

2025-2026 #157 - Final

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

SECTION 1. In Colorado Revised Statutes, 39-22-104, **amend** (1.7)(c); and **add** (1.7)(d) as follows:

39-22-104. Income tax imposed on individuals, estates, and trusts - single rate - report – tax preference performance statement - legislative declaration - definitions - repeal.

(1.7)(c) 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, 2022, BUT BEFORE JANUARY 1, 2027, a tax of four and forty 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.

(d) SUBJECT TO SUBSECTION (2) OF THIS SECTION, WITH RESPECT TO TAXABLE YEARS COMMENCING ON OR AFTER JANUARY 1, 2027, A TAX OF FOUR AND THIRTY-EIGHT 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. ANY REDUCTION IN STATE REVENUE ATTRIBUTED TO THE NEW TAX RATE ENACTED IN THIS SUBSECTION SHALL REDUCE FUNDING TO THE DEPARTMENT OF REVENUE AS CREATED IN SECTION 24-1-117, SUBJECT TO THE PROVISIONS IN SECTION 1-40-106(e).

SECTION 2. In Colorado Revised Statutes, 39-22-301, **amend** (1)(d)(I)(K); and **add**(1)(d)(I)(L) as follows:

39-22-301. Corporate tax imposed - repeal.

(1)(d)(I) A tax is imposed upon each domestic C corporation, foreign C corporation, and combined group, as defined in section 39-22-303 (12)(a.3), doing business in Colorado annually in an amount of the net income of such C corporation during the year derived from sources within Colorado as set forth in the following schedule of rates:

(K) Except as otherwise provided in section 39-22-627, for income tax years commencing on or after January 1, 2022, BUT BEFORE JANUARY 1, 2027, four and forty one-hundredths percent of the Colorado net income.

(L) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2027, FOUR AND THIRTY-EIGHT ONE-HUNDREDTHS PERCENT OF THE COLORADO NET INCOME. ANY REDUCTION IN STATE REVENUE ATTRIBUTED TO THE NEW TAX RATE ENACTED IN THIS SUBSECTION SHALL REDUCE FUNDING TO THE DEPARTMENT OF REVENUE AS CREATED IN SECTION 24-1-117, SUBJECT TO THE PROVISIONS IN SECTION 1-40-106(e).

SECTION 3. Effective date. This act takes effect January 1, 2027.