

**First Regular Session  
Seventy-fourth General Assembly  
STATE OF COLORADO**

**INTRODUCED**

LLS NO. 23-0612.01 Jessica Herrera x4218

**HOUSE BILL 23-1063**

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**HOUSE SPONSORSHIP**

**Bottoms,**

**SENATE SPONSORSHIP**

**(None),**

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**House Committees**

State, Civic, Military, & Veterans Affairs

**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, 2024, the bill reduces both the individual and the corporate state income tax rates from 4.40% to 3.5%. 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 a 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 SECTIONS 39-22-104 (1.9)(b) AND 39-22-301 (1)(d)(I)(L),  
13 any 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, 2024,  
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 2024, A TAX OF THREE AND ONE-HALF PERCENT IS IMPOSED ON THE  
5 FEDERAL TAXABLE INCOME, AS DETERMINED PURSUANT TO SECTION 63 OF  
6 THE INTERNAL REVENUE CODE, OF EVERY INDIVIDUAL, ESTATE, AND  
7 TRUST.

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

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

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

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

22 (K) Except as otherwise provided in section 39-22-627, for  
23 income tax years commencing on or after January 1, 2022, BUT BEFORE  
24 JANUARY 1, 2024, four and forty one-hundredths percent of the Colorado  
25 net income;

26 (L) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
27 1, 2024, THREE AND ONE-HALF PERCENT OF THE COLORADO NET INCOME.

1 THE RATE REDUCTION SET FORTH IN THIS SUBSECTION (1)(d)(I)(L) IS NOT  
2 SUBJECT TO THE REQUIREMENTS SET FORTH IN SECTION 39-21-304.

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