Amend reengrossed bill, page 13, after line 26 insert:

"SECTION 2. In Colorado Revised Statutes, add 39-22-104.8 as follows:

39-22-104.8. Pretax payments - leave savings account - definitions. (1) As used in this section:
(a) "DEPARTMENT" means the DEPARTMENT OF REVENUE.
(b) "ELIGIBLE LEAVE" means leave that an individual takes from work for one or more of the following reasons:
(I) THE BIRTH OF A CHILD OF THE INDIVIDUAL AND IN ORDER TO CARE FOR THE CHILD;
(II) THE PLACEMENT OF A CHILD WITH THE INDIVIDUAL FOR ADOPTION OR FOSTER CARE;
(III) TO CARE FOR A SPOUSE, CHILD, OR PARENT OF THE INDIVIDUAL IF THE SPOUSE, CHILD, OR PARENT HAS A SERIOUS HEALTH CONDITION;
(IV) A SERIOUS HEALTH CONDITION THAT MAKES THE INDIVIDUAL UNABLE TO PERFORM THE FUNCTIONS OF THE POSITION OF THE INDIVIDUAL; OR
(V) ANY QUALIFYING EXIGENCY, AS DETERMINED BY THE UNITED STATES SECRETARY OF LABOR, ARISING OUT OF THE FACT THAT A SPOUSE, CHILD, OR PARENT OF THE INDIVIDUAL IS ON COVERED ACTIVE DUTY, OR HAS BEEN NOTIFIED OF AN IMPENDING CALL OR ORDER TO COVERED ACTIVE DUTY, IN THE UNITED STATES ARMED FORCES THAT WOULD ENTITLE THE INDIVIDUAL FOR LEAVE UNDER SECTION 29 U.S.C. sec. 2612 (a)(1)(E).
(c) "FINANCIAL INSTITUTION" means any STATE BANK, STATE TRUST COMPANY, SAVINGS AND LOAN ASSOCIATION, FEDERALLY CHARTERED UNION DOING BUSINESS IN THE STATE, CREDIT UNION CHARTERED BY THE STATE, NATIONAL BANK, BROKER-DEALER, MUTUAL FUND, INSURANCE COMPANY, OR OTHER SIMILAR FINANCIAL ENTITY.
(d) "LEAVE SAVINGS ACCOUNT" or "ACCOUNT" means an ACCOUNT WITH A FINANCIAL INSTITUTION DESIGNATED AS SUCH IN ACCORDANCE WITH SUBSECTION (3) OF THIS SECTION.

(2) (a) For income tax years commencing on or after JANUARY 1, 2020, AMOUNTS WITHHELD FROM AN INDIVIDUAL’S WAGES THAT ARE DEPOSITED IN A LEAVE SAVINGS ACCOUNT, UP TO AN ANNUAL MAXIMUM OF FIVE THOUSAND DOLLARS, ARE EXCLUDED FROM THE INDIVIDUAL’S FEDERAL TAXABLE INCOME FOR PURPOSES OF THE STATE
INCOME TAX IMPOSED BY SECTION 39-22-104.

(b) An employer may make a contribution to an employee's leave savings account in an amount up to a matching contribution for any contribution made by the employee. Employer contributions to an employee's leave savings account constitute a deduction from the employer's federal taxable income, pursuant to sections 39-22-104 (4)(z).

(3) Beginning January 1, 2020, an individual may open an account with a financial institution to be used by the individual solely as a leave savings account. For purposes of the income tax benefit conferred under this section, money may remain in an account for an unlimited duration without being subject to recapture or penalty and may be:

(a) Withdrawn by the individual and used to pay for any expense incurred by the individual while he or she is on eligible leave; or

(b) Used to pay a service fee that is deducted by the financial institution.

(4) (a) Except as set forth in subsection (4)(b) of this section, money withdrawn from a leave savings account that is used for any purpose other than those specified in subsection (3) of this section is subject to recapture as part of the individual's income in the taxable year in which it is withdrawn and to a penalty equal to ten percent of the amount recaptured. The penalty applies whether the money was excluded under this section or subtracted from federal taxable income under section 39-22-104 (4)(z) or 39-22-304 (3)(p).

(b) If the individual who created the leave savings account dies, then all of the money in the account that was subtracted from taxable income is subject to recapture in the taxable year of the death, but no penalty is due to the department.

