PURSUANT TO THIS
10 SECTION SHALL ADD AN AMOUNT EQUAL TO THE AMOUNT OF THE
11 CONTRIBUTION TO THE EMPLOYEE'S LEAVE SAVINGS ACCOUNT FOR WHICH
12 A CREDIT IS CLAIMED, TO THE TAXPAYER'S FEDERAL TAXABLE INCOME
13 PURSUANT TO SECTION 39-22-104 (3)(1) OR 39-22-304 (2)(i), AS
14 APPLICABLE.

15 (4) IF THE AMOUNT OF A CREDIT ALLOWED UNDER THIS SECTION
16 EXCEEDS A TAXPAYER'S ACTUAL TAX LIABILITY FOR AN INCOME TAX YEAR,
17 THE AMOUNT OF THE CREDIT NOT USED TO OFFSET INCOME TAX LIABILITY
18 FOR THE INCOME TAX YEAR IS NOT REFUNDED TO THE TAXPAYER. THE
19 TAXPAYER MAY CARRY FORWARD AND APPLY THE UNUSED CREDIT
20 AGAINST THE INCOME TAX DUE IN EACH OF THE FIVE SUCCEEDING INCOME
21 TAX YEARS, BUT THE TAXPAYER SHALL APPLY THE CREDIT AGAINST THE
22 INCOME TAX DUE FOR THE EARLIEST OF THE INCOME TAX YEARS POSSIBLE.
23 ANY AMOUNT OF THE TAX CREDIT THAT IS NOT USED AFTER THIS PERIOD
24 IS NOT REFUNDABLE.

25 **SECTION 6. Act subject to petition - effective date.** This act
26 takes effect at 12:01 a.m. on the day following the expiration of the
27 ninety-day period after final adjournment of the general assembly (August

1 5, 2020, if adjournment sine die is on May 6, 2020); except that, if a
2 referendum petition is filed pursuant to section 1 (3) of article V of the
3 state constitution against this act or an item, section, or part of this act
4 within such period, then the act, item, section, or part will not take effect
5 unless approved by the people at the general election to be held in
6 November 2020 and, in such case, will take effect on the date of the
7 official declaration of the vote thereon by the governor.