

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 SYSTEM, WHICH TAXES THOSE WITH GREATER INCOMES AT HIGHER INCREMENTAL RATES, MAKES 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), (1.9), and (1.10) 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) 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, THE GENERAL ASSEMBLY SHALL ENACT A GRADUATED INCOME TAX, WITH GREATER TAX RATES APPLYING TO HIGHER INCOME BRACKETS, AND EACH TAX RATE APPLYING ONLY TO THE INCOME BRACKET FOR THAT TAX RATE. THE GRADUATED TAX SHALL BE IMPOSED ON THE FEDERAL TAXABLE INCOME, AS DETERMINED PURSUANT TO SECTION 63 OF THE INTERNAL REVENUE CODE, OF EVERY INDIVIDUAL, ESTATE, AND TRUST. THE ADDITIONAL REVENUE PRODUCED BY THE GRADUATED INCOME TAX SHALL EQUAL AT LEAST 1% OF TOTAL STATE PERSONAL INCOME.

(1.9) IF THE GENERAL ASSEMBLY FAILS TO ENACT A GRADUATED INCOME TAX AS DESCRIBED IN SUBSECTION (1.8) OF THIS SECTION BEFORE JULY 1, 2022, 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, 2023, A GRADUATED TAX IS IMPOSED ON THE 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:

FOR INDIVIDUALS WHOSE FEDERAL TAXABLE INCOME IS DETERMINED ON A JOINT FEDERAL RETURN, IF THE FEDERAL TAXABLE INCOME IS:	FOR INDIVIDUALS WHO FILE AS HEAD OF HOUSEHOLD, IF THE FEDERAL TAXABLE INCOME IS:	FOR ALL OTHER INDIVIDUALS, ESTATES AND TRUSTS, IF THE FEDERAL TAXABLE INCOME IS:
NOT OVER TWO HUNDRED FIFTY THOUSAND DOLLARS, THE TAX IS FOUR AND SIXTY- THREE ONE-HUNDREDTHS PERCENT.	NOT OVER ONE HUNDRED EIGHTY-SEVEN THOUSAND FIVE HUNDRED DOLLARS, THE TAX IS FOUR AND SIXTY- THREE ONE-HUNDREDTHS PERCENT.	NOT OVER ONE HUNDRED TWENTY-FIVE THOUSAND DOLLARS, THE TAX IS FOUR AND SIXTY-THREE ONE- HUNDREDTHS PERCENT.
OVER TWO HUNDRED FIFTY THOUSAND DOLLARS, BUT NOT OVER FIVE HUNDRED THOUSAND DOLLARS, THE TAX IS (A) ELEVEN THOUSAND FIVE HUNDRED AND SEVENTY- FIVE DOLLARS PLUS (B) SEVEN AND ONE-QUARTER PERCENT OF THE AMOUNT OVER TWO HUNDRED THOUSAND DOLLARS.	OVER ONE HUNDRED EIGHTY-SEVEN THOUSAND FIVE HUNDRED DOLLARS, BUT NOT OVER THREE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS, THE TAX IS (A) EIGHT THOUSAND SIX HUNDRED EIGHTY-ONE AND TWENTY-FIVE ONE- HUNDREDTHS DOLLARS, PLUS (B) SEVEN AND ONE-QUARTER PERCENT OF THE AMOUNT OVER ONE HUNDRED FIFTY THOUSAND DOLLARS.	OVER ONE HUNDRED TWENTY-FIVE THOUSAND DOLLARS, BUT NOT OVER TWO HUNDRED FIFTY THOUSAND DOLLARS, THE TAX IS (A) FIVE THOUSAND SEVEN HUNDRED EIGHTY- SEVEN AND FIFTY ONE- HUNDREDTHS DOLLARS, PLUS (B) SEVEN AND ONE-QUARTER PERCENT OF THE AMOUNT OVER ONE HUNDRED THOUSAND DOLLARS.
OVER FIVE HUNDRED THOUSAND DOLLARS, BUT NOT OVER ONE MILLION DOLLARS, THE TAX IS (A) TWENTY-NINE THOUSAND SEVEN HUNDRED DOLLARS PLUS (B) EIGHT AND FIFTY ONE-HUNDREDTHS PERCENT OF THE AMOUNT OVER FIVE HUNDRED THOUSAND DOLLARS	OVER THREE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS, BUT NOT OVER SEVEN HUNDRED FIFTY THOUSAND DOLLARS, THE TAX IS (A) TWENTY-TWO THOUSAND TWO HUNDRED AND SEVENTY-FIVE DOLLARS, PLUS (B) EIGHT AND ONE-HALF PERCENT OF THE AMOUNT OVER THREE HUNDRED SEVENTY-FIVE THOUSAND	OVER TWO HUNDRED FIFTY THOUSAND DOLLARS, BUT NOT OVER FIVE HUNDRED THOUSAND DOLLARS, THE TAX IS (A) FOURTEEN THOUSAND EIGHT HUNDRED AND FIFTY DOLLARS, PLUS (B) EIGHT AND ONE-HALF PERCENT OF THE AMOUNT OVER TWO HUNDRED FIFTY THOUSAND DOLLARS.

