A BILL FOR AN ACT

CONCERNING THE REMOVAL OF THE CURRENT CALCULATION THRESHOLD THAT LIMITS THE COLORADO CHARITABLE CONTRIBUTION INCOME TAX DEDUCTION.

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.)

Current law specifies that any individual who claims the basic standard deduction on their federal income tax return, and is therefore unable to claim a federal itemized deduction for charitable contributions, may take a deduction on their Colorado income tax return for the portion of the charitable contributions that exceed $500 that the individual makes.
during the tax year. The bill specifies, by removing the $500 calculation threshold, that for income tax years commencing on or after January 1, 2019, an individual who claims the basic standard deduction on their federal income tax return may take a deduction on their Colorado income tax return for all of the charitable contributions that they make during the tax year.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 39-22-104, amend (4)(m)(I) as follows:

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

(4) There shall be subtracted from federal taxable income:

   (m) (I) (A) Except as provided in subparagraph (VII) of this paragraph (m) SUBSECTION (4)(m)(VII) OF THIS SECTION, for any income tax year commencing on or after January 1, 2001, BUT BEFORE JANUARY 1, 2019, for any individual who claims the basic standard deduction allowed under section 63 (c)(2) of the internal revenue code on the individual's federal return and, therefore, cannot claim an itemized deduction for charitable contributions pursuant to section 170 of the internal revenue code, an amount equal to the amount of any deduction based upon the aggregate amount of charitable contributions in excess of five hundred dollars that the individual could have claimed pursuant to section 170 of the internal revenue code if the individual had not claimed the basic standard deduction.

   (B) EXCEPT AS PROVIDED IN SUBSECTION (4)(m)(VII) OF THIS SECTION, FOR ANY INCOME TAX YEAR COMMENCING ON OR AFTER JANUARY 1, 2019, FOR ANY INDIVIDUAL WHO CLAIMS THE BASIC STANDARD DEDUCTION ALLOWED UNDER SECTION 63 (c)(2) OF THE
INTERNAL REVENUE CODE ON THE INDIVIDUAL'S FEDERAL RETURN AND, THEREFORE, CANNOT CLAIM AN ITEMIZED DEDUCTION FOR CHARITABLE CONTRIBUTIONS PURSUANT TO SECTION 170 OF THE INTERNAL REVENUE CODE, AN AMOUNT EQUAL TO THE AMOUNT OF ANY DEDUCTION BASED UPON THE AGGREGATE AMOUNT OF CHARITABLE CONTRIBUTIONS THAT THE INDIVIDUAL COULD HAVE CLAIMED PURSUANT TO SECTION 170 OF THE INTERNAL REVENUE CODE IF THE INDIVIDUAL HAD NOT CLAIMED THE BASIC STANDARD DEDUCTION; EXCEPT THAT THE AGGREGATE AMOUNT OF CHARITABLE CONTRIBUTIONS THAT THE INDIVIDUAL COULD HAVE CLAIMED MUST TOTAL MORE THAN FIVE HUNDRED DOLLARS.

SECTION 2. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2018 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.