

**First Regular Session
Seventy-first General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 17-0015.02 Ed DeCecco x4216

SENATE BILL 17-075

SENATE SPONSORSHIP

Crowder,

HOUSE SPONSORSHIP

Landgraf and Danielson,

Senate Committees

Finance
Appropriations

House Committees

Finance
Appropriations

A BILL FOR AN ACT

101 **CONCERNING A STATE INCOME TAX DEDUCTION FOR MILITARY**
102 **RETIREMENT BENEFITS.**

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/>.)

The starting point for determining state income tax liability is federal taxable income. This number is adjusted for additions and subtractions (deductions) that are used to determine Colorado taxable income, which amount is multiplied by the state's 4.63% income tax rate. Currently, a person who is 55-64 years old may deduct up to \$20,000 of retirement benefits from federal taxable income, and a person who is 65

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

SENATE
3rd Reading Unamended
April 12, 2017

SENATE
Amended 2nd Reading
April 11, 2017

years old or older may deduct up to \$24,000. These limits apply to retirement benefits from all sources, including those related to service in the military.

The bill excludes all military retirement benefits from this deduction and instead allows a person of any age to deduct an unlimited amount of military retirement benefits from his or her state income tax. All other retirement benefits continue to be subject to the existing limits on the amounts that are deductible.

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 purpose of the tax deduction created by
4 this act is to honor the sacrifice and service of veterans and to create an
5 incentive for more veterans to make their post-military homes in this
6 state.

7 **SECTION 2.** In Colorado Revised Statutes, 39-22-104, ■ add
8 (4)(x) as follows:

9 **39-22-104. Income tax imposed on individuals, estates, and**
10 **trusts - single rate - definitions - repeal.** (4) There shall be subtracted
11 from federal taxable income:

12 ■ ■ ■
13 (x) (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
14 JANUARY 1, 2018, BUT PRIOR TO JANUARY 1, 2019, FOR AN INDIVIDUAL
15 WHO IS UNDER FIFTY-FIVE YEARS OF AGE AT THE CLOSE OF THE TAXABLE
16 YEAR, AN AMOUNT EQUAL TO TWENTY-FIVE PERCENT OF THE INDIVIDUAL'S
17 MILITARY RETIREMENT BENEFITS INCLUDED IN FEDERAL ADJUSTED GROSS
18 INCOME.

19 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
20 1, 2019, BUT PRIOR TO JANUARY 1, 2020, FOR AN INDIVIDUAL WHO IS
21 UNDER FIFTY-FIVE YEARS OF AGE AT THE CLOSE OF THE TAXABLE YEAR, AN

1 AMOUNT EQUAL TO FIFTY PERCENT OF THE INDIVIDUAL'S MILITARY
2 RETIREMENT BENEFITS INCLUDED IN FEDERAL ADJUSTED GROSS INCOME.

3 (III) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
4 1, 2020, FOR AN INDIVIDUAL WHO IS UNDER FIFTY-FIVE YEARS OF AGE AT
5 THE CLOSE OF THE TAXABLE YEAR, AN AMOUNT EQUAL TO THE
6 INDIVIDUAL'S MILITARY RETIREMENT BENEFITS INCLUDED IN FEDERAL
7 ADJUSTED GROSS INCOME.

8 (IV) AMOUNTS SUBTRACTED UNDER THIS SUBSECTION (4)(x)
9 SHALL NOT EXCEED TWENTY THOUSAND DOLLARS PER TAX YEAR.

10 (V) AS USED IN THIS SUBSECTION (4)(x), "MILITARY RETIREMENT
11 BENEFITS" MEANS ANY RETIREMENT BENEFITS RECEIVED AS A RESULT OF
12 THE INDIVIDUAL'S SERVICE IN THE ARMED FORCES OF THE UNITED STATES.

13 **SECTION 3. Act subject to petition - effective date -**
14 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
15 the expiration of the ninety-day period after final adjournment of the
16 general assembly (August 9, 2017, if adjournment sine die is on May 10,
17 2017); except that, if a referendum petition is filed pursuant to section 1
18 (3) of article V of the state constitution against this act or an item, section,
19 or part of this act within such period, then the act, item, section, or part
20 will not take effect unless approved by the people at the general election
21 to be held in November 2018 and, in such case, will take effect on the
22 date of the official declaration of the vote thereon by the governor.

23 (2) This act applies for income tax years that commence after the
24 applicable effective date of this act.