

Second Regular Session  
Seventy-second General Assembly  
STATE OF COLORADO

DRAFT  
1.7.20

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LLS NO. 20-0566.01 Pierce Lively x2059

COMMITTEE BILL

Statutory Revision Committee

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**BILL TOPIC: "Pre-1987 Net Operating Loss Deduction"**

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**A BILL FOR AN ACT**

101 **CONCERNING THE REPEAL OF THE PRE-1987 NET OPERATING LOSS**  
102 **DEDUCTION FOR INDIVIDUALS, ESTATES, AND TRUSTS.**

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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/>.)*

**Statutory Revision Committee.** Under current law, the pre-1987 net operating loss deduction for individuals, estates, and trusts allows individuals, estates, and trusts to deduct Colorado net operating losses carried forward from tax years beginning prior to January 1, 1987, when computing their Colorado taxable income. But the latest year that an individual, estate, or trust could have used the pre-1987 net operating loss

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.  
Dashes through the words indicate deletions from existing statute.*

deduction and carried forward a net operating loss generated in 1987 was 2002. The bill repeals the deduction.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly  
3 finds and declares that:

4 (a) The pre-1987 net operating loss deduction for individuals,  
5 estates, and trusts allows individuals, estates, and trusts to deduct  
6 Colorado net operating losses carried forward from tax years beginning  
7 prior to January 1, 1987, when computing their Colorado taxable income.

8 (b) Section 39-22-504 (2)(a), Colorado Revised Statutes, only  
9 allows taxpayers to carry forward net operating losses for 15 years.

10 (c) Thus, the latest year that an individual, estate, or trust could  
11 have used the pre-1987 net operating loss deduction and carried forward  
12 a net operating loss generated in 1987 was 2002.

13 (2) Therefore, it is the intent of the general assembly to simplify  
14 the administration of taxes for the state of Colorado by repealing tax  
15 expenditures that are obsolete and can no longer be claimed.

16 **SECTION 2.** In Colorado Revised Statutes, 39-22-104, **repeal**  
17 (4)(d) as follows:

18 **39-22-104. Income tax imposed on individuals, estates, and**  
19 **trusts - single rate - legislative declaration - definitions - repeal.**

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

21 ~~(d) The net operating loss deduction allowed under section~~  
22 ~~39-22-504 to the extent carried over from a taxable year beginning prior~~  
23 ~~to January 1, 1987;~~

24 **SECTION 3. Act subject to petition - effective date.** This act  
25 takes effect January 1, 2021; except that, if a referendum petition is filed

1 pursuant to section 1 (3) of article V of the state constitution against this  
2 act or an item, section, or part of this act within the ninety-day period  
3 after final adjournment of the general assembly, then the act, item,  
4 section, or part will not take effect unless approved by the people at the  
5 general election to be held in November 2020 and, in such case, will take  
6 effect January 1, 2021, or on the date of the official declaration of the  
7 vote thereon by the governor, whichever is later.