

Second Regular Session  
Seventy-second General Assembly  
STATE OF COLORADO

**PREAMENDED**

*This Unofficial Version Includes Committee  
Amendments Not Yet Adopted on Second Reading*

LLS NO. 20-0802.01 Esther van Mourik x4215

**SENATE BILL 20-073**

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**SENATE SPONSORSHIP**

**Pettersen and Story,**

**HOUSE SPONSORSHIP**

**Buentello and Cutter,**

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**Senate Committees**

Education  
Appropriations

**House Committees**

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**A BILL FOR AN ACT**

101      **CONCERNING AMENDMENTS TO THE STATE INCOME TAX DEDUCTION**  
102               **FOR CONTRIBUTIONS TO A QUALIFIED 529 ACCOUNT TO ENSURE**  
103               **THAT THE STATE INCOME TAX DEDUCTION IS NOT ALIGNED WITH**  
104               **THE CHANGES IN THE FEDERAL "TAX CUTS AND JOBS ACT" OF**  
105               **2017 THAT ALLOW TAX-FREE DISTRIBUTIONS FOR ELEMENTARY**  
106               **AND SECONDARY SCHOOL EXPENSES.**

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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>.)*

The federal "Tax Cuts and Jobs Act", which became law in

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.

December 2017, added distributions for elementary or secondary school expenses as qualified distributions from a qualified state tuition program, also known as a 529 account, thereby allowing, on the federal level, income tax-free distributions for elementary and secondary school expenses in addition to already authorized income tax-free distributions for higher education expenses.

The bill amends Colorado law to ensure that a taxpayer may not claim a deduction for contributions to qualified state tuition programs for elementary or secondary school expenses and clarifies that such expenses are not qualified distributions.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-22-104, **amend**  
3 (4)(i)(II), (4)(i)(III) introductory portion, and (4)(i)(IV); and **add** (4)(i)(V)  
4 as follows:

5 **39-22-104. Income tax imposed on individuals, estates, and**  
6 **trusts - single rate - legislative declaration - definitions - repeal.**

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

8 (i) (II) For income tax years commencing on or after January 1,  
9 2001, an amount equal to all payments or contributions made during the  
10 taxable year under an advance payment contract, to a savings trust  
11 account, or otherwise in connection with a qualified state tuition program  
12 established by collegeinvest created in section 23-3.1-203, ~~C.R.S.~~, or to  
13 a qualified state tuition program that is affiliated with an educational  
14 institution in the state and that is established and maintained pursuant to  
15 section 529 of the internal revenue code or any successor section; EXCEPT  
16 THAT A SUBTRACTION IS NOT ALLOWED UNDER THIS SUBSECTION (4)(i) IF  
17 THE PAYMENT OR CONTRIBUTION MADE DURING THE TAXABLE YEAR IS  
18 INTENDED FOR ELEMENTARY OR SECONDARY SCHOOL EXPENSES;

19 (III) No exclusion ~~shall be~~ IS allowed pursuant to this ~~paragraph~~  
20 ~~(i)~~ SUBSECTION (4)(i) to the extent that such payments or contributions are



1 CONTRIBUTION TO THEIR COLLEGEINVEST ACCOUNT IN THE REPORTING  
2 TAX YEAR COMMENCING ON OR AFTER JANUARY 1, 2020:

3 (B) THE NAME AND SOCIAL SECURITY NUMBER, AND THE  
4 CONTRIBUTION AMOUNT, OF ANY OTHER COLORADO TAXPAYER MAKING  
5 A CONTRIBUTION TO A COLLEGEINVEST ACCOUNT IN THE REPORTING TAX  
6 YEAR COMMENCING ON OR AFTER JANUARY 1, 2020, WHO INTENDS TO  
7 PARTICIPATE IN THE DEDUCTION ALLOWED IN THIS SECTION; AND

8 (C) THE NAME AND SOCIAL SECURITY NUMBER, AND THE  
9 UNQUALIFIED DISTRIBUTION AMOUNT, OF EACH ACCOUNT HOLDER OF A  
10 COLLEGEINVEST ACCOUNT WHO IS ALSO A COLORADO TAXPAYER MAKING  
11 AN UNQUALIFIED DISTRIBUTION IN THE REPORTING TAX YEAR  
12 COMMENCING ON OR AFTER JANUARY 1, 2020, AND THE REASON FOR THE  
13 UNQUALIFIED DISTRIBUTION.

14 **SECTION 2. Safety clause.** The general assembly hereby finds,  
15 determines, and declares that this act is necessary for the immediate  
16 preservation of the public peace, health, or safety.