

**First Regular Session  
Sixty-third General Assembly  
STATE OF COLORADO**

**REENGROSSED**

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

LLS NO. 01-0001.01 Nicole Hoffman

**HOUSE BILL 01-1151**

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**HOUSE SPONSORSHIP**

**Sinclair**, Johnson, Lee, Miller, Nunez, Scott, and Witwer

**SENATE SPONSORSHIP**

**Lamborn**,

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**House Committees**

Finance  
Appropriations

**Senate Committees**

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**A BILL FOR AN ACT**

101      **CONCERNING AN EXCLUSION FROM COLORADO TAXABLE INCOME**  
102                    **EARNED BY ACTIVE DUTY MEMBERS OF THE ARMED FORCES OF**  
103                    **THE UNITED STATES WHO ARE COLORADO RESIDENTS.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)*

For income tax years commencing on or after January 1, 2002, for any active duty member of the armed forces of the United States who is a Colorado resident, subtracts from federal taxable income an amount equal to the active duty military wages received by such member of the armed forces of the United States for state income tax purposes.

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

HOUSE  
3rd Reading Unamended  
February 28, 2001

HOUSE  
Amended 2nd Reading  
February 27, 2001

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

2           **SECTION 1.** 39-22-104 (4), Colorado Revised Statutes, is  
3 amended BY THE ADDITION OF A NEW PARAGRAPH to read:

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

7           (n) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
8 1, 2003, FOR ANY INDIVIDUAL WHO IS A MEMBER OF THE ARMED FORCES OF  
9 THE UNITED STATES ON ACTIVE DUTY AND WHO IS A COLORADO RESIDENT,  
10 AN AMOUNT EQUAL TO ANY ACTIVE DUTY MILITARY WAGES RECEIVED BY  
11 SUCH MEMBER OF THE ARMED FORCES OF THE UNITED STATES TO THE  
12 EXTENT INCLUDED IN FEDERAL TAXABLE INCOME.

13           **SECTION 2.** 39-22-2003 (3) (c), (3) (d), and (4) (a) (I), Colorado  
14 Revised Statutes, are amended, and the said 39-22-2003 is further  
15 amended BY THE ADDITION OF A NEW SUBSECTION, to read:

16           **39-22-2003. State sales tax refund - offset against state income**  
17 **tax - qualified individuals.** (1.5) FOR PURPOSES OF THIS SECTION,  
18 "ADJUSTED GROSS INCOME" MEANS:

19           (a) FOR THE TAXABLE YEAR COMMENCING ON JANUARY 1, 1999,  
20 AND ENDING DECEMBER 31, 1999, THE TAXABLE YEAR COMMENCING ON  
21 JANUARY 1, 2000, AND ENDING DECEMBER 31, 2000, THE TAXABLE YEAR  
22 COMMENCING ON JANUARY 1, 2001, AND ENDING DECEMBER 31, 2001, AND  
23 THE TAXABLE YEAR COMMENCING ON JANUARY 1, 2002, AND ENDING  
24 DECEMBER 31, 2002, THE COMBINED TOTAL OF:

25           (I) FEDERAL ADJUSTED GROSS INCOME; AND

1 (II) SOCIAL SECURITY BENEFITS EXCLUDED FROM FEDERAL  
2 ADJUSTED GROSS INCOME FOR THE TAX YEAR.

3 (b) FOR THE TAXABLE YEAR COMMENCING ON JANUARY 1, 2003,  
4 AND ENDING DECEMBER 31, 2003, AND FOR EACH SUBSEQUENT TAXABLE  
5 YEAR THEREAFTER, THE COMBINED TOTAL OF:

6 (I) (A) FEDERAL ADJUSTED GROSS INCOME; AND

7 (B) SOCIAL SECURITY BENEFITS EXCLUDED FROM FEDERAL  
8 ADJUSTED GROSS INCOME FOR THE TAX YEAR;

9 (II) MINUS THE AMOUNT SUBTRACTED FROM FEDERAL TAXABLE  
10 INCOME PURSUANT TO SECTION 39-22-104 (4) (n).

