

CHAPTER 145

TAXATION

HOUSE BILL 22-1025

BY REPRESENTATIVE(S) Benavidez, Gonzales-Gutierrez, Gray, Kennedy, Sirota, Titone;
also SENATOR(S) Kolker, Hansen, Buckner, Gonzales, Lee, Moreno, Rodriguez.

AN ACT

CONCERNING THE REPEAL OF INFREQUENTLY USED TAX EXPENDITURES, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

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

SECTION 1. In Colorado Revised Statutes, 10-3-910, **repeal** (3) as follows:

10-3-910. Application of this part 9. (3) ~~This part 9 shall not apply to any life insurance company organized and operated, without profit to any private shareholder or individual, exclusively for the purpose of aiding educational or scientific institutions organized and operated without profit to any private shareholder or individual by issuing insurance and annuity contracts directly from the home office of the company and without agents or representatives in this state only to or for the benefit of such institutions and to individuals engaged in the services of such institutions, nor to any policy or contract which it issues; but this exemption is conditioned upon any such company complying with the following requirements:~~

(a) ~~Payment of an annual registration fee of five thousand dollars; except that the commissioner by rule or as otherwise provided by law may reduce the amount of the fee if necessary pursuant to section 24-75-402 (3), C.R.S., to reduce the uncommitted reserves of the fund to which all or any portion of the fee is credited. After the uncommitted reserves of the fund are sufficiently reduced, the commissioner by rule or as otherwise provided by law may increase the amount of the fee as provided in section 24-75-402 (4), C.R.S.~~

(b) ~~Filing a copy of any policy or contract issued to Colorado residents with the commissioner;~~

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.

~~(c) Filing a copy of its annual statement prepared pursuant to the laws of its state of domicile, as well as such other financial material as may be requested with the commissioner; and~~

~~(d) Providing, in such form as may be acceptable to the commissioner, for the appointment of the commissioner as its true and lawful attorney upon whom may be served all lawful process in any action or proceeding against such company arising out of any policy or contract it has issued to, or which is currently held by, a Colorado citizen, and process so served against such company shall have the same force and validity as if served upon the company.~~

SECTION 2. In Colorado Revised Statutes, 39-22-104, **amend** (5) as follows:

39-22-104. Income tax imposed on individuals, estates, and trusts - single rate - report - legislative declaration - definitions - repeal. (5) (a) FOR INCOME TAX YEARS COMMENCING PRIOR TO JANUARY 1, 2023, any person who is required by the terms of this ~~article~~ ARTICLE 22 to file a return whose only activities in Colorado consist of making sales, who does not own or rent real estate within the state of Colorado, and whose annual gross sales in or into this state amount to not more than one hundred thousand dollars may elect to pay a tax of one-half of one percent of his annual gross receipts derived from sales in or into Colorado in lieu of paying an income tax.

(b) THIS SUBSECTION (5) IS REPEALED, EFFECTIVE JULY 1, 2025.

SECTION 3. In Colorado Revised Statutes, 39-22-114.5, **amend** (1); and **add** (4) as follows:

39-22-114.5. Tax credit for investment in technologies for recycling plastics - repeal. (1) FOR INCOME TAX YEARS COMMENCING PRIOR TO JANUARY 1, 2023, there shall be allowed to each resident individual, as a credit against the income taxes imposed by this ~~article~~ ARTICLE 22, a plastic recycling credit equal to twenty percent of net expenditures to third parties for rent, wages, supplies, consumable tools, equipment, test inventory, and utilities up to ten thousand dollars made by the taxpayer for new plastic recycling technology in Colorado, with a maximum credit of two thousand dollars. The tax credit allowed in this section shall be applicable only to income related to the expenditures described in this subsection (1).

(4) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2029.

