

CHAPTER 327

TAXATION

HOUSE BILL 13-1042

BY REPRESENTATIVE(S) Kagan, Hullinghorst, Labuda, Lee, Moreno, Singer;
also SENATOR(S) Guzman, Hodge, Jahn, Steadman.

AN ACT

CONCERNING A STATE INCOME TAX DEDUCTION FOR A TAXPAYER WHO IS PROHIBITED FROM CLAIMING A FEDERAL INCOME TAX DEDUCTION BY SECTION 280E OF THE INTERNAL REVENUE CODE BECAUSE MARIJUANA IS A CONTROLLED SUBSTANCE UNDER FEDERAL LAW, 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, 39-22-104, **add** (4) (r) as follows:

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

(r) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2014, IF A TAXPAYER IS LICENSED UNDER THE "COLORADO MEDICAL MARIJUANA CODE", ARTICLE 43.3 OF TITLE 12, C.R.S., AN AMOUNT EQUAL TO ANY EXPENDITURE THAT IS ELIGIBLE TO BE CLAIMED AS A FEDERAL INCOME TAX DEDUCTION BUT IS DISALLOWED BY SECTION 280E OF THE INTERNAL REVENUE CODE BECAUSE MARIJUANA IS A CONTROLLED SUBSTANCE UNDER FEDERAL LAW.

SECTION 2. In Colorado Revised Statutes, 39-22-304, **add** (3) (m) as follows:

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

(m) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2014, IF A TAXPAYER IS LICENSED UNDER THE "COLORADO MEDICAL MARIJUANA CODE", ARTICLE 43.3 OF TITLE 12, C.R.S., AN AMOUNT EQUAL TO ANY EXPENDITURE THAT IS ELIGIBLE TO BE CLAIMED AS A FEDERAL INCOME TAX DEDUCTION BUT IS

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

DISALLOWED BY SECTION 280E OF THE INTERNAL REVENUE CODE BECAUSE MARIJUANA IS A CONTROLLED SUBSTANCE UNDER FEDERAL LAW.

SECTION 3. 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, 2013, the sum of \$280,000, or so much thereof as may be necessary, for allocation to the taxation business group computer programming costs related to the implementation of this act.

SECTION 4. Act subject to petition - effective date. 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 (August 7, 2013, if adjournment sine die is on May 8, 2013); 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 2014 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: May 28, 2013