

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

INTRODUCED

LLS NO. 23-0727.01 Zach Blaes x4348

HOUSE BILL 23-1084

HOUSE SPONSORSHIP

Bradfield,

SENATE SPONSORSHIP

(None),

House Committees
Finance

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE CONTINUATION OF THE INCOME TAX DEDUCTION**
102 **FOR MILITARY 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>.)

When determining state income tax liability, a taxpayer starts with federal taxable income. That number is adjusted for additions and subtractions (deductions) that are used to determine Colorado taxable income, which is then multiplied by the state's income tax rate.

For income tax years commencing before January 1, 2024, current law allows individuals younger than 55 years of age to deduct from

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

federal taxable income certain amounts received from military retirement benefits. The bill extends the deduction to income tax years commencing before January 1, 2034.

The bill also adds a statutory legislative declaration to comply with an existing statutory requirement that any bill that extends a tax expenditure include a statutory legislative declaration.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-22-104, **amend**
3 (4)(y)(I) introductory portion and (4)(y)(I)(D); and **add** (4)(y)(III) as
4 follows:

5 **39-22-104. Income tax imposed on individuals, estates, and**
6 **trusts - single rate - report - legislative declaration - definitions -**
7 **repeal.** (4) There shall be subtracted from federal taxable income:

8 (y) (I) For income tax years commencing on or after January 1,
9 2019, but prior to ~~January 1, 2024~~ JANUARY 1, 2034, an amount equal to
10 a qualified individual's military retirement benefits included in federal
11 adjusted gross income, but not to exceed the following amounts:

12 (D) Fifteen thousand dollars for income tax years commencing on
13 or after January 1, 2022, but before ~~January 1, 2024~~ JANUARY 1, 2034.

14 (III) (A) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH
15 REQUIRES EACH BILL THAT EXTENDS A TAX EXPENDITURE TO INCLUDE A
16 TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
17 LEGISLATIVE DECLARATION IF ONE WAS NOT PREVIOUSLY INCLUDED IN THE
18 TAX EXPENDITURE, THE GENERAL ASSEMBLY FINDS AND DECLARES THAT
19 THE PURPOSE OF THE TAX EXPENDITURE IN THIS SUBSECTION (4)(y) IS TO
20 PROVIDE TAX RELIEF TO CERTAIN INDIVIDUALS, NAMELY MILITARY
21 RETIREES.

22 (B) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL

1 MEASURE THE EFFECTIVENESS OF THIS TAX EXPENDITURE IN ACHIEVING
2 THE PURPOSE SPECIFIED IN SUBSECTION (4)(y)(III)(A) OF THIS SECTION BY
3 MEASURING WHETHER MILITARY RETIREES ARE BENEFITTING FROM THE
4 TAX EXPENDITURE, AND BY HOW MUCH.

5 **SECTION 2. Act subject to petition - effective date.** This act
6 takes effect at 12:01 a.m. on the day following the expiration of the
7 ninety-day period after final adjournment of the general assembly; except
8 that, if a referendum petition is filed pursuant to section 1 (3) of article V
9 of the state constitution against this act or an item, section, or part of this
10 act within such period, then the act, item, section, or part will not take
11 effect unless approved by the people at the general election to be held in
12 November 2024 and, in such case, will take effect on the date of the
13 official declaration of the vote thereon by the governor.