SECTION 4. In Colorado Revised Statutes, 39-22-301, **amend** (2) and (3)(b); and **add** (3)(e) as follows:

39-22-301. Corporate tax imposed. (2) (a) FOR INCOME TAX YEARS COMMENCING PRIOR TO JANUARY 1, 2023, any corporation which is required by the terms of this ~~article~~ ARTICLE 22 to file a return, and whose only activities in Colorado consist of making sales, and which does not own or rent real estate within the state of Colorado, and whose annual gross sales in or into this state amount to not more than one hundred thousand dollars may elect to pay a tax of one-half of one percent of its annual gross receipts derived from sales in or into Colorado in lieu of paying an income tax.

(b) THIS SUBSECTION (2) IS REPEALED, EFFECTIVE JULY 1, 2025.

(3) (b) FOR INCOME TAX YEARS COMMENCING PRIOR TO JANUARY 1, 2023, there shall be allowed to taxpayers, as a credit with respect to the income taxes imposed by this part 3, an amount equal to twenty-five percent of the wholesale market price or twenty-five percent of the most recent sale price of crop contributions or livestock contributions, or both, made to a tax-exempt charitable organization. Credit, as provided for in this subsection (3), may not exceed one thousand dollars per tax year.

(e) THIS SUBSECTION (3) IS REPEALED, EFFECTIVE JULY 1, 2029.

SECTION 5. In Colorado Revised Statutes, 39-22-304, **amend** (3)(e) as follows:

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

(e) (I) FOR AN INCOME TAX YEAR COMMENCING PRIOR TO JANUARY 1, 2023, the amount necessary to prevent the taxation under this ~~article~~ ARTICLE 22 of any annuity or other amount of income or gain which was properly included in income or gain and was taxed under the laws of this state, for a taxable year prior to January 1, 1965, to the taxpayer, or to a decedent by reason of whose death the taxpayer acquired the right to receive the income or gain, or to a trust or estate from which the taxpayer received the income or gain;

(II) THIS SUBSECTION (3)(e) IS REPEALED, EFFECTIVE JULY 1, 2024.

SECTION 6. In Colorado Revised Statutes, 39-22-507.5, **amend** (1) introductory portion; and **add** (13) as follows:

39-22-507.5. Credits against tax - investment in certain property - repeal.

(1) Except as otherwise provided in this section, there shall be allowed to any person as a credit against the tax imposed by this ~~article~~ ARTICLE 22, for income tax years commencing on or after January 1, 1979, BUT PRIOR TO JANUARY 1, 2023, an amount equal to the total of:

(13) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2031.

SECTION 7. In Colorado Revised Statutes, 39-22-507.6, **amend** (1) introductory portion; and **add** (7) as follows:

39-22-507.6. Credits against corporate tax - investment in certain property - repeal. (1) Except as otherwise provided in this section, there shall be allowed to any person as a credit against the tax imposed by part 3 of this ~~article~~ ARTICLE 22, for income tax years commencing on or after January 1, 1988, BUT PRIOR TO JANUARY 1, 2023, an amount equal to the total of:

(7) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2027.

SECTION 8. In Colorado Revised Statutes, 39-26-713, **amend** (1) introductory portion and (2)(h); and **repeal** (1)(b) and (2)(i) as follows:

39-26-713. Tangible personal property. (1) The following shall be exempt from taxation under the provisions of part 1 of this ~~article~~ ARTICLE 22:

~~(b) The transfer of tangible personal property without consideration, other than the purchase, sale, or promotion of the transferor's product, to an out-of-state vendee for use outside of this state in selling products normally sold at wholesale by the transferor;~~

(2) The following are exempt from taxation under part 2 of this article 26:

(h) The storage, use, or consumption of tangible personal property purchased by a resident of Colorado while outside the state in amounts of one hundred dollars or less; AND

~~(i) The storage, use, or consumption of tangible personal property that is thereafter transferred to an out-of-state vendee without consideration, other than the purchase, sale, or promotion of the transferor's product, for use outside of this state in selling products normally sold at wholesale by the corporation or person storing, using, or consuming said property; and~~

SECTION 9. In Colorado Revised Statutes, **repeal** 39-22-510 as follows:

