



**Legislative Council Staff**  
*Nonpartisan Services for Colorado's Legislature*

**Fiscal Note  
 Memorandum**

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**February 7, 2018**

**TO:** Representative Landgraf  
 Representative Danielson

**FROM:** Louis Pino, Senior Economist  
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**SUBJECT:** Fiscal Assessment of Proposed Amendment **HB1060\_L.002**.

This memorandum is an assessment of the fiscal impact of the attached proposed amendment to **HB18-1060**. This fiscal assessment is for the impact of the bill with inclusion of this amendment only. Any other added amendment could influence the fiscal impact.

**Summary of Proposed Amendment**

Amendment L.002 phases in the military retirement deduction under HB18-1060 over a three year period.

**Fiscal Impact of Amendment**

Amendment L.002 reduces revenue to the General Fund by a lesser amount than the introduced version of HB18-1060. The fiscal note dated January 25, 2018, was based on a \$20,000 cap without a phased-in condition for income tax years 2019 and 2020. This amendment will reduce the General Fund impact by \$3.8 million in FY 2018-19, \$6.4 million in FY 2019-20, and \$2.6 million in FY 2020-21 relative to that estimated in the January 25, 2018 fiscal note. Amendment L.002 does not change the revenue impact for FY 2021-22 and beyond. State expenditure estimates for FY 2019-20 will remain unchanged.

**Bill's Revised Fiscal Impact with Amendment**

With Amendment L.002, HB18-1060 will reduce income tax revenue by up \$1.3 million in FY 2018-19, up to \$3.8 million in FY 2019-20, and up to \$7.7 million in FY 2020-21, and up to \$10.4 million in subsequent years.

The Department of Revenue will require \$35,038 in FY 2019-20 for programming, testing, and form change costs. Table 1 shows the fiscal impact summary of HB 18-1060 with L.002.

**Table 1  
State Fiscal Impacts Under HB 18-1060 with L.002**

		<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b>Revenue</b>	General Fund	(up to \$1.3 million)	(up to \$3.8 million)	(up to \$7.7 million)
<b>Expenditures</b>	General Fund	-	\$35,038	-
<b>Transfers</b>		-	-	-

HB1060\_L.002

HOUSE COMMITTEE OF REFERENCE AMENDMENT

Committee on Finance.

HB18-1060 be amended as follows:

1 Amend printed bill, page 2, strike lines 11 through 19 and substitute:

2           (y) (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER  
3 JANUARY 1, 2019, BUT PRIOR TO JANUARY 1, 2020, FOR AN INDIVIDUAL  
4 WHO IS UNDER FIFTY-FIVE YEARS OF AGE AT THE CLOSE OF THE TAXABLE  
5 YEAR, AN AMOUNT EQUAL TO TWENTY-FIVE PERCENT OF THE INDIVIDUAL'S  
6 MILITARY RETIREMENT BENEFITS INCLUDED IN FEDERAL ADJUSTED GROSS  
7 INCOME OR TWENTY THOUSAND DOLLARS, WHICHEVER IS LESS.

8           (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
9 1, 2020, BUT PRIOR TO JANUARY 1, 2021, FOR AN INDIVIDUAL WHO IS  
10 UNDER FIFTY-FIVE YEARS OF AGE AT THE CLOSE OF THE TAXABLE YEAR, AN  
11 AMOUNT EQUAL TO FIFTY PERCENT OF THE INDIVIDUAL'S MILITARY  
12 RETIREMENT BENEFITS INCLUDED IN FEDERAL ADJUSTED GROSS INCOME OR  
13 TWENTY THOUSAND DOLLARS, WHICHEVER IS LESS.

14           (III) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
15 1, 2021, FOR AN INDIVIDUAL WHO IS UNDER FIFTY-FIVE YEARS OF AGE AT  
16 THE CLOSE OF THE TAXABLE YEAR, AN AMOUNT EQUAL TO THE  
17 INDIVIDUAL'S MILITARY RETIREMENT BENEFITS INCLUDED IN FEDERAL  
18 ADJUSTED GROSS INCOME OR TWENTY THOUSAND DOLLARS, WHICHEVER  
19 IS LESS.

20           (IV) AS USED IN THIS SUBSECTION (4)(y), "MILITARY RETIREMENT  
21 BENEFITS" MEANS ANY RETIREMENT BENEFITS RECEIVED AS A RESULT OF  
22 THE INDIVIDUAL'S SERVICE IN THE ARMED FORCES OF THE UNITED  
23 STATES."

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