

Be it enacted by the People of the State of Colorado:

SECTION 1. Statement of single subject. The single subject of this measure is the phase-out and repeal of the state income tax on individuals, estates, and trusts. This section is nonstatutory.

SECTION 2. In Colorado Revised Statutes, add 39-22-104.9 as follows:

39-22-104.9. Income tax on individuals, estates, and trusts — phase-out schedule — concurrent alternative minimum tax phase-out — interaction with excess-revenue rate adjustments — implementation in accordance with TABOR — corporate and local taxes unaffected.

(1) Phase-out schedule. Beginning with income tax years commencing on and after January 1, 2027, the state income tax imposed under section 39-22-104 (1.7) on individuals, estates, and trusts must be reduced as follows:

- (a) For income tax year 2027, the rate is 3.96 percent.
- (b) For income tax year 2028, the rate is 3.52 percent.
- (c) For income tax year 2029, the rate is 3.08 percent.
- (d) For income tax year 2030, the rate is 2.64 percent.
- (e) For income tax year 2031, the rate is 2.20 percent.
- (f) For income tax year 2032, the rate is 1.76 percent.
- (g) For income tax year 2033, the rate is 1.32 percent.
- (h) For income tax year 2034, the rate is 0.88 percent.
- (i) For income tax year 2035, the rate is 0.44 percent.
- (j) For income tax years commencing on and after January 1, 2036, the tax is repealed in full.

(2) Alternative minimum tax alignment. Any alternative minimum tax imposed under this article on individuals, estates, or trusts must be reduced on the same schedule specified in subsection (1) of this section and is repealed for income tax years commencing on and after January 1, 2036.

(3) Interaction with excess-revenue rate adjustments. Nothing in this section modifies or limits section 39-22-627. If, for any income tax year, section 39-22-627 requires a temporary rate lower than the rate specified in subsection (1) of this section, the temporary lower rate applies for that year only. In the next income tax year, the rate resumes at the next rate in the schedule in subsection (1) as if no temporary reduction had occurred.

(4) Implementation in accordance with TABOR. This section is implemented in accordance with section 20 of article X of the Colorado constitution.

(5) Applicability of other taxes unaffected. This section does not affect:

- (a) The authority of local governments to impose or collect taxes permitted under state law; or
- (b) The state's authority to impose income taxes on corporations or other legal entities not covered by this section.

(6) Automatic implementation. The reductions and repeal established by this section occur automatically and do not require further legislative action.

SECTION 3. In Colorado Revised Statutes, add 39-22-104.10 as follows:

39-22-104.10. Repeal of article 22, part 1 — transitional administration — credits and definitions — revisor authority.

(1) Repeal date. Effective January 1, 2040, part 1 of article 22 of title 39, Colorado Revised Statutes, concerning the state income tax on individuals, estates, and trusts, is repealed.

(2) Purpose of delayed repeal. The repeal date in subsection (1) of this section allows for administration of income tax year 2035 returns filed in calendar year 2036 and the completion of any related audits, appeals, assessments, collections, or refund claims, including matters arising under applicable statutes of limitation.

(3) Treatment of credits after repeal year. For income tax years commencing on or after January 1, 2036, no new individual, estate, or trust income tax credits accrue or are allowed. Any credit amounts authorized under part 1 of article 22 of title 39 may be claimed or refunded only with respect to income tax years prior to January 1, 2036, and only as otherwise provided by law.

(4) Definitions and cross-references. Notwithstanding the repeal in subsection (1) of this section, any definitions or administrative provisions located in part 1 of article 22 of title 39 that are expressly cross-referenced by other provisions of law for non-income-tax purposes remain effective solely for those cross-references until such time as the Revisor of Statutes relocates or renumbers them under subsection (5) of this section.

(5) Revisor instruction — conforming relocations. The Revisor of Statutes may make conforming amendments, relocations, and renumberings necessary to preserve the effect of statutory cross-references that depend on definitions or administrative provisions formerly codified in part 1 of article 22 of title 39, without altering substance.

SECTION 4. Ballot-title program areas. For purposes of section 1-40-106 (3)(e), Colorado Revised Statutes, the three largest areas of state program expenditure that may be reduced by the tax change are K–12 education, health care and human services, and transportation. This section is nonstatutory.

SECTION 5. Applicability. This act applies to income tax years commencing on or after January 1, 2027.