



Legislative
Council Staff

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FISCAL NOTE

Drafting Number: LLS 20-0236
Prime Sponsors:

Date: October 24, 2019
Bill Status: Bill Request
Fiscal Analyst: Katie Ruedebusch | 303-866-3001
Katie.Ruedebusch@state.co.us

Bill Topic: PREVIOUS TAXED INCOME GAIN DEDUCTION C-CORPORATION

Summary of Fiscal Impact: **No fiscal impact.** This bill repeals the previous taxed income gain C Corporation income tax deduction. The bill does not affect the revenue, expenditures, or workload of any state agency.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the bill draft as requested by the Tax Expenditure Evaluation Interim Study Committee.

Summary of Legislation

The income tax deduction for previously taxed income or gain deduction for C Corporations allows C Corporations to deduct from their federal taxable income any income or gain that was taxed previously by Colorado prior to 1965 if the income or gain is included in the C Corporation's current federal taxable income. The bill repeals this income tax deduction.

Assessment of No Fiscal Impact

This bill is assessed as having no fiscal impact. According to the Department of Revenue, the deduction is captured in other subtractions on corporate income tax returns. Repeal of the deduction will not require any form modifications or other rule changes. The bill does not affect the revenue, expenditures, or workload of any state or local government entity.

Further information from the Office of the State Auditor can be found here: https://leg.colorado.gov/sites/default/files/2019-te11_previously_taxed_income.pdf

Effective Date

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Information Technology
Revenue

Personnel
State Auditor