

CHAPTER 59

TAXATION

HOUSE BILL 20-1205

BY REPRESENTATIVE(S) McKean, Arndt, Valdez D., Benavidez, Hooton, Snyder;
also SENATOR(S) Moreno, Woodward, Zenzinger.

AN ACT

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

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

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

(a) 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.

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

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

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

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

39-22-104. Income tax imposed on individuals, estates, and trusts - single rate - legislative declaration - definitions - repeal. (4) There shall be subtracted from federal taxable income:

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

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

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

Approved: March 20, 2020