(5) The department shall establish a form for an individual to annually report information about a leave savings account including, but not limited to, how the money from the fund is used, and identify any supporting documentation that is required to be maintained. To be eligible for the tax benefit under this section, an individual must annually file with his or her state income tax return the completed form and any other supporting documentation the department requires. The individual is responsible for maintaining documentation for the account and for any use
OF MONEY FROM THE ACCOUNT.

(6) (a) A FINANCIAL INSTITUTION IS NOT REQUIRED TO:

(I) Designate an account as a leave savings account in
the financial institution's account contracts or systems or in
any other way;

(II) Track the use of money withdrawn from a leave
savings account; or

(III) Report any information to the department or any
other governmental agency that is not otherwise required by
law.

(b) A financial institution is not responsible or liable
for:

(I) Determining or ensuring that money in a leave
savings account is used for an eligible expense; or

(II) Reporting or remitting taxes or penalties related
to the use of money in a leave savings account.

(c) In implementing this section, the department shall
not establish any administrative, reporting, or other
requirements on financial institutions that are outside the
scope of normal account procedures.

(7) Nothing in this section shall be construed to
prohibit the department from requesting that a financial
institution provide to the department documents created in
the normal course of business to verify information provided
to the department by a taxpayer who created a leave savings
account.

SECTION 3. In Colorado Revised Statutes, 39-22-104, add
(4)(z) as follows:

39-22-104. Income tax imposed on individuals, estates, and
trusts - single rate - legislative declaration - definitions - repeal.
(4) There shall be subtracted from federal taxable income:
(z) (I) For income tax years beginning on or after
January 1, 2020:
(A) For an employer, an amount equal to the amount
the employer contributes to an employee's leave savings
account;

(B) For an employee, an amount equal to the amount
withheld from and individual's wages that are deposited in the
employee's leave savings account; and

(C) An amount equal to any interest and other income
earned on the investment of the money during the taxable
year in a taxpayer's leave savings account.

(II) As used in this subsection (4)(z):
(A) "EMPLOYEE" HAS THE SAME MEANING AS SET FORTH IN SECTION 39-22-604 (2)(a).
(B) "LEAVE SAVINGS ACCOUNT" HAS THE SAME MEANING AS SET FORTH IN SECTION 39-22-104.8 (1)(d).

SECTION 4. In Colorado Revised Statutes, 39-22-304, add (3)(p) as follows:
39-22-304. Net income of corporation - legislative declaration - definitions - repeal. (3) There shall be subtracted from federal taxable income:
(p) For income tax years beginning on or after January 1, 2020, for an employer, an amount equal to the amount the employer contributes to an employee's leave savings account created in accordance with section 39-22-104.8. This subtraction is allowable even if the contribution is otherwise excluded from federal taxable income. As used in this subsection (3)(p), "EMPLOYEE" HAS THE SAME MEANING AS SET FORTH IN SECTION 39-22-604 (2)(a).

SECTION 5. In Colorado Revised Statutes, add 39-22-542 as follows:
(2) (a) Except as set forth in subsection (3) of this section, for any income tax year commencing on or after January 1, 2020, a taxpayer is allowed a credit against the tax imposed by this article 22 that is equal to a percentage of the amount the taxpayer paid to an employee for the period the employee was on leave from work during the taxable year for one of the following reasons:
(I) The birth of a child of the employee and in order to care for the child;
(II) The placement of a child with the employee for adoption or foster care;
(III) To care for a spouse, child, or parent of the employee if the spouse, child, or parent has a serious health condition; or
(IV) A serious health condition that makes the employee unable to perform the functions of the position of the employee.
(b) The applicable percentage for purposes of the credit in subsection (2)(a) of this section is:
(I) Fifty percent for a taxpayer that employs fewer than fifty employees during the taxable year; or
(II) Twenty-five percent for a taxpayer that employs fifty or more employees during the taxable year.

(3) To claim the credit under subsection (2) of this section, a taxpayer must pay the employee for at least six weeks, but in no case shall a taxpayer claim the credit for more than twelve weeks of pay. Any payments by the employer for accrued paid vacation, sick, or personal leave are not eligible for the credit.

(4) If the amount of a credit allowed under this section exceeds a taxpayer’s actual tax liability for an income tax year, the amount of the credit not used to offset income tax liability for the income tax year is not refunded to the taxpayer. The taxpayer may carry forward and apply the unused credit against the income tax due in each of the five succeeding income tax years, but the taxpayer shall apply the credit against the income tax due for the earliest of the income tax years possible. Any amount of the tax credit that is not used after this period is not refundable.

Renumber succeeding section accordingly.

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