

CHAPTER 340

TAXATION

HOUSE BILL 14-1279

BY REPRESENTATIVE(S) Primavera and Young, Williams, Exum, Kraft-Tharp, Pabon, Rosenthal, Ryden, Wright, Buckner, Hamner, Kagan, Lebsock, Lee, May, McCann, Melton, Mitsch Bush, Moreno, Pettersen, Priola, Rankin, Salazar, Schafer, Singer, Sonnenberg, Ferrandino, Conti, Duran, Fields, Scott;
also SENATOR(S) Heath and Scheffel, Crowder, Guzman, Jahn, Johnston, Kefalas, Newell, Rivera.

AN ACT**CONCERNING THE CREATION OF A STATE INCOME TAX CREDIT TO REIMBURSE A BUSINESS FOR PERSONAL PROPERTY TAXES PAID IN THE STATE.**

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

SECTION 1. In Colorado Revised Statutes, **add** 39-22-537 as follows:

39-22-537. Credit for personal property taxes paid - legislative declaration - definitions - repeal. (1) THE GENERAL ASSEMBLY DECLARES THAT THE PURPOSE OF THE TAX EXPENDITURE IN THIS SECTION IS TO ASSIST SMALL BUSINESSES IN EXPANDING THEIR OPERATIONS IN COLORADO.

(2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "FEDERAL MARGINAL INCOME TAX RATE" MEANS THE FEDERAL INCOME TAX RATE AT WHICH AN ADDITIONAL DOLLAR OF TAXABLE INCOME WOULD BE TAXED.

(b) "INFLATION" MEANS THE ANNUAL PERCENTAGE CHANGE IN THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS, CONSUMER PRICE INDEX FOR ~~DENVER-Boulder-Greeley~~, ALL ITEMS, ALL URBAN CONSUMERS, OR ITS SUCCESSOR INDEX.

(c) "PROPERTY TAX" MEANS THE AD VALOREM TAX IMPOSED PURSUANT TO SECTION 3 OF ARTICLE ~~X~~ OF THE STATE CONSTITUTION BUT DOES NOT INCLUDE THE GRADUATED ANNUAL SPECIFIC OWNERSHIP TAX IMPOSED PURSUANT TO SECTION 6 OF ARTICLE ~~X~~ OF THE STATE CONSTITUTION.

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

(d) "TAXPAYER" INCLUDES AN ORGANIZATION EXEMPT FROM FEDERAL TAXATION PURSUANT TO SECTION 501 (c) OF THE INTERNAL REVENUE CODE.

(3)(a) FOR ANY INCOME TAX YEAR COMMENCING ON OR AFTER JANUARY 1, 2015, BUT PRIOR TO JANUARY 1, 2020, A TAXPAYER WHO QUALIFIES UNDER PARAGRAPH (b) OF THIS SUBSECTION (3) IS ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE THAT IS EQUAL TO A PERCENTAGE OF THE PROPERTY TAXES PAID FOR PERSONAL PROPERTY IN COLORADO DURING THE INCOME TAX YEAR. FOR A GIVEN INCOME TAX YEAR, A TAXPAYER'S PERCENTAGE IS EQUAL TO ONE HUNDRED PERCENT MINUS THE SUM OF THE TAXPAYER'S FEDERAL MARGINAL INCOME TAX RATE FOR THE YEAR AND THE STATE INCOME TAX RATE FOR THE YEAR; EXCEPT THAT THE PERCENTAGE IS EQUAL TO ONE HUNDRED PERCENT FOR AN ORGANIZATION THAT:

(I) IS EXEMPT FROM FEDERAL TAXATION PURSUANT TO SECTION 501 (c) OF THE INTERNAL REVENUE CODE; AND

(II) DOES NOT HAVE BUSINESS PERSONAL PROPERTY THAT IS USED IN A TRADE OR BUSINESS ON WHICH THE ORGANIZATION PAYS UNRELATED BUSINESS INCOME TAX.

(b) TO QUALIFY FOR A TAX CREDIT UNDER THIS SECTION, A TAXPAYER MUST HAVE FIFTEEN THOUSAND DOLLARS OR LESS WORTH OF PERSONAL PROPERTY ON WHICH PROPERTY TAXES ARE PAID IN COLORADO DURING AN INCOME TAX YEAR COMMENCING IN 2015, OR HAVE LESS THAN AN INFLATION-ADJUSTED AMOUNT FOR EACH INCOME TAX YEAR THEREAFTER. THESE ANNUAL LIMITS ARE BASED ON THE TOTAL ACTUAL VALUE OF THE TAXPAYER'S PERSONAL PROPERTY.

(c) A TAXPAYER MAY NOT CLAIM A TAX CREDIT UNDER THIS SECTION FOR THE PAYMENT OF DELINQUENT PROPERTY TAXES THAT WERE OWED FOR A PRIOR PROPERTY TAX YEAR.

(d) THE AMOUNT OF THE CREDIT UNDER THIS SECTION THAT EXCEEDS THE TAXPAYER'S INCOME TAXES DUE IS REFUNDED TO THE TAXPAYER.

(4) TO CLAIM A CREDIT UNDER THIS SECTION, A TAXPAYER MUST SUBMIT TO THE DEPARTMENT OF REVENUE A COPY OF A PROPERTY TAX STATEMENT DESCRIBED IN SECTION 39-10-103 FOR ALL OF THE TAXPAYER'S PERSONAL PROPERTY FOR THE PROPERTY TAX YEAR FOR WHICH THE CREDIT IS CLAIMED.

(5) THE DEPARTMENT OF REVENUE SHALL PROVIDE THE JOINT BUDGET COMMITTEE WITH A COPY OF THE PORTION OF THE 2017 TAX PROFILE AND EXPENDITURE REPORT CREATED PURSUANT TO SECTION 39-21-303 THAT RELATES TO THE CREDIT CREATED IN THIS SECTION.

(6) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2022.

SECTION 2. 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 6, 2014, if adjournment sine die is on May 7, 2014); 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: June 5, 2014