

**First Extraordinary Session  
Seventy-second General Assembly  
STATE OF COLORADO**

**INTRODUCED**

LLS NO. 20B-0022.01 Esther van Mourik x4215

**HOUSE BILL 20B-1019**

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**HOUSE SPONSORSHIP**

**McKean**, Bockenfeld, Buck, Catlin, Carver, Champion, Geitner, Humphrey, Larson, Liston, Pelton, Rich, Soper, Will

**SENATE SPONSORSHIP**

**(None)**,

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**House Committees**  
Finance

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**A BILL FOR AN ACT**

101      **CONCERNING THE MODIFICATIONS OF CERTAIN TAX EXPENDITURES**  
102              **INCLUDED IN HOUSE BILL 20-1420, ENACTED AT THE SECOND**  
103              **REGULAR SESSION OF THE SEVENTY-SECOND GENERAL**  
104              **ASSEMBLY.**

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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>.)*

**Sections 2 and 3** of the bill:

- Repeal the add back to federal taxable income related to section 2303 of the March 2020 "Coronavirus Aid, Relief,

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.

- and Economic Security Act" (CARES Act);
- Repeal the add back to federal taxable income tax related to section 2304 of the CARES Act;
- Repeal the add back to federal taxable income related to section 2306 of the CARES Act; and
- Delay an add back to federal taxable income in an amount equal to the deduction for qualified business income for an individual taxpayer who files a single return and whose adjusted gross income is greater than \$500,000, and for an individual taxpayer who files a joint return and whose adjusted gross income is greater than \$1 million. The delay keeps the provision that the add back is not required for a taxpayer who files a schedule F, profit or loss from farming, or successor form as an attachment to a federal income tax return.

**Section 4** repeals the section that specifies that for net operating losses incurred after December 31, 2017, the 80% limitation set forth in federal law applies without regard to the amendments made in section 2303 of the CARES Act.

**Section 5** delays the increase to the earned income tax credit to tax years beginning in 2025. Section 5 also repeals the earned income tax credit that will be available on or after January 1, 2021, to taxpayers filing with an individual taxpayer identification number.

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

2           **SECTION 1. Legislative declaration.** The general assembly  
 3 hereby finds and declares that the intent in modifying the tax expenditures  
 4 included in House Bill 20-1420, enacted at the Second Regular Session  
 5 of the Seventy-second General Assembly, is to assist in the equitable  
 6 financial recovery from the impact of the presence of coronavirus disease  
 7 2019 (COVID-19) in Colorado.

8           **SECTION 2.** In Colorado Revised Statutes, 39-22-104, **amend**  
 9 (3)(o); and **repeal** (3)(l), (3)(m), and (3)(n) as follows:

10           **39-22-104. Income tax imposed on individuals, estates, and**  
 11 **trusts - single rate - legislative declaration - definitions - repeal.**

12 (3) There shall be added to the federal taxable income:

1           (l) For income tax years ending on and after the enactment of the  
2           March 2020 "Coronavirus Aid, Relief, and Economic Security Act",  
3           Pub.L. 116-136, referred to in this section as the "CARES Act", but  
4           before January 1, 2021, and for income tax years beginning on and after  
5           the enactment of the "CARES Act", but before January 1, 2021, an  
6           amount equal to the difference between a taxpayer's net operating loss  
7           deduction as determined under section 172 (a) of the internal revenue  
8           code before the amendments made by section 2303 of the "CARES Act"  
9           and the taxpayer's net operating loss deduction as determined under  
10          section 172 (a) of the internal revenue code after the amendments made  
11          by section 2303 of the "CARES Act";

12          (m) For income tax years ending on and after the enactment of the  
13          "CARES Act", but before January 1, 2021, and for income tax years  
14          beginning on and after the enactment of the "CARES Act", but before  
15          January 1, 2021, an amount equal to a taxpayer's excess business loss as  
16          determined under section 461 (l) of the internal revenue code without  
17          regard to the amendments made by section 2304 of the "CARES Act", but  
18          with regard to the technical amendment made by section 2304 (b)(2)(B)  
19          of the "CARES Act";

20          (n) For income tax years ending on and after the enactment of the  
21          "CARES Act", but before January 1, 2021, and for income tax years  
22          beginning on and after the enactment of the "CARES Act", but before  
23          January 1, 2021, an amount equal to the amount in excess of the  
24          limitation on business interest under section 163 (j) of the internal  
25          revenue code without regard to the amendments made by section 2306 of  
26          the "CARES Act";

27          (o) For income tax years commencing on or after January 1, 2021,

1 ~~but before January 1, 2023~~ JANUARY 1, 2024, BUT BEFORE JANUARY 1,  
2 2026, an amount equal to the deduction allowed under section 199A of  
3 the internal revenue code for a taxpayer who files a single return and  
4 whose adjusted gross income is greater than five hundred thousand  
5 dollars, and for taxpayers who file a joint return and whose adjusted gross  
6 income is greater than one million dollars; except that this subsection  
7 (3)(o) does not apply to a taxpayer who files a schedule F, profit or loss  
8 from farming, or successor form, as an attachment to a federal income tax  
9 return.

