

Second Regular Session  
Seventy-third General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 22-0595.01 Megan McCall x4215

HOUSE BILL 22-1021

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HOUSE SPONSORSHIP

Ransom,

SENATE SPONSORSHIP

Sonnenberg,

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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, 2022, the bill reduces both the individual and the corporate state income tax rates from 4.55% to 4.4%. 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 statute.  
Dashes through the words indicate deletions from existing statute.

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, AND EXCEPT AS OTHERWISE PROVIDED IN SECTIONS  
7 39-22-104 (1.9)(b) AND 39-22-301 (1)(d)(I)(K), any bill that creates a new  
8 tax 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, AND EXCEPT AS OTHERWISE  
12 PROVIDED IN SECTIONS 39-22-104 (1.9)(b) AND 39-22-301 (1)(d)(I)(K),  
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)(b) 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) (b) 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, 2020, BUT BEFORE JANUARY 1, 2022,  
26 a tax of four and fifty-five one-hundredths percent is imposed on the  
27 federal taxable income, as determined pursuant to section 63 of the

1 internal 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 2022, A TAX OF FOUR AND FOUR-TENTHS 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)(J); and **add** (1)(d)(I)(K) as follows:

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

22 (J) Except as otherwise provided in section 39-22-627, for income  
23 tax years commencing on or after January 1, 2020, BUT BEFORE JANUARY  
24 1, 2022, four and fifty-five one-hundredths percent of the Colorado net  
25 income.

26 (K) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
27 1, 2022, FOUR AND FOUR-TENTHS PERCENT OF THE COLORADO NET

1 INCOME. THE RATE REDUCTION SET FORTH IN THIS SUBSECTION  
2 (1)(d)(I)(K) IS NOT SUBJECT TO THE REQUIREMENTS SET FORTH IN SECTION  
3 39-21-304.

4 **SECTION 4. Act subject to petition - effective date.** This act  
5 takes effect at 12:01 a.m. on the day following the expiration of the  
6 ninety-day period after final adjournment of the general assembly; except  
7 that, if a referendum petition is filed pursuant to section 1 (3) of article V  
8 of the state constitution against this act or an item, section, or part of this  
9 act within such period, then the act, item, section, or part will not take  
10 effect unless approved by the people at the general election to be held in  
11 November 2022 and, in such case, will take effect on the date of the  
12 official declaration of the vote thereon by the governor.