

**PSecond Regular Session  
Seventy-second General Assembly  
STATE OF COLORADO**

**INTRODUCED**

LLS NO. 20-0938.01 Ed DeCecco x4216

**HOUSE BILL 20-1189**

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**HOUSE SPONSORSHIP**

**Bockenfeld,**

**SENATE SPONSORSHIP**

**Priola,**

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**House Committees**

Finance  
Appropriations

**Senate Committees**

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**A BILL FOR AN ACT**

101      **CONCERNING AN INCOME TAX CREDIT FOR AN AMOUNT CONTRIBUTED**  
102              **TO A NONPROFIT ORGANIZATION TO ASSIST VICTIMS OF HUMAN**  
103              **TRAFFICKING.**

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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 5 income tax years beginning with the current one, the bill creates an income tax credit for a taxpayer who makes a donation to a Colorado-based nonprofit organization whose purpose is to eradicate human trafficking or to a nonprofit organization that provides at least 25% of its services in the state for victims of human trafficking. The

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.

amount of the credit is equal to 25% of the taxpayer's monetary donation to the qualifying nonprofit and is in addition to any federal income tax deduction the taxpayer may claim. The maximum credit a taxpayer may claim for an income tax year is \$100,000. The credit is not refundable, but a taxpayer may carry forward unused credits for up to 5 years.

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

2           **SECTION 1.** In Colorado Revised Statutes, **add** 39-22-543 as  
3 follows:

4           **39-22-543. Credit - end human trafficking - donation -**  
5 **legislative declaration - definition.** (1) THE GENERAL ASSEMBLY  
6 HEREBY FINDS AND DECLARES THAT:

7           (a) HUMAN TRAFFICKING INVOLVES RECRUITING, HARBORING, AND  
8 TRANSPORTING PEOPLE INTO A SITUATION OF EXPLOITATION THROUGH THE  
9 USE OF VIOLENCE, DECEPTION, OR COERCION AND FORCING THEM TO WORK  
10 AGAINST THEIR WILL;

11           (b) PEOPLE CAN BE TRAFFICKED FOR MANY DIFFERENT FORMS OF  
12 EXPLOITATION, INCLUDING FORCED PROSTITUTION OR FORCED LABOR;

13           (c) EVERY YEAR, MILLIONS OF MEN, WOMEN, AND CHILDREN ARE  
14 TRAFFICKED WORLDWIDE, INCLUDING MANY HERE IN COLORADO;

15           (d) GOVERNMENT IS ADDRESSING THE PROBLEM IN SOME WAYS,  
16 BUT THE WORK OF NONPROFITS IS CRUCIAL AND PROVIDES NECESSARY  
17 SERVICE, ENGAGEMENT, AND SUPPORT IN THIS AREA;

18           (e) MANY NONPROFIT ORGANIZATIONS IN THE STATE PLAY AN  
19 IMPORTANT ROLE IN ENDING HUMAN TRAFFICKING;

20           (f) MANY OTHER NONPROFIT ORGANIZATIONS PROVIDE CRITICAL  
21 SERVICES FOR VICTIMS OF HUMAN TRAFFICKING AS PART OF THEIR  
22 BROADER PURPOSE; AND

23           (g) THE INTENDED PURPOSE OF THE TAX CREDIT CREATED IN THIS

1 SECTION IS TO SUPPORT COLORADO-BASED NONPROFIT ORGANIZATIONS  
2 THAT ARE ESTABLISHED FOR THE PURPOSE OF ERADICATING HUMAN  
3 TRAFFICKING AND NONPROFIT ORGANIZATIONS THAT PROVIDE A  
4 SIGNIFICANT PORTION OF THEIR SERVICES TO THE VICTIMS OF HUMAN  
5 TRAFFICKING IN THE STATE.

6 (2) AS USED IN THIS SECTION, "QUALIFYING NONPROFIT" MEANS A  
7 NONPROFIT ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER  
8 SECTION 501 (c)(3) OF THE INTERNAL REVENUE CODE THAT:

9 (a) HAS ITS HEADQUARTERS LOCATED IN THE STATE OR HAS AT  
10 LEAST FIFTY PERCENT OF ITS EMPLOYEES BASED IN THE STATE AND WHOSE  
11 PURPOSE IS TO ERADICATE HUMAN TRAFFICKING; OR

12 (b) PROVIDES AT LEAST TWENTY-FIVE PERCENT OF ITS SERVICES IN  
13 THE STATE TO VICTIMS OF HUMAN TRAFFICKING.