11 (3) The amount of the refund allowed under this section shall be  
12 as follows:

13 (c) For a qualified individual filing a single return, if the amount  
14 of the identical individual sales tax refund calculated pursuant to section  
15 39-22-2002 (2) or (5) (a) exceeds fifteen dollars:

16 (I) If the qualified individual's ~~combined total of federal adjusted~~  
17 ~~gross income and social security benefits excluded from federal~~ adjusted  
18 gross income for the tax year is less than or equal to twenty-five thousand  
19 dollars, the refund shall be in an amount equal to the amount of excess  
20 state revenues required to be refunded pursuant to subsection (1) of this  
21 section, multiplied by twenty-five percent, divided by the estimated  
22 number of said qualified individuals expected to claim the credit for that  
23 taxable year;

24 (II) If the qualified individual's ~~combined total of federal adjusted~~  
25 ~~gross income and social security benefits excluded from federal~~ adjusted  
26 gross income for the tax year is greater than twenty-five thousand dollars  
27 but not more than fifty thousand dollars, the refund shall be in an amount

1 equal to the amount of excess state revenues required to be refunded  
2 pursuant to subsection (1) of this section, multiplied by twenty-three  
3 percent, divided by the estimated number of said qualified individuals  
4 expected to claim the credit for that taxable year;

5 (III) If the qualified individual's ~~combined total of federal adjusted~~  
6 ~~gross income and social security benefits excluded from federal~~ adjusted  
7 gross income for the tax year is greater than fifty thousand dollars but not  
8 more than seventy-five thousand dollars, the refund shall be in an amount  
9 equal to the amount of excess state revenues required to be refunded  
10 pursuant to subsection (1) of this section, multiplied by nineteen percent,  
11 divided by the estimated number of said qualified individuals expected to  
12 claim the credit for that taxable year;

13 (IV) If the qualified individual's ~~combined total of federal adjusted~~  
14 ~~gross income and social security benefits excluded from federal~~ adjusted  
15 gross income for the tax year is greater than seventy-five thousand dollars  
16 but not more than one hundred thousand dollars, the refund shall be in an  
17 amount equal to the amount of excess state revenues required to be  
18 refunded pursuant to subsection (1) of this section, multiplied by twelve  
19 percent, divided by the estimated number of said qualified individuals  
20 expected to claim the credit for that taxable year;

21 (V) If the qualified individual's ~~combined total of federal adjusted~~  
22 ~~gross income and social security benefits excluded from federal~~ adjusted  
23 gross income for the tax year is greater than one hundred thousand dollars  
24 but not more than one hundred twenty-five thousand dollars, the refund  
25 shall be in an amount equal to the amount of excess state revenues  
26 required to be refunded pursuant to subsection (1) of this section,  
27 multiplied by six percent, divided by the estimated number of said

1 qualified individuals expected to claim the credit for that taxable year;

2 (VI) If the qualified individual's ~~combined total of federal adjusted~~  
3 ~~gross income and social security benefits excluded from federal adjusted~~  
4 gross income for the tax year is greater than one hundred twenty-five  
5 thousand dollars, the refund shall be in an amount equal to the amount of  
6 excess state revenues required to be refunded pursuant to subsection (1)  
7 of this section, multiplied by fifteen percent, divided by the estimated  
8 number of said qualified individuals expected to claim the credit for that  
9 taxable year;

10 (d) For two qualified individuals filing a joint return, if the amount  
11 of the identical individual sales tax refund calculated pursuant to section  
12 39-22-2002 (2) or (5) (a) exceeds fifteen dollars, the amount of the refund  
13 shall be based upon the aggregate ~~federal adjusted gross income and social~~  
14 ~~security benefits excluded from federal adjusted gross income~~ of the  
15 qualified individuals and shall be an amount equal to double the amount  
16 of the refund allowed under paragraph (c) of this subsection (3) for such  
17 aggregate income amount.

18 (4) (a) The amount of the refund allowed under subsection (2) of  
19 this section for the taxable year commencing January 1, 2000, and ending  
20 December 31, 2000, and for each subsequent taxable year, shall be the  
21 same as provided in subsection (3) of this section; except that, for each  
22 such taxable year, the executive director shall adjust:

23 (I) The ~~total~~ amount of adjusted gross income, ~~and social security~~  
24 ~~benefits excluded from federal adjusted gross income,~~ to the nearest  
25 thousand dollars, for each income classification such that the percentage  
26 of all qualified individuals who are expected to claim a refund under each  
27 income classification for such taxable year remains the same as the

1 percentage of all qualified individuals who claimed a refund under such  
2 income classification for the 1999 tax year; and

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