

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

INTRODUCED

LLS NO. 01-0497.01 Jason Gelender

HOUSE BILL 01-1197

HOUSE SPONSORSHIP

Crane, and Rhodes

SENATE SPONSORSHIP

(None),

House Committees

Finance

Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING AN INCREASE IN THE MAXIMUM AMOUNT OF RETIREMENT**
102 **INCOME RECEIVED BY AN INDIVIDUAL FIFTY-FIVE YEARS OF AGE**
103 **OR OLDER THAT MAY BE SUBTRACTED FROM FEDERAL TAXABLE**
104 **INCOME FOR THE PURPOSE OF DETERMINING COLORADO**
105 **TAXABLE INCOME.**

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, 2001, increases the maximum amount of pension or annuity income received by an individual 55 years of age or older that may be subtracted from federal taxable income for the purpose of determining Colorado taxable income.

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.*

Requires the maximum amount of the subtraction allowed to be increased annually to keep pace with inflation.

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

2 **SECTION 1.** 39-22-104 (4) (f) (III), Colorado Revised Statutes,
3 is amended, and the said 39-22-104 (4) (f) is further amended BY THE
4 ADDITION OF A NEW SUBPARAGRAPH, to read:

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

8 (f) (III) (A) For income tax years commencing on or after January
9 1, 1989, BUT BEFORE JANUARY 1, 2001, amounts subtracted under this
10 paragraph (f) shall not exceed twenty thousand dollars per tax year; except
11 that, for income tax years commencing on or after January 1, 2000, BUT
12 BEFORE JANUARY 1, 2001, amounts subtracted under subparagraph (I) of
13 this paragraph (f) shall not exceed twenty-four thousand dollars per tax
14 year for any individual who is sixty-five years of age or older at the close
15 of the taxable year.

16 (B) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
17 1, 2001, AMOUNTS SUBTRACTED UNDER THIS PARAGRAPH (f) SHALL NOT
18 EXCEED THIRTY THOUSAND EIGHT HUNDRED DOLLARS PER TAX YEAR, AS
19 ANNUALLY ADJUSTED PURSUANT TO SUBPARAGRAPH (IV) OF THIS
20 PARAGRAPH (f).

21 (C) For the purpose of determining the exclusion allowed by this
22 paragraph (f), in the case of a joint return, social security benefits included
23 in federal taxable income shall be apportioned in a ratio of the gross social
24 security benefits of each spouse to the total gross social security benefits
25 of both spouses.

1 (D) For the purposes of this paragraph (f), "pensions and
2 annuities" means retirement benefits that are periodic payments
3 attributable to personal services performed by an individual prior to his or
4 her retirement from employment and that arise from an
5 employer-employee relationship, from service in the uniformed services
6 of the United States, or from contributions to a retirement plan ~~which~~
7 THAT are deductible for federal income tax purposes. "Pensions and
8 annuities" includes lump-sum distributions from pension and profit
9 sharing plans to the extent that such distributions qualify for the
10 tax-averaging computation under section 402 (e) (1) of the internal
11 revenue code, distributions from individual retirement arrangements and
12 self-employed retirement accounts to the extent that such distributions are
13 not deemed to be premature distributions for federal income tax purposes,
14 amounts received from fully matured privately purchased annuities, social
15 security benefits, and amounts paid from any such sources by reason of
16 permanent disability or death of the person entitled to receive the benefits.

17 (IV) NO LATER THAN OCTOBER 1 OF EACH INCOME TAX YEAR
18 COMMENCING ON OR AFTER JANUARY 1, 2001, THE EXECUTIVE DIRECTOR
19 SHALL ADJUST THE MAXIMUM AMOUNT OF THE SUBTRACTION ALLOWED
20 PURSUANT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH (f) TO REFLECT THE
21 RATE OF GROWTH OF COLORADO PERSONAL INCOME FOR THE PREVIOUS
22 CALENDAR YEAR. FOR PURPOSES OF THIS SUBPARAGRAPH (IV), "THE RATE
23 OF GROWTH OF COLORADO PERSONAL INCOME" MEANS THE PERCENTAGE
24 CHANGE BETWEEN THE MOST RECENT PUBLISHED ANNUAL ESTIMATE OF
25 TOTAL PERSONAL INCOME FOR COLORADO, AS DEFINED AND OFFICIALLY
26 REPORTED BY THE BUREAU OF ECONOMIC ANALYSIS IN THE UNITED STATES
27 DEPARTMENT OF COMMERCE FOR THE CALENDAR YEAR IMMEDIATELY

1 PRECEDING THE INCOME TAX YEAR FOR WHICH AN ADJUