

2019-2020 #192 - Amended

2019-20 #D10

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Colorado Secretary of State

Be it Enacted by the People of the State of Colorado:

SECTION 1. FAIR AND JUST TAX SYSTEM. TAXPAYERS ARE ENTITLED TO A FAIR AND JUST TAX SYSTEM. THE GOAL ~~SHOULD BE~~ THAT, TO THE EXTENT PRACTICABLE, ALL TAXPAYERS SHOULD PAY SIMILAR PERCENTAGES OF THEIR INCOME IN TOTAL TAXES. SOME TAXES, SUCH AS SALES TAXES AND PROPERTY TAXES, HAVE A DISPROPORTIONAL IMPACT ON THOSE WITH LOWER INCOMES. A GRADUATED INDIVIDUAL INCOME TAX, WHICH TAXES THOSE WITH GREATER INCOMES AT HIGHER INCREMENTAL RATES, MAKES THE TAX SYSTEM MORE FAIR AND JUST. CORPORATIONS SHOULD ALSO PAY A FAIR SHARE OF THE TAX BURDEN, BUT MANY CORPORATIONS PAY NOTHING IN CORPORATE INCOME TAXES IN COLORADO. A MINIMUM CORPORATE INCOME TAX IS THEREFORE ALSO NECESSARY TO MAKE THE TAX SYSTEM MORE FAIR AND JUST.

SECTION 2. In the constitution of the state of Colorado, section 20 of article X, **amend (8)(a)** as follows:

(8)(a) Revenue Limits. New or increased transfer tax rates on real property are prohibited. No new state real property tax or local district income tax shall be imposed. Neither an income tax rate increase nor a new state definition of taxable income shall apply before the next tax year. ~~Any income tax law change after July 1, 1992 shall also require all taxable net income to be taxed at one rate, excluding refund tax credits or voter approved tax credits, with no added tax or surcharge.~~

SECTION 3. In Colorado Revised Statutes, 39-22-104, **amend (1.7) and (2); and add (1.8)** as follows:

39-22-104. Income tax imposed on individuals, estates, and trusts – single rate – legislative declaration – definitions – repeal. (1.7) Except as otherwise provided in section 39-22-627, subject to subsection (2) of this section, with respect to taxable years commencing on or after January 1, 2000, BUT PRIOR TO JANUARY 1, 2021, a tax of four and sixty-three one hundredths percent is imposed on the federal taxable income, as determined pursuant to section 63 of the internal revenue code, of every individual, estate, and trust.

(1.8)(a) EXCEPT AS OTHERWISE PROVIDED IN SECTION 39-22-627, SUBJECT TO SUBSECTION (2) OF THIS SECTION, WITH RESPECT TO TAXABLE YEARS COMMENCING ON OR AFTER JANUARY 1, 2021, A GRADUATED TAX IS IMPOSED ON FEDERAL TAXABLE INCOME, AS DETERMINED PURSUANT TO SECTION 63 OF THE INTERNAL REVENUE CODE, OF EVERY INDIVIDUAL, ESTATE, AND TRUST, WITH GREATER TAX RATES APPLYING TO HIGHER INCOME BRACKETS, AND EACH TAX RATE APPLYING ONLY TO THE INCOME BRACKET FOR THAT TAX RATE, AS FOLLOWS:

(I) FOR FEDERAL TAXABLE INCOME NOT OVER TWO HUNDRED FIFTY THOUSAND DOLLARS, THE TAX IS FOUR AND FIFTY-EIGHT ONE-HUNDREDTHS PERCENT;

(II) FOR FEDERAL TAXABLE INCOME OVER TWO HUNDRED FIFTY THOUSAND DOLLARS, BUT NOT OVER FIVE HUNDRED THOUSAND DOLLARS, THE TAX IS (A) ELEVEN THOUSAND FOUR HUNDRED

FIFTY DOLLARS PLUS (B) SEVEN AND ONE-QUARTER PERCENT OF THE AMOUNT OVER TWO HUNDRED FIFTY THOUSAND DOLLARS;

(III) FOR FEDERAL TAXABLE INCOME OVER FIVE HUNDRED THOUSAND DOLLARS, BUT NOT OVER ONE MILLION DOLLARS, THE TAX IS (A) TWENTY-NINE THOUSAND FIVE HUNDRED SEVENTY-FIVE DOLLARS PLUS (B) EIGHT AND ONE-HALF PERCENT OF THE AMOUNT OVER FIVE HUNDRED THOUSAND DOLLARS; AND

(IV) FOR FEDERAL TAXABLE INCOME OVER ONE MILLION DOLLARS, THE TAX IS (A) SEVENTY-TWO THOUSAND SEVENTY-FIVE DOLLARS PLUS (B) NINE AND EIGHTY-FIVE ONE-HUNDREDTHS PERCENT OF THE AMOUNT OVER ONE MILLION DOLLARS.

(1.8)(b) THE INCOME BRACKETS SET FORTH IN ~~THE ABOVE SCHEDULE~~ SUBSECTION (1.8)(a) OF THIS SECTION SHALL BE ADJUSTED EACH INCOME TAX YEAR BY THE PERCENTAGE CHANGE IN COLORADO PERSONAL INCOME. FOR PURPOSES OF THIS SUBSECTION, "COLORADO PERSONAL INCOME" MEANS THE TOTAL PERSONAL INCOME FOR COLORADO, AS DEFINED AND OFFICIALLY REPORTED BY THE BUREAU OF ECONOMIC ANALYSIS IN THE UNITED STATES DEPARTMENT OF COMMERCE, OR ANY SUCCESSOR INDEX.

(2) Prior to the application of the rate of tax prescribed in subsection (1), (1.5), ~~or~~ (1.7), OR (1.8) of this section, the federal taxable income shall be modified as provided in subsections (3) and (4) of this section.

SECTION 4. In Colorado Revised Statutes, add 39-22-301.1, as follows:

39-22-301.1. Corporate Alternative Minimum Income Tax. NOTWITHSTANDING THE TAX IMPOSED PURSUANT TO 39-22-301, FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2022, A MINIMUM INCOME TAX IS IMPOSED UPON EACH DOMESTIC C CORPORATION AND FOREIGN C CORPORATION DOING BUSINESS IN COLORADO ANNUALLY IN THE AMOUNT OF TWO HUNDRED FIFTY DOLLARS.

SECTION 5. In Colorado Revised Statutes, add 24-77-103.3 follows:

24-77-103.3. Voter approved revenue change - use of revenue - accountability. (1) THE REVENUE RAISED BY THE TAXES IMPOSED PURSUANT TO SECTIONS 39-22-104(1.8) AND 39-22-301.1 IN EXCESS OF THE REVENUE THAT WOULD BE GENERATED IN ANY CALENDAR YEAR BY APPLYING THE INCOME TAX RATE THAT EXISTED AS OF DECEMBER 31, 2019, SHALL CONSTITUTE A VOTER APPROVED REVENUE CHANGE AND MAY BE COLLECTED, KEPT, AND SPENT NOTWITHSTANDING ANY OTHER LIMITS IN THE CONSTITUTION OR OTHER LAW. AT LEAST TWENTY-FIVE PER CENT OF SUCH REVENUE SHALL BE APPROPRIATED AND EXPENDED FOR PRE-PRIMARY-12 EDUCATION TO RECRUIT, RETAIN, AND PAY TEACHERS AND STUDENT SERVICE PROVIDERS, PURSUANT TO THE PUBLIC SCHOOL FINANCE ACT OF 1994, ARTICLE 54 OF TITLE 22, COLORADO REVISED STATUTES, AND FOR CATEGORICAL PROGRAMS, AS DEFINED IN SECTION 17(2) OF ARTICLE 9 OF THE CONSTITUTION OF THE STATE OF COLORADO, OR THEIR SUCCESSOR PROVISIONS, WITH SUCH REVENUE BEING USED TO SUPPLEMENT AND NOT SUPPLANT GENERAL FUND AND STATE EDUCATION FUND APPROPRIATIONS FOR TOTAL

PROGRAM FUNDING AND CATEGORICAL PROGRAMS EXISTING ON THE EFFECTIVE DATE OF THIS SECTION. ~~THE~~ THE REMAINDER OF SUCH REVENUE SHALL BE APPROPRIATED AND EXPENDED TO ADDRESS THE IMPACTS OF A GROWING POPULATION AND A CHANGING ECONOMY. THE FUNDS SHALL BE APPROPRIATED AND EXPENDED THROUGH CURRENT FUNDING DISTRIBUTIONS. AT LEAST 90% OF SUCH REVENUE SHALL BE SPENT ON SERVICES FOR COLORADO RESIDENTS AND NOT ADMINISTRATIVE COSTS. THE GENERAL ASSEMBLY SHALL ESTABLISH A CITIZEN'S OVERSIGHT COMMITTEE TO ASSURE THAT THE FUNDS ARE SPENT IN ACCORDANCE WITH THIS SECTION. FOR EACH FISCAL YEAR THAT THE STATE RECEIVES SUCH REVENUE, THE DIRECTOR OF RESEARCH OF THE LEGISLATIVE COUNCIL SHALL PREPARE A LEGISLATIVE REPORT THAT INCLUDES THE FOLLOWING INFORMATION:

(a) THE AMOUNT OF SUCH REVENUE THAT THE STATE RECEIVED; AND

(b) A DESCRIPTION OF HOW THE FUNDS WERE EXPENDED.

(2) THE REPORT REQUIRED BY THIS SECTION SHALL BE COMPLETED BY OCTOBER 15 FOLLOWING A FISCAL YEAR IN WHICH THE STATE RECEIVES SUCH REVENUE AND MAY BE AMENDED THEREAFTER AS NECESSARY. THE DIRECTOR OF RESEARCH SHALL PUBLISH AND LINK TO THE OFFICIAL WEB SITE OF THE GENERAL ASSEMBLY A COPY OF THE REPORT.