

CHAPTER 296

TAXATION

HOUSE BILL 00-1103

BY REPRESENTATIVES Spradley, Allen, Berry, Clapp, Dean, Decker, Fairbank, George, Gotlieb, Hagedorn, Hefley, Hoppe, Johnson, Kaufman, Kester, King, Larson, Lawrence, Lee, May, McElhany, McKay, McPherson, Miller, Mitchell, Nuñez, Paschall, Piffner, Scott, Sinclair, Smith, Spence, Stengel, Swenson, Taylor, Tool, Webster, T. Williams, Witwer, and Young; also SENATORS Owen, Tebedo, Arnold, Chlouber, Dennis, Hillman, Lamborn, and Powers.

AN ACT

CONCERNING THE REDUCTION OF THE STATE INCOME TAX RATE, AND MAKING AN APPROPRIATION IN CONNECTION THEREWITH.

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

SECTION 1. 39-22-104 (1.5) and (2), Colorado Revised Statutes, are amended, and the said 39-22-104 is further amended BY THE ADDITION OF A NEW SUBSECTION, to read:

39-22-104. Income tax imposed on individuals, estates, and trusts - single rate. (1.5) Subject to subsection (2) of this section, with respect to taxable years commencing on or after January 1, 1999, BUT PRIOR TO JANUARY 1, 2000, a tax of four and three-quarters percent is imposed on the federal taxable income, as determined pursuant to section 63 of the internal revenue code, of every individual, estate, and trust.

(1.7) SUBJECT TO SUBSECTION (2) OF THIS SECTION, WITH RESPECT TO TAXABLE YEARS COMMENCING ON OR AFTER JANUARY 1, 2000, A TAX OF FOUR AND SIXTY-THREE ONE HUNDREDTHS PERCENT IS IMPOSED ON THE FEDERAL TAXABLE INCOME, AS DETERMINED PURSUANT TO SECTION 63 OF THE INTERNAL REVENUE CODE, OF EVERY INDIVIDUAL, ESTATE, AND TRUST.

(2) Prior to the application of the rate of tax prescribed in ~~subsection (1)~~ SUBSECTION (1), (1.5), OR (1.7) of this section, the federal taxable income shall be modified as provided in subsections (3) and (4) of this section.

SECTION 2. The introductory portion to 39-22-105 (1) and 39-22-105 (3) and

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

(4), Colorado Revised Statutes, are amended, and the said 39-22-105 is further amended BY THE ADDITION OF A NEW SUBSECTION, to read:

39-22-105. Alternative minimum tax. (1) With respect to each taxable year commencing on or after January 1, 1987, BUT PRIOR TO JANUARY 1, 2000, for every individual, estate, and trust, in addition to the tax imposed in section 39-22-104, a tax is imposed in an amount equal to the excess of:

(1.5) WITH RESPECT TO EACH TAXABLE YEAR COMMENCING ON OR AFTER JANUARY 1, 2000, FOR EVERY INDIVIDUAL, ESTATE, AND TRUST, IN ADDITION TO THE TAX IMPOSED IN SECTION 39-22-104, A TAX IS IMPOSED IN AN AMOUNT EQUAL TO THE EXCESS OF:

(a) THREE AND FORTY-SEVEN ONE-HUNDREDTHS PERCENT OF THE COLORADO ALTERNATIVE MINIMUM TAXABLE INCOME, AS DETERMINED PURSUANT TO SUBSECTION (2) OF THIS SECTION; OVER

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

(3) (a) For taxable years beginning on or after January 1, 1988, BUT PRIOR TO JANUARY 1, 2000, each individual, estate, and trust shall be allowed a credit against the tax imposed by this part 1 in an amount equal to eighteen percent of the credit allowed for the same tax year by section 53 of the internal revenue code.

(b) FOR TAXABLE YEARS BEGINNING ON OR AFTER JANUARY 1, 2000, EACH INDIVIDUAL, ESTATE, AND TRUST SHALL BE ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS PART 1 IN AN AMOUNT EQUAL TO TWELVE PERCENT OF THE CREDIT ALLOWED FOR THE SAME TAX YEAR BY SECTION 53 OF THE INTERNAL REVENUE CODE.

(4) In the case of a nonresident taxpayer, the tax imposed by ~~subsection (1)~~ SUBSECTIONS (1) AND (1.5) of this section and the credit allowed by ~~subsection (2)~~ SUBSECTION (3) of this section shall be apportioned in the ratio of the modified federal alternative minimum taxable income from Colorado sources over the total modified federal alternative minimum taxable income.

SECTION 3. 39-22-301 (1) (d) (I) (H), Colorado Revised Statutes, is amended, and the said 39-22-301 (1) (d) (I) is further amended BY THE ADDITION OF A NEW SUB-SUBPARAGRAPH, to read:

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

(H) For income tax years commencing on or after January 1, 1999, BUT PRIOR TO JANUARY 1, 2000, four and three-quarters percent of the Colorado net income;

(I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2000, FOUR AND SIXTY-THREE ONE HUNDREDTHS PERCENT OF THE COLORADO NET INCOME.

SECTION 4. 39-22-601 (10), Colorado Revised Statutes, is amended to read:

39-22-601. Returns. (10) For income tax years commencing on or after January 1, 1999, the executive director shall include on every income tax return form a statement explaining that prior to January 1, 1999, the income tax rate for an individual, estate, and trust was five percent of federal taxable income and the income tax rate for corporations was five percent of net income. The statement shall also explain that the income tax rate was reduced for income tax years commencing on or after January 1, 1999, BUT PRIOR TO JANUARY 1, 2000, to four and three-quarters percent AND THAT THE INCOME TAX RATE WAS REDUCED FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2000, TO FOUR AND SIXTY-THREE ONE HUNDREDTHS PERCENT.

SECTION 5. Appropriation - adjustment in 2000 long bill. (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the general fund not otherwise appropriated, to the department of revenue, for the fiscal year beginning July 1, 2000, the sum of fifty-three thousand five hundred seventy-seven dollars (\$53,577), or so much thereof as may be necessary, for the implementation of this act.

(2) For the implementation of this act, appropriations made in the annual general appropriations act for the fiscal year beginning July 1, 2000, shall be adjusted as follows:

(a) The general fund appropriation to the capital construction fund outlined in section 3 (1) (f) is reduced by fifty-three thousand five hundred seventy-seven dollars (\$53,577).

(b) The capital construction fund exempt appropriation to the department of transportation, construction projects, is reduced by fifty-three thousand five hundred seventy-seven dollars (\$53,577).

SECTION 6. Effective date. This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution; except that, if a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

Approved: May 31, 2000