

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

REREVISED

*This Version Includes All Amendments
Adopted in the Second House*

LLS NO. 20-0566.01 Pierce Lively x2059

HOUSE BILL 20-1205

HOUSE SPONSORSHIP

McKean, Arndt, Valdez D., Benavidez, Hooton, Snyder

SENATE SPONSORSHIP

Moreno, Woodward, Zenzinger

House Committees
Business Affairs & Labor

Senate Committees
Business, Labor, & Technology

A BILL FOR AN ACT

101 **CONCERNING THE REPEAL OF THE PRE-1987 NET OPERATING LOSS**
102 **DEDUCTION FOR INDIVIDUALS, ESTATES, AND TRUSTS.**

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/>.)

Statutory Revision Committee. Under current law, the pre-1987 net operating loss deduction for individuals, estates, and trusts allows individuals, estates, and trusts to deduct Colorado net operating losses carried forward from tax years beginning prior to January 1, 1987, from their federal taxable income when computing their Colorado taxable income. But the latest year that an individual, estate, or trust could have

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.

SENATE
3rd Reading Unamended
March 6, 2020

SENATE
2nd Reading Unamended
March 5, 2020

HOUSE
3rd Reading Unamended
February 20, 2020

HOUSE
2nd Reading Unamended
February 19, 2020

used the pre-1987 net operating loss deduction and carried forward a net operating loss generated in 1987 was 2002. The bill repeals the deduction.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds and declares that:

4 (a) The pre-1987 net operating loss deduction for individuals,
5 estates, and trusts allows individuals, estates, and trusts to deduct
6 Colorado net operating losses carried forward from tax years beginning
7 prior to January 1, 1987, from their federal taxable income when
8 computing their Colorado taxable income.

9 (b) Section 39-22-504 (2)(a), Colorado Revised Statutes, only
10 allows taxpayers to carry forward pre-1987 net operating losses for 15
11 years.

12 (c) Thus, the latest year that an individual, estate, or trust could
13 have used the pre-1987 net operating loss deduction and carried forward
14 a net operating loss generated in 1987 was 2002.

15 (2) Therefore, it is the intent of the general assembly to simplify
16 the administration of taxes for the state of Colorado by repealing tax
17 expenditures that are obsolete and can no longer be claimed.

18 **SECTION 2.** In Colorado Revised Statutes, 39-22-104, **repeal**
19 (4)(d) as follows:

20 **39-22-104. Income tax imposed on individuals, estates, and**
21 **trusts - single rate - legislative declaration - definitions - repeal.**

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

23 ~~(d) The net operating loss deduction allowed under section~~
24 ~~39-22-504 to the extent carried over from a taxable year beginning prior~~
25 ~~to January 1, 1987;~~

1 **SECTION 3. Act subject to petition - effective date.** This act
2 takes effect January 1, 2021; except that, if a referendum petition is filed
3 pursuant to section 1 (3) of article V of the state constitution against this
4 act or an item, section, or part of this act within the ninety-day period
5 after final adjournment of the general assembly, then the act, item,
6 section, or part will not take effect unless approved by the people at the
7 general election to be held in November 2020 and, in such case, will take
8 effect January 1, 2021, or on the date of the official declaration of the
9 vote thereon by the governor, whichever is later.