



Legislative  
Council Staff

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**FISCAL NOTE**

<b>Drafting Number:</b>	LLS 20-0565	<b>Date:</b>	February 18, 2020
<b>Prime Sponsors:</b>	Rep. Valdez D. Sen. Moreno	<b>Bill Status:</b>	House Business
		<b>Fiscal Analyst:</b>	Matt Bishop   303-866-4796 Matt.Bishop@state.co.us

**Bill Topic:** PREVIOUS TAXED INCOME GAIN DEDUCTION C CORPORATION

**Summary of Fiscal Impact:** **No fiscal impact.** This bill repeals the income tax deduction for previous taxed income gains for C Corporations. The bill does not affect the revenue, expenditures, or workload of any state agency.

**Appropriation Summary:** No appropriation is required.

**Fiscal Note Status:** The fiscal note reflects the introduced bill, as recommended by the Statutory Revision Committee.

**Summary of Legislation**

The income tax deduction for previously taxed income or gain for C Corporations allows C Corporations to deduct from their federal taxable income any income gain that was taxed previously by the state of Colorado prior to 1965 if the income gain is included in the C Corporation's current federal taxable income. The bill repeals this income tax deduction.

**Assessment of No Fiscal Impact**

This bill is assessed as having no fiscal impact. According to the Department of Revenue, the deduction is captured in other subtractions on corporate income tax returns. Repeal of the deduction will not require any form modifications or other rule changes. The bill does not affect the revenue, expenditures, or workload of any state or local government entity.

Further information from the Office of the State Auditor can be found here: [https://leg.colorado.gov/sites/default/files/2019-te11\\_previously\\_taxed\\_income.pdf](https://leg.colorado.gov/sites/default/files/2019-te11_previously_taxed_income.pdf)

**Effective Date**

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed.

**State and Local Government Contacts**

Information Technology

Personnel

Revenue

State Auditor