

## CHAPTER 354

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**TAXATION**

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**HOUSE BILL 03-1382**

BY REPRESENTATIVE(S) Young, Plant, Witwer, Brophy, Jahn, and Weddig;  
also SENATOR(S) Teck, Owen, Reeves, Anderson, Arnold, Phillips, and Tapia.

**AN ACT**

**CONCERNING THE INTEREST RATE ON CERTAIN MONEYS THAT THE STATE OWES TAXPAYERS FOR OVERPAYMENT OF CERTAIN TAXES, AND MAKING AN APPROPRIATION IN CONNECTION THEREWITH.**

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

**SECTION 1.** 39-21-110.5 (2) and (3), Colorado Revised Statutes, are amended, and the said 39-21-110.5 is further amended BY THE ADDITION OF A NEW SUBSECTION, to read:

**39-21-110.5. Rate of interest to be fixed.** (2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4) OF THIS SECTION, the annual rate of interest shall be the prime rate, as reported by the "Wall Street Journal", plus three points, rounded to the nearest full percent. In the event that more than one rate is so reported, the highest rate shall be utilized.

(3) The commissioner of banking shall establish an adjusted annual rate of interest based upon the computation specified in ~~subsection (2)~~ SUBSECTIONS (2) AND (4) of this section and rounded to the nearest full percent. The adjusted annual rate of interest shall be so established by the commissioner of banking as of July 2, 1990, to become effective January 1, 1991. Thereafter, on July 1, or the next succeeding business day, of each year, the adjusted annual rate of interest shall be established in the same manner, to become effective on January 1 of the next succeeding year.

(4) FOR REFUNDS ISSUED ON OR AFTER JANUARY 1, 2004, THE ANNUAL RATE OF INTEREST APPLICABLE TO SECTIONS 39-21-110 AND 39-22-622 SHALL BE AS FOLLOWS:

(a) IF THE AMOUNT OF THE REFUND IS LESS THAN FIVE THOUSAND DOLLARS OR IF THE AMOUNT OF THE REFUND IS EQUAL TO OR GREATER THAN FIVE THOUSAND

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

DOLLARS BUT LESS THAN TEN PERCENT OF THE TAXPAYER'S NET TAX LIABILITY FOR THE PERIOD FOR WHICH THE TAX IS PAID, THE ANNUAL RATE OF INTEREST SHALL BE THE PRIME RATE, AS REPORTED BY THE "WALL STREET JOURNAL", PLUS THREE POINTS, ROUNDED TO THE NEAREST FULL PERCENT. IN THE EVENT THAT MORE THAN ONE RATE IS SO REPORTED, THE HIGHEST RATE SHALL BE UTILIZED.

(b) (I) IF THE AMOUNT OF THE REFUND IS EQUAL TO OR GREATER THAN FIVE THOUSAND DOLLARS AND THE AMOUNT OF THE REFUND IS EQUAL TO OR GREATER THAN TEN PERCENT OF THE TAXPAYER'S NET TAX LIABILITY FOR THE PERIOD FOR WHICH THE TAX IS PAID, THE ANNUAL RATE OF INTEREST SHALL BE THE PRIME RATE, AS REPORTED BY THE "WALL STREET JOURNAL", ROUNDED TO THE NEAREST FULL PERCENT, EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH (b). IN THE EVENT THAT MORE THAN ONE RATE IS REPORTED, THE HIGHEST RATE SHALL BE UTILIZED.

(II) FOR ANY REFUND SUBJECT TO THE PROVISIONS OF SUBPARAGRAPH (I) OF THIS PARAGRAPH (b), IF THE TAXPAYER DEMONSTRATES THAT THE OVERPAYMENT OF TAX NECESSITATING SUCH REFUND WAS DUE TO GOOD CAUSE AS DETERMINED BY THE EXECUTIVE DIRECTOR, THE ANNUAL RATE OF INTEREST SHALL BE THE PRIME RATE, AS REPORTED BY THE "WALL STREET JOURNAL", PLUS THREE POINTS, ROUNDED TO THE NEAREST FULL PERCENT. IN THE EVENT THAT MORE THAN ONE RATE IS SO REPORTED, THE HIGHEST RATE SHALL BE UTILIZED.

**SECTION 2. Appropriation.** 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, 2003, the sum of one thousand eighty dollars (\$1,080), or so much thereof as may be necessary, for the implementation of this act.

**SECTION 3. 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: June 3, 2003