

**First Regular Session
Seventy-first General Assembly
STATE OF COLORADO**

INTRODUCED

LLS NO. 17-0505.01 Ed DeCecco x4216

HOUSE BILL 17-1007

HOUSE SPONSORSHIP

Garnett,

SENATE SPONSORSHIP

Gardner,

House Committees

Education
Finance

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING A TAX BENEFIT FOR AN EMPLOYER WHO CONTRIBUTES TO**
102 **AN EMPLOYEE'S COLLEGE INVEST ACCOUNT, AND, IN**
103 **CONNECTION THEREWITH, ENACTING THE "INCREASE COLLEGE**
104 **SAVINGS ACT".**

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 starting point for determining state income tax liability is federal taxable income. This number is adjusted for additions and subtractions (deductions) that are used to determine Colorado taxable

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

income, which amount is multiplied by the state's 4.63% income tax rate.

The bill allows an employer, whether filing as an individual or a corporation, to claim a deduction for any amount that the employer contributes to an employee's college trust account or savings account that is administered by collegeinvest. This deduction may be claimed even if the contribution has already been deducted from the employer's federal taxable income.

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

2 **SECTION 1. Short title.** The short title of this act is the
3 "Increase College Savings Act".

4 **SECTION 2. Legislative declaration.** The general assembly
5 hereby finds and declares that the college savings program administered
6 by collegeinvest is beneficial for all of the reasons identified in section
7 23-3.1-301, Colorado Revised Statutes, and that the purpose of the tax
8 deduction created by this act is to provide an additional tax incentive for
9 employers to help their employees save for college by contributing to the
10 employees' college trust account or savings accounts administered by
11 collegeinvest.

12 **SECTION 3.** In Colorado Revised Statutes, 39-22-104, **add**
13 (4)(x) as follows:

14 **39-22-104. Income tax imposed on individuals, estates, and**
15 **trusts - single rate - legislative declaration - definitions - repeal.**

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

17 (x) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,
18 2018, FOR AN EMPLOYER, AN AMOUNT EQUAL TO ANY AMOUNT THE
19 EMPLOYER CONTRIBUTES TO AN EMPLOYEE'S TRUST ACCOUNT OR SAVINGS
20 ACCOUNT ESTABLISHED PURSUANT TO PART 3 OF ARTICLE 3.1 OF TITLE 23
21 DURING THE TAXABLE YEAR. THIS SUBTRACTION IS ALLOWABLE EVEN IF
22 THE CONTRIBUTION IS OTHERWISE EXCLUDED FROM FEDERAL TAXABLE

1 INCOME.

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

4 **39-22-304. Net income of corporation - legislative declaration**
5 **- definitions - repeal.** (3) There shall be subtracted from federal taxable
6 income:

7 (p) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,
8 2018, FOR AN EMPLOYER, AN AMOUNT EQUAL TO ANY AMOUNT THE
9 EMPLOYER CONTRIBUTES TO AN EMPLOYEE'S TRUST ACCOUNT OR SAVINGS
10 ACCOUNT ESTABLISHED PURSUANT TO PART 3 OF ARTICLE 3.1 OF TITLE 23
11 DURING THE TAXABLE YEAR. THIS SUBTRACTION IS ALLOWABLE EVEN IF
12 THE CONTRIBUTION IS OTHERWISE EXCLUDED FROM FEDERAL TAXABLE
13 INCOME.

14 **SECTION 5. Act subject to petition - effective date.** This act
15 takes effect at 12:01 a.m. on the day following the expiration of the
16 ninety-day period after final adjournment of the general assembly (August
17 9, 2017, if adjournment sine die is on May 10, 2017); except that, if a
18 referendum petition is filed pursuant to section 1 (3) of article V of the
19 state constitution against this act or an item, section, or part of this act
20 within such period, then the act, item, section, or part will not take effect
21 unless approved by the people at the general election to be held in
22 November 2018 and, in such case, will take effect on the date of the
23 official declaration of the vote thereon by the governor.