

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

REENGROSSED

*This Version Includes All Amendments
Adopted in the House of Introduction*

LLS NO. 18-0631.01 Ed DeCecco x4216

HOUSE BILL 18-1060

HOUSE SPONSORSHIP

Danielson and Landgraf, Becker J., Lundeen, McKean, Rankin, Reyher, Thurlow,
Williams D., Wilson, Wist

SENATE SPONSORSHIP

Crowder and Williams A.,

House Committees

Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING A STATE INCOME TAX DEDUCTION FOR MILITARY**
102 **RETIREMENT BENEFITS FOR AN INDIVIDUAL WHO IS UNDER**
103 **FIFTY-FIVE YEARS OF AGE.**

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. The bill allows an individual who is under 55 years old to claim a

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

HOUSE
3rd Reading Unamended
May 7, 2018

HOUSE
Amended 2nd Reading
May 4, 2018

deduction of up to \$20,000 for the individual's military retirement benefits.

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 the state.

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

8 **39-22-104. Income tax imposed on individuals, estates, and**
9 **trusts - single rate - legislative declaration - definitions - repeal.**

10 (4) There shall be subtracted from federal taxable income:

11 (y) (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
12 JANUARY 1, 2019, BUT PRIOR TO JANUARY 1, 2020, AN AMOUNT EQUAL TO
13 TWENTY-FIVE PERCENT OF A QUALIFIED INDIVIDUAL'S MILITARY
14 RETIREMENT BENEFITS INCLUDED IN FEDERAL ADJUSTED GROSS INCOME.

15 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
16 1, 2020, BUT PRIOR TO JANUARY 1, 2021, AN AMOUNT EQUAL TO FIFTY
17 PERCENT OF A QUALIFIED INDIVIDUAL'S MILITARY RETIREMENT BENEFITS
18 INCLUDED IN FEDERAL ADJUSTED GROSS INCOME OR TEN THOUSAND
19 DOLLARS, WHICHEVER IS LESS.

20 (III) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
21 1, 2021, BUT PRIOR TO JANUARY 1, 2023, AN AMOUNT EQUAL TO A
22 QUALIFIED INDIVIDUAL'S MILITARY RETIREMENT BENEFITS INCLUDED IN
23 FEDERAL ADJUSTED GROSS INCOME OR TEN THOUSAND DOLLARS,
24 WHICHEVER IS LESS.

25 (IV) IN ORDER TO MEASURE THE EFFICACY OF THE SUBTRACTION

1 SPECIFIED IN THIS SUBSECTION (4)(y), THE DEPARTMENT OF REVENUE
2 SHALL INCLUDE IN THE REPORT PREPARED AND PRESENTED TO THE
3 FINANCE COMMITTEE IN ACCORDANCE WITH SECTION 39-21-303 AN
4 ESTIMATE OF THE NUMBER OF QUALIFIED INDIVIDUALS FOR THE 2019
5 INCOME TAX YEAR WHO SUBTRACTED INCOME UNDER THIS SUBSECTION
6 (4)(y) AND THE NUMBER WHO ARE FIRST-TIME FILERS IN THE STATE.

7 (V) AS USED IN THIS SUBSECTION (4)(y):

8 (A) "MILITARY RETIREMENT BENEFITS" MEANS ANY RETIREMENT
9 BENEFITS RECEIVED AS A RESULT OF THE INDIVIDUAL'S SERVICE IN THE
10 ARMED FORCES OF THE UNITED STATES.

11 (B) "QUALIFIED INDIVIDUAL" MEANS AN INDIVIDUAL WHO IS
12 UNDER FIFTY-FIVE YEARS OF AGE AT THE CLOSE OF THE TAXABLE YEAR
13 AND WHOSE MILITARY RETIREMENT BENEFITS FOR THE TAXABLE YEAR ARE
14 LESS THAN OR EQUAL TO FORTY THOUSAND DOLLARS.

15 **SECTION 3. Act subject to petition - effective date.** This act
16 takes effect at 12:01 a.m. on the day following the expiration of the
17 ninety-day period after final adjournment of the general assembly (August
18 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a
19 referendum petition is filed pursuant to section 1 (3) of article V of the
20 state constitution against this act or an item, section, or part of this act
21 within such period, then the act, item, section, or part will not take effect
22 unless approved by the people at the general election to be held in
23 November 2018 and, in such case, will take effect on the date of the
24 official declaration of the vote thereon by the governor.