10 **SECTION 3.** In Colorado Revised Statutes, 39-22-304, **repeal**  
11 (2)(i) as follows:

12 **39-22-304. Net income of corporation - legislative declaration**  
13 **- definitions - repeal.** (2) There shall be added to federal taxable income:

14 (i) ~~For income tax years ending on and after the enactment of the~~  
15 ~~March 2020 "Coronavirus Aid, Relief, and Economic Security Act", Pub.~~  
16 ~~L. 116-136, referred to in this section as the "CARES Act", but before~~  
17 ~~January 1, 2021, and for income tax years beginning on and after the~~  
18 ~~enactment of the "CARES Act", but before January 1, 2021, an amount~~  
19 ~~equal to the amount in excess of the limitation on business interest under~~  
20 ~~section 163 (j) of the internal revenue code without regard to the~~  
21 ~~amendments made by section 2306 of the "CARES Act".~~

22 **SECTION 4.** In Colorado Revised Statutes, 39-22-504, **amend**  
23 (1) as follows:

24 **39-22-504. Net operating losses.** (1) (a) A net operating loss  
25 deduction shall be allowed in the same manner that it is allowed under the  
26 internal revenue code except as otherwise provided in this section. The  
27 amount of the net operating loss that may be carried forward and carried

1 back for Colorado income tax purposes shall be that portion of the federal  
2 net operating loss allocated to Colorado under this article 22 in the  
3 taxable year that the net operating loss is sustained.

4 ~~(b) For losses incurred after December 31, 2017, the eighty~~  
5 ~~percent limitation set forth in section 172 (a)(2) of the internal revenue~~  
6 ~~code shall apply without regard to the amendments made in section 2303~~  
7 ~~of the March 2020 "Coronavirus Aid, Relief, and Economic Security~~  
8 ~~Act", Pub.L. 116-136.~~

9 **SECTION 5.** In Colorado Revised Statutes, 39-22-123.5, **amend**  
10 **(2); and repeal (2.5) as follows:**

11 **39-22-123.5. Earned income tax credit - not a refund of excess**  
12 **state revenues - trigger - legislative declaration.** (2) (a) For an income  
13 tax year commencing prior to ~~January 1, 2022~~ JANUARY 1, 2025, a  
14 resident individual who claims an earned income tax credit on the  
15 individual's federal tax return is allowed an earned income tax credit  
16 against the taxes due under this article 22 that is equal to ten percent of  
17 the federal credit that the resident individual claimed on his or her federal  
18 tax return for the same tax year.

19 (b) For an income tax year commencing on or after ~~January 1,~~  
20 ~~2022~~ JANUARY 1, 2025, a resident individual who claims an earned  
21 income tax credit on the individual's federal tax return is allowed an  
22 earned income tax credit against the taxes due under this article 22 that  
23 is equal to fifteen percent of the federal credit that the resident individual  
24 claimed on his or her federal tax return for the same tax year.

25 ~~(2.5) (a) For income tax years commencing on or after January 1,~~  
26 ~~2021, but before January 1, 2022, a resident individual is allowed an~~  
27 ~~earned income tax credit against the taxes due under this article 22 that~~

1 is equal to ten percent of the federal credit that the resident individual  
2 would have been allowed, but for the fact that the resident individual, the  
3 resident individual's spouse, or one or more of the resident individual's  
4 dependents do not have a social security number that is valid for  
5 employment.

6 (b) For income tax years commencing on or after January 1, 2022,  
7 a resident individual is allowed an earned income tax credit against the  
8 taxes due under this article 22 that is equal to fifteen percent of the  
9 federal credit that the taxpayer would have been allowed, but for the fact  
10 that the resident individual, the resident individual's spouse, or one or  
11 more of the resident individual's dependents do not have a social security  
12 number that is valid for employment.

13 (c) For purposes of this subsection (2.5), a "resident individual"  
14 includes a taxpayer filing with an individual taxpayer identification  
15 number.

16 **SECTION 6. Safety clause.** The general assembly hereby finds,  
17 determines, and declares that this act is necessary for the immediate  
18 preservation of the public peace, health, or safety.