



**Colorado  
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**MEMORANDUM**

April 26, 2017

**TO:** Representative Landgraf and Representative Danielson  
**FROM:** Kate Watkins, Senior Economist, 303-866-3446  
**SUBJECT:** Fiscal Assessment of Proposed Amendment **SB075\_L.006**.

This memorandum is an assessment of the fiscal impact of the attached proposed amendment to **SB17-075**. 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.006 modifies SB17-075 to:

- limit the military retirement income tax deduction to those under age 55;
- cap the deduction at \$20,000 per year; and
- phase-in the deduction over three years.

**Fiscal Impact of Amendment**

With this amendment, SB17-075 will reduce the General Fund revenue impact by \$1.1 million in FY 2017-18 (half-year impact), \$3.2 million in FY 2018-19, \$4.9 million in FY 2019-20, and \$7.8 million in FY 2020-21. State expenditure estimates are expected to remain unchanged.

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

With Amendment L.006, SB17-075 will reduce income tax revenue by \$0.9 million in FY 2017-18 (half-year impact), \$2.8 million in FY 2018-19, \$5.7 million in FY 2019-20, and \$27.0 million in FY 2020-21. Revenue reductions are expected to grow with the population of military retirees. SB17-075 is expected to increase General Fund expenditures by \$29,038 in FY 2018-19. Table 1 shows the fiscal impact of SB17-075, as amended by L.006.

**Table 1. Fiscal Impact Summary of SB17-075 with L.006**

<b>Fiscal Impact Summary*</b>	<b>FY 2017-2018</b>	<b>FY 2018-2019</b>	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
<b>State Revenue</b>	<b>(\$0.9 million)</b>	<b>(\$2.8 million)</b>	<b>(\$5.7 million)</b>	<b>(\$7.9 million)</b>
General Fund	(0.9 million)	(2.8 million)	(5.7 million)	(7.9 million)
<b>State Expenditures</b>		<b>\$29,038</b>		
General Fund		29,038		
<b>TABOR Impact</b>	<b>(\$0.9 million)</b>	<b>( \$2.8 million)</b>	Not estimated	Not estimated
<b>Appropriation Required: None.</b>				
<b>Future Year Impacts: Ongoing revenue reduction.</b>				

*\* This summary shows changes from current law under amendment L.006 for each fiscal year. Parentheses indicate a decrease in funds.*

SB075\_L.006

HOUSE COMMITTEE OF REFERENCE AMENDMENT

Committee on Finance.

SB17-075 be amended as follows:

1 Amend reengrossed bill, page 2, lines 7 and 8, strike "**amend** (4)(f)(III);  
2 and".

3 Page 2, strike lines 12 through 21.

4 Strike pages 3 and 4.

5 Page 5, strike line 1.

6 Page 5, line 2, strike "(IV)" and substitute:

7       "(x) (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER  
8 JANUARY 1, 2018, BUT PRIOR TO JANUARY 1, 2019, FOR AN INDIVIDUAL  
9 WHO IS UNDER FIFTY-FIVE YEARS OF AGE AT THE CLOSE OF THE TAXABLE  
10 YEAR, AN AMOUNT EQUAL TO TWENTY-FIVE PERCENT OF THE INDIVIDUAL'S  
11 MILITARY RETIREMENT BENEFITS INCLUDED IN FEDERAL ADJUSTED GROSS  
12 INCOME.

13       (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
14 1, 2019, BUT PRIOR TO JANUARY 1, 2020, FOR AN INDIVIDUAL WHO IS  
15 UNDER FIFTY-FIVE YEARS OF AGE AT THE CLOSE OF THE TAXABLE YEAR, AN  
16 AMOUNT EQUAL TO FIFTY PERCENT OF THE INDIVIDUAL'S MILITARY  
17 RETIREMENT BENEFITS INCLUDED IN FEDERAL ADJUSTED GROSS INCOME.

18       (III) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
19 1, 2020, FOR AN INDIVIDUAL WHO IS UNDER FIFTY-FIVE YEARS OF AGE AT  
20 THE CLOSE OF THE TAXABLE YEAR, AN AMOUNT EQUAL TO THE  
21 INDIVIDUAL'S MILITARY RETIREMENT BENEFITS INCLUDED IN FEDERAL  
22 ADJUSTED GROSS INCOME.

23       (IV) AMOUNTS SUBTRACTED UNDER THIS SUBSECTION (4)(x)  
24 SHALL NOT EXCEED TWENTY THOUSAND DOLLARS PER TAX YEAR.

25       (V)".

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