

CHAPTER 233

TAXATION

HOUSE BILL 15-1181

BY REPRESENTATIVE(S) Keyser, Carver, Danielson, Duran, Fields, Garnett, Ginal, Hamner, Kagan, Klingenschmitt, Kraft-Tharp, Landgraf, Lontine, Mitsch Bush, Moreno, Pabon, Pettersen, Priola, Rankin, Rosenthal, Roupe, Ryden, Salazar, Williams, Young;
 also SENATOR(S) Crowder, Balmer, Carroll, Donovan, Garcia, Heath, Hill, Johnston, Kefalas, Kerr, Lambert, Merrifield, Roberts, Scheffel, Scott, Todd, Ulibarri.

AN ACT

CONCERNING THE EXEMPTION FROM THE STATE INCOME TAX OF ACTIVE DUTY MILITARY INCOME EARNED BY A RESIDENT INDIVIDUAL IN THE ARMED FORCES OF THE UNITED STATES.

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

SECTION 1. Short title. This act shall be known as the "Colorado is Honoring Our Military Exemption (Colorado is HOME) Act".

SECTION 2. Legislative declaration. The general assembly hereby finds and declares that the intended purpose of the state income tax exemption created in this act is to encourage Colorado residents who serve on active duty in the armed forces of the United States to retain their resident status in Colorado and to allow active duty service members to retain their identity as Colorado residents so that no matter where they serve, they can always call Colorado their home.

SECTION 3. In Colorado Revised Statutes, **add** 39-22-110.5 as follows:

39-22-110.5. Reacquisition of residency during active duty military service.

(1) AN INDIVIDUAL IN ACTIVE DUTY MILITARY SERVICE WHOSE HOME OF RECORD IS COLORADO AND WHOSE STATE OF LEGAL RESIDENCE COMMENCING ON OR AFTER JANUARY 1, 2016, IS A STATE OTHER THAN COLORADO MAY REACQUIRE LEGAL RESIDENCE IN THE STATE, REGARDLESS OF WHETHER THE INDIVIDUAL HAS A PHYSICAL PRESENCE IN THE STATE, IF THE INDIVIDUAL INTENDS TO MAKE COLORADO HIS OR HER STATE OF LEGAL RESIDENCE. FOR PURPOSES OF THIS SECTION, EVIDENCE OF AN INTENT TO MAKE THIS STATE AN INDIVIDUAL'S STATE OF LEGAL RESIDENCE MUST INCLUDE ONE OR MORE OF THE FOLLOWING:

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

- (a) REGISTERING TO VOTE IN THE STATE;
- (b) PURCHASING RESIDENTIAL PROPERTY OR AN UNIMPROVED RESIDENTIAL LOT IN THE STATE;
- (c) TITLING AND REGISTERING A MOTOR VEHICLE IN THE STATE;
- (d) NOTIFYING THE STATE OF THE INDIVIDUAL'S PREVIOUS LEGAL RESIDENCE OF THE INTENT TO MAKE COLORADO THE INDIVIDUAL'S STATE OF LEGAL RESIDENCE; OR
- (e) PREPARING A NEW LAST WILL AND TESTAMENT THAT INDICATES COLORADO AS THE INDIVIDUAL'S STATE OF LEGAL RESIDENCE.

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

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

(u) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2016, AN AMOUNT EQUAL TO ANY COMPENSATION RECEIVED FOR ACTIVE DUTY SERVICE IN THE ARMED FORCES OF THE UNITED STATES BY AN INDIVIDUAL WHO HAS REACQUIRED RESIDENCY IN THE STATE PURSUANT TO SECTION 39-22-110.5, TO THE EXTENT THAT THE COMPENSATION IS INCLUDED IN FEDERAL TAXABLE INCOME.

SECTION 5. In Colorado Revised Statutes, 39-22-601, **add** (1) (a) (III) as follows:

39-22-601. Returns. (1) (a) (III) FOR PURPOSES OF THIS PARAGRAPH (a), AN INDIVIDUAL WHOSE ONLY SOURCE OF INCOME IS COMPENSATION THAT IS SUBTRACTED FROM FEDERAL TAXABLE INCOME UNDER SECTION 39-22-104 (4) (u) NEED NOT FILE A RETURN.

SECTION 6. In Colorado Revised Statutes, 39-22-604, **add** (20) as follows:

39-22-604. Withholding tax - requirement to withhold - tax lien - exemption from lien - definitions. (20) NO AMOUNT IS REQUIRED TO BE DEDUCTED AND WITHHELD FROM AN EMPLOYEE'S WAGES PURSUANT TO THIS SECTION FOR INCOME TAX DUE TO THE STATE IF THE EMPLOYEE'S WITHHOLDING CERTIFICATE INDICATES THAT THE COMPENSATION IS ELIGIBLE TO BE SUBTRACTED FROM FEDERAL TAXABLE INCOME PURSUANT TO SECTION 39-22-104 (4) (u).

SECTION 7. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 5, 2015, if adjournment sine die is on May 6, 2015); except that, if a referendum petition is filed pursuant to section 1 (3)

of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2016 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: May 27, 2015