	DOLLARS.	
OVER ONE MILLION DOLLARS , THE TAX IS (A) SEVENTY-TWO THOUSAND TWO HUNDRED DOLLARS (B) NINE AND EIGHTY-FIVE ONE-HUNDREDTHS PERCENT OF THE AMOUNT OVER ONE MILLION DOLLARS.	OVER SEVEN HUNDRED FIFTY THOUSAND DOLLARS , THE TAX IS (A) FIFTY-FOUR THOUSAND ONE HUNDRED AND FIFTY DOLLARS, PLUS (B) NINE AND EIGHTY-FIVE ONE-HUNDREDTHS PERCENT OF THE AMOUNT OVER SEVEN HUNDRED FIFTY THOUSAND DOLLARS.	OVER FIVE HUNDRED THOUSAND DOLLARS , THE TAX IS (A) THIRTY-SIX THOUSAND ONE HUNDRED DOLLARS, PLUS (B) NINE AND EIGHTY FIVE ONE-HUNDREDTHS PERCENT OF THE AMOUNT OVER FIVE HUNDRED THOUSAND DOLLARS.

(1.10) THE INCOME BRACKETS SET FORTH IN THE ABOVE SCHEDULE 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), (1.7), (1.8) (1.9), OR (1.10) 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** 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), (1.9), AND (1.10), AND 39-22-301(1)(d)(I)(J), 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 REVENUE RAISED BY THE TAXES IMPOSED PURSUANT TO SECTION 39-22-104(1.8) SHALL BE APPROPRIATED AND EXPENDED FOR PRE-PRIMARY-12 EDUCATION TO RECRUIT, RETAIN, PAY TEACHERS AND STUDENT SERVICE PROVIDERS. THE REMAINING 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 THE REVENUE RAISED BY THE TAXES IMPOSED PURSUANT SECTION 39-22-104(1.8) 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 SUCH REVENUE IS SPENT IN ACCORDANCE WITH THIS SECTION. FOR EACH FISCAL YEAR THAT THE STATE RECEIVES REVENUE PURSUANT TO SECTIONS 39-22-104(1.8), (1.9) AND (1.10), AND 39-22-301(1)(d)(I)(J), THE DIRECTOR OF RESEARCH OF THE LEGISLATIVE COUNCIL SHALL PREPARE A LEGISLATIVE REPORT THAT INCLUDES THE FOLLOWING INFORMATION:

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

(b) A DESCRIPTION OF HOW THE STATE REVENUE WAS EXPENDED.

(2) THE REPORT REQUIRED BY THIS SECTION SHALL BE COMPLETED BY OCTOBER 15 FOLLOWING A FISCAL YEAR IN WHICH THE STATE RECEIVES REVENUE PURSUANT TO SECTIONS 39-22-104(1.8), (1.9) AND (1.10), AND 39-22-301(1)(d)(I)(J), 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.