



Attention Tax Council Members:

The Legislature is in its final week and many bills are moving quickly. The two tax policy bills (HB 1311 & HB 1312) that this Council discussed during the last few Tax Council meetings have been moving through the House and Senate. The bills were amended in both chambers and the final step is for the House to concur with the Senate version of the bills. The bills will then be sent to the Governor for signature.

Below are the links to the most recent versions of the bills:

http://leg.colorado.gov/sites/default/files/documents/2021A/bills/2021a_1311_rer.pdf

http://leg.colorado.gov/sites/default/files/documents/2021A/bills/2021a_1312_rer.pdf

The Colorado Chamber shared its concerns to the bill sponsors on these bills based on the feedback it received during recent Tax Council meetings. Some changes and improvements have been made to the bills including:

- Reinstatement of the 3 of 6 combined reporting rule;
- ramping restrictions on the regional home office exemption more slowly;
- elimination of “highest and best use” language for commercial or residential property assessments;
- defining certain terms in the bills including “mainframe computer access,” “photocopying” and “packing and crating;”
- Allowing agriculturally zoned land to continue to be eligible for Colorado capital gains tax breaks;
- Revisions to the cap on 529 educational tax deductions; and
- Adjustment for inflation in some provisions of the bills.

SALT Deduction Legislation Introduced this Week

House Bill 1327 was introduced this week and is being pursued by the SALT Association. As discussed during our last Tax Council meetings, it looked unlikely that the bill would be introduced but in a late decision by the Speaker of the House, it was introduced this week.

Summary: HB 1327 allows partnerships and S-corporations to elect to pay their state income tax at the entity level, rather than the individual level, beginning in tax year 2022. The bill has passed the House Finance committee and the House Appropriations Committee and is scheduled for the House Floor 2nd Reading today. A copy of the most updated version of the bill is here:

http://leg.colorado.gov/sites/default/files/documents/2021A/bills/2021a_1327app_01.pdf

Thank you!

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