39-22-510. State-employed chaplains - designation of rental allowance. ~~(1) In the case of a chaplain, "salary" means the amount of money or credit received as compensation for services rendered, exclusive of mileage, traveling allowances, and other sums received for actual and necessary expenses incurred in the performance of the state's business.~~

~~(2) The state of Colorado, being a tax-exempt entity, designates a portion of the annual compensation of every chaplain who is employed full-time by this state, in the amount of four thousand two hundred dollars, as the payment of a rental allowance for the purpose of renting or providing a home for the chaplain and his family when such rent or home is not provided by the state.~~

SECTION 10. In Colorado Revised Statutes, 39-22-517, **amend** (1) and (2) as follows:

39-22-517. Tax credit for child care center investments. (1) With respect to taxable years commencing on or after January 1, 1992, there shall be allowed to any person operating a child care center, family child care home, or foster care home licensed pursuant to the provisions of section 26-6-104, C.R.S.; a credit against the tax imposed by this ~~article~~ ARTICLE 22 in the amount of twenty percent of the taxpayer's annual investment in tangible personal property to be used in such child care center, family child care home, or foster care home. ~~Such credit shall be in addition to any credit for which the taxpayer may be eligible pursuant to the provisions of section 39-22-507.5 or section 39-22-507.6.~~

(2) With respect to taxable years commencing on or after July 1, 1992, there shall be allowed to any sole proprietorship, partnership, limited liability corporation, subchapter S corporation, or regular corporation which provides child care facilities which are incidental to their business and are licensed pursuant to section 26-6-104,

~~C.R.S.~~, for the use of its employees a credit against the tax imposed by this ~~article~~ ARTICLE 22 in the amount of ten percent of the taxpayer's annual investment in tangible personal property to be used in such child care facilities. ~~Such credit shall be in addition to any credit for which the taxpayer may be eligible pursuant to the provisions of section 39-22-507.5 or section 39-22-507.6.~~

SECTION 11. In Colorado Revised Statutes, 39-30-104, **amend** (1)(a); and **repeal** (2)(a) as follows:

39-30-104. Credit against tax - investment in certain property - definitions.

(1) (a) ~~In lieu of any credit allowable under section 39-22-507.5,~~ There shall be allowed to any person as a credit against the tax imposed by article 22 of this ~~title~~ TITLE 39, for income tax years commencing on or after January 1, 1986, an amount equal to the total of three percent of the total qualified investment, as determined under section 46 (c)(2) of the federal "Internal Revenue Code of 1986", as amended, in such taxable year in qualified property as defined in section 48 of the internal revenue code to the extent that such investment is in property that is used solely and exclusively in an enterprise zone for at least one year. The references in this subsection (1) to sections 46 (c)(2) and 48 of the internal revenue code mean sections 46 (c)(2) and 48 of the internal revenue code as they existed immediately prior to the enactment of the federal "Revenue Reconciliation Act of 1990".

(2) (a) ~~For income tax years commencing prior to January 1, 2014, the amount of the credit set forth in subsection (1) of this section shall be subject to the limitations of section 39-22-507.5; except that, in computing the limitations on credit pursuant to section 39-22-507.5 (3), a taxpayer's actual tax liability for the income tax year shall not be reduced by the amount of credits allowed by section 39-30-105.1 and the limit on that portion of a taxpayer's tax liability that exceeds five thousand dollars shall be fifty percent.~~

SECTION 12. Appropriation. (1) For the 2022-23 state fiscal year, \$30,750 is appropriated to the department of revenue. This appropriation is from the general fund. To implement this act, the department may use this appropriation as follows:

- (a) \$6,750 for tax administration ITsystem (GenTax) support; and
- (b) \$24,000 for use by the taxation services division for personal services.

SECTION 13. Act subject to petition - effective date. Sections 8, 10, and 11 of this act take effect January 1, 2023, and the remainder of this act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly; 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 such period, 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 2022 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor; except that sections 8, 10, and 11 of this act take effect January 1, 2023.

Approved: May 2, 2022