

Second Regular Session  
Seventy-fourth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 24-0649.01 Jessica Herrera x4218

HOUSE BILL 24-1065

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HOUSE SPONSORSHIP

Bottoms and Pugliese,

SENATE SPONSORSHIP

Kirkmeyer,

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House Committees  
Finance

Senate Committees

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A BILL FOR AN ACT

101 CONCERNING A REDUCTION OF THE STATE INCOME TAX RATE.

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**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>.)*

For income tax years commencing on and after January 1, 2025, the bill reduces both the individual and the corporate state income tax rates from 4.40% to 4.0%. The bill also exempts the rate reductions from the existing statutory requirements that tax expenditure legislation include a tax preference performance statement in a statutory legislative declaration and repeal after a specified period of tax years.

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Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters or bold & italic numbers indicate new material to be added to existing law.*  
*Dashes through the words or numbers indicate deletions from existing law.*

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-21-304, **amend**  
3 (1)(a) and (4) as follows:

4 **39-21-304. Tax expenditure - tax preference performance**  
5 **statement - tax expenditure repeal requirement.** (1) (a) On and after  
6 January 1, 2021, EXCEPT AS OTHERWISE PROVIDED IN SECTIONS 39-22-104  
7 (1.9)(b) AND 39-22-301 (1)(d)(I)(L), any bill that creates a new tax  
8 expenditure or extends an expiring tax expenditure must include a tax  
9 preference performance statement as part of a statutory legislative  
10 declaration.

11 (4) On and after January 1, 2021, EXCEPT AS OTHERWISE  
12 PROVIDED IN SECTION 39-22-104 (1.9)(b) AND 39-22-301 (1)(d)(I)(L), any  
13 bill that creates a new tax expenditure must include a repeal of the  
14 expenditure after a specified period of tax years and any bill that extends  
15 an expiring tax expenditure must extend the expenditure for a specified  
16 period of tax years. A bill that creates a new tax expenditure or extends  
17 an expiring tax expenditure may not establish the tax expenditure for an  
18 indefinite period of time.

19 **SECTION 2.** In Colorado Revised Statutes, 39-22-104, **amend**  
20 (1.7)(c) and (2); and **add** (1.9) as follows:

21 **39-22-104. Income tax imposed on individuals, estates, and**  
22 **trusts - single rate - report - legislative declaration - definitions -**  
23 **repeal.** (1.7) (c) ~~Except as otherwise provided in section 39-22-627,~~  
24 Subject to subsection (2) of this section, with respect to taxable years  
25 commencing on or after January 1, 2022, BUT BEFORE JANUARY 1, 2025,  
26 a tax of four and forty one-hundredths percent is imposed on the federal  
27 taxable income, as determined pursuant to section 63 of the internal

1 revenue code, of every individual, estate, and trust.

2 (1.9) (a) SUBJECT TO SUBSECTION (2) OF THIS SECTION, WITH  
3 RESPECT TO TAXABLE YEARS COMMENCING ON OR AFTER JANUARY 1,  
4 2025, A TAX OF FOUR PERCENT IS IMPOSED ON THE FEDERAL TAXABLE  
5 INCOME, AS DETERMINED PURSUANT TO SECTION 63 OF THE INTERNAL  
6 REVENUE CODE, OF EVERY INDIVIDUAL, ESTATE, AND TRUST.

7 (b) THE RATE REDUCTION SET FORTH IN SUBSECTION (1.9)(a) OF  
8 THIS SECTION IS NOT SUBJECT TO THE REQUIREMENT SET FORTH IN SECTION  
9 39-21-304.

10 (2) Prior to the application of the rate of tax prescribed in  
11 subsection (1), (1.5), ~~or~~ (1.7), OR (1.9) of this section, the federal taxable  
12 income shall be modified as provided in subsections (3) and (4) of this  
13 section.

14 **SECTION 3.** In Colorado Revised Statutes, 39-22-301 , **amend**  
15 (1)(d)(I)(K); and **add** (1)(d)(I)(L) as follows:

16 **39-22-301. Corporate tax imposed - repeal.** (1) (d) (I) A tax is  
17 imposed upon each domestic C corporation and foreign C corporation  
18 doing business in Colorado annually in an amount of the net income of  
19 such C corporation during the year derived from sources within Colorado  
20 as set forth in the following schedule of rates:

21 (K) ~~Except as otherwise provided in section 39-22-627,~~ For  
22 income tax years commencing on or after January 1, 2022, BUT BEFORE  
23 JANUARY 1, 2025, four and forty one-hundredths percent of the Colorado  
24 net income;

25 (L) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
26 1, 2025, FOUR PERCENT OF THE COLORADO NET INCOME. THE RATE  
27 REDUCTION SET FORTH IN THIS SUBSECTION (1)(d)(I)(L) IS NOT SUBJECT TO

1 THE REQUIREMENTS SET FORTH IN SECTION 39-21-304.

2           **SECTION 4. Act subject to petition - effective date.** This act  
3 takes effect at 12:01 a.m. on the day following the expiration of the  
4 ninety-day period after final adjournment of the general assembly; except  
5 that, if a referendum petition is filed pursuant to section 1 (3) of article V  
6 of the state constitution against this act or an item, section, or part of this  
7 act within such period, then the act, item, section, or part will not take  
8 effect unless approved by the people at the general election to be held in  
9 November 2024 and, in such case, will take effect on the date of the  
10 official declaration of the vote thereon by the governor.