14 (3) FOR ANY INCOME TAX YEAR COMMENCING ON OR AFTER  
15 JANUARY 1, 2020, BUT PRIOR TO JANUARY 1, 2025, A TAXPAYER IS  
16 ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE 22 THAT  
17 IS AN AMOUNT EQUAL TO TWENTY-FIVE PERCENT OF THE TAXPAYER'S  
18 MONETARY DONATION TO A QUALIFYING NONPROFIT DURING THE INCOME  
19 TAX YEAR; EXCEPT THAT THE CREDIT SHALL NOT EXCEED ONE HUNDRED  
20 THOUSAND DOLLARS.

21 (4) (a) FOR EACH TAXPAYER WHO MAKES A MONETARY  
22 CONTRIBUTION, A QUALIFYING NONPROFIT SHALL ISSUE A CREDIT  
23 CERTIFICATE TO THE TAXPAYER THAT:

24 (I) INDICATES THE NAME OF THE ORGANIZATION;

25 (II) SPECIFIES THE AMOUNT OF THE MONETARY DONATION; AND

26 (III) CERTIFIES THAT:

27 (A) THE QUALIFYING NONPROFIT HAS ITS HEADQUARTERS

1 LOCATED IN THE STATE OR HAS AT LEAST FIFTY PERCENT OF ITS  
2 EMPLOYEES BASED IN THE STATE AND THE DONATION WAS RECEIVED FOR  
3 THE PURPOSE OF ERADICATING HUMAN TRAFFICKING, WHICH CONSTITUTES  
4 THE BASIS OF THE QUALIFYING NONPROFIT'S TAX EXEMPT STATUS; OR

5 (B) THE QUALIFYING NONPROFIT PROVIDES AT LEAST TWENTY-FIVE  
6 PERCENT OF ITS SERVICES IN THE STATE TO VICTIMS OF HUMAN  
7 TRAFFICKING.

8 (b) TO CLAIM A CREDIT UNDER THIS SECTION, A TAXPAYER MUST  
9 INCLUDE THE CREDIT CERTIFICATE ISSUED BY THE QUALIFYING NONPROFIT  
10 WITH THE INCOME TAX RETURN FILED WITH THE DEPARTMENT OF  
11 REVENUE.

12 (5) (a) THE CREDIT ALLOWED UNDER THIS SECTION IS IN ADDITION  
13 TO ANY DEDUCTION THAT THE TAXPAYER CLAIMS UNDER THE INTERNAL  
14 REVENUE CODE OR THIS ARTICLE 22 FOR THE SAME DONATION TO THE  
15 QUALIFYING NONPROFIT.

16 (b) IF THE AMOUNT OF A CREDIT ALLOWED UNDER THIS SECTION  
17 EXCEEDS A TAXPAYER'S ACTUAL TAX LIABILITY FOR AN INCOME TAX YEAR,  
18 THE AMOUNT OF THE CREDIT NOT USED TO OFFSET INCOME TAX LIABILITY  
19 FOR THE INCOME TAX YEAR IS NOT REFUNDED TO THE TAXPAYER. THE  
20 TAXPAYER MAY CARRY FORWARD AND APPLY THE UNUSED CREDIT  
21 AGAINST THE INCOME TAX DUE IN EACH OF THE FIVE SUCCEEDING INCOME  
22 TAX YEARS, BUT THE TAXPAYER SHALL APPLY THE CREDIT AGAINST THE  
23 INCOME TAX DUE FOR THE EARLIEST OF THE INCOME TAX YEARS POSSIBLE.  
24 ANY AMOUNT OF THE TAX CREDIT THAT IS NOT USED AFTER THIS PERIOD  
25 IS NOT REFUNDABLE.

26 **SECTION 2. Act subject to petition - effective date.** This act  
27 takes effect at 12:01 a.m. on the day following the expiration of the

1 ninety-day period after final adjournment of the general assembly (August  
2 5, 2020, if adjournment sine die is on May 6, 2020); except that, if a  
3 referendum petition is filed pursuant to section 1 (3) of article V of the  
4 state constitution against this act or an item, section, or part of this act  
5 within such period, then the act, item, section, or part will not take effect  
6 unless approved by the people at the general election to be held in  
7 November 2020 and, in such case, will take effect on the date of the  
8 official declaration of the vote thereon by the governor.