

## CHAPTER 314

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**TAXATION**

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**HOUSE BILL 99-1151**

BY REPRESENTATIVES Sinclair, Alexander, Berry, Clapp, Coleman, Dean, Fairbank, George, Gotlieb, Hagedorn, Keller, Larson, Lee, Mace, McPherson, Miller, Mitchell, Nunez, Paschall, Pfiffner, Plant, Scott, Spence, Spradley, Stengel, Tapia, Taylor, and T. Williams;

also SENATORS Lamborn, Arnold, Chlouber, Congrove, Epps, Evans, Feeley, Hernandez, Hillman, Linkhart, Martinez, Matsunaka, Musgrave, Nichol, Owen, Pascoe, Perlmutter, Phillips, Powers, Rupert, Sullivant, Tanner, Tebedo, and Teck.

**AN ACT**

CONCERNING AN INCREASE IN THE AMOUNT OF RETIREMENT INCOME RECEIVED BY PERSONS SIXTY-FIVE YEARS OF AGE OR OLDER THAT MAY BE SUBTRACTED FROM FEDERAL TAXABLE INCOME FOR PURPOSES OF CALCULATING STATE INCOME TAX.

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

**SECTION 1.** 39-22-104 (4) (f), Colorado Revised Statutes, is amended to read:

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

(f) (I) For income tax years commencing on or after January 1, 1989, amounts received as pensions or annuities from any source by any individual who is fifty-five years of age or older at the close of the taxable year, to the extent included in federal adjusted gross income or as added in paragraph (c) of subsection (3) of this section;

(II) For income tax years commencing on or after January 1, 1989, amounts received as pensions or annuities from any source by any individual who is less than fifty-five years of age at the close of the taxable year if such benefits are received because of the death of the person originally entitled to receive such benefits and only to the extent such benefits are included in federal adjusted gross income or as added in paragraph (c) of subsection (3) of this section;

(III) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 1989, amounts subtracted under this paragraph (f) shall not exceed twenty thousand dollars per tax year; EXCEPT THAT, FOR INCOME TAX YEARS COMMENCING ON OR AFTER

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*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

JANUARY 1, 2000, AMOUNTS SUBTRACTED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH (f) SHALL NOT EXCEED TWENTY-FOUR THOUSAND DOLLARS PER TAX YEAR FOR ANY INDIVIDUAL WHO IS SIXTY-FIVE YEARS OF AGE OR OLDER AT THE CLOSE OF THE TAXABLE YEAR. For the purpose of determining the exclusion allowed by this paragraph (f), in the case of a joint return, social security benefits included in federal taxable income shall be apportioned in a ratio of the gross social security benefits of each spouse to the total gross social security benefits of both spouses. For the purposes of this paragraph (f), "pensions and annuities" means retirement benefits ~~which~~ THAT are periodic payments attributable to personal services performed by an individual prior to his OR HER retirement from employment and ~~which~~ THAT arise from an employer-employee relationship, from service in the uniformed services of the United States, or from contributions to a retirement plan which are deductible for federal income tax purposes. "Pensions and annuities" includes lump-sum distributions from pension and profit sharing plans to the extent that such distributions qualify for the tax-averaging computation under section 402 (e) (1) of the internal revenue code, distributions from individual retirement arrangements and self-employed retirement accounts to the extent that such distributions are not deemed to be premature distributions for federal income tax purposes, amounts received from fully matured privately purchased annuities, social security benefits, and amounts paid from any such sources by reason of permanent disability or death of the person entitled to receive the benefits.

**SECTION 2. Effective date.** This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution; except that, if a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

Approved: June 3, 1999