

CHAPTER 253

PROBATE, TRUSTS, AND FIDUCIARIES

SENATE BILL 06-211

BY SENATOR(S) Grossman, and Wiens;
also REPRESENTATIVE(S) Witwer, Crane, Kerr J., and McCluskey.

AN ACT**CONCERNING THE DETERMINATION OF DUAL RESIDENT TRUST TAXATION.**

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

SECTION 1. Part 1 of article 22 of title 39, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

39-22-108.5. Dual resident trusts - income tax calculation. (1) WITH RESPECT TO A TRUST THAT IS A RESIDENT OF ANOTHER STATE AND BECOMES A RESIDENT OF COLORADO AFTER THE EFFECTIVE DATE OF THIS SECTION AND THAT IS SUBJECT TO INCOME TAXES IN THE OTHER STATE AND IN COLORADO BY VIRTUE OF THE TRUST'S DUAL RESIDENCE, THE EXECUTIVE DIRECTOR SHALL, IN LIEU OF THE CREDIT GRANTED IN SECTION 39-22-108 (1), ALLOW A CREDIT TO THE COLORADO INCOME TAX TO BE DETERMINED IN ACCORDANCE WITH THIS SECTION.

(2) THE CREDIT AMOUNT SHALL BE EQUAL TO THE COLORADO INCOME TAX IMPOSED ON THE PORTION OF THE TRUST'S INCOME THAT IS SUBJECT TO TAX IN COLORADO AND THE OTHER STATE, MULTIPLIED BY A PERCENTAGE EQUAL TO THE OTHER STATE'S INCOME TAX RATE FOR THE INCOME TAX YEAR DIVIDED BY THE SUM OF THE INCOME TAX RATES OF COLORADO AND THE OTHER STATE FOR THE INCOME TAX YEAR.

(3) IF THE CREDIT AMOUNT IN SUBSECTION (2) OF THIS SECTION IS COMPUTED USING MORE THAN ONE OTHER STATE, THE PERCENTAGE USED SHALL EQUAL THE COMBINED TOTAL OF ALL THE OTHER STATES' INCOME TAX RATES FOR THE INCOME TAX YEAR DIVIDED BY THE COMBINED INCOME TAX RATES OF COLORADO AND THE OTHER STATES FOR THE INCOME TAX YEAR.

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

(4) FOR PURPOSES OF THIS SECTION, "STATE INCOME TAX RATE" MEANS THE TRUST'S STATE INCOME TAX LIABILITY DIVIDED BY THE TRUST'S TAXABLE INCOME USED TO COMPUTE THE STATE INCOME TAX LIABILITY.

(5) THE PROVISIONS OF SECTION 39-22-108 (3), (4), AND (5) SHALL APPLY TO THIS SECTION.

SECTION 2. Effective date - applicability. This act shall take effect upon passage and shall apply to income tax years commencing on and after January 1, 2006.

SECTION 3. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: May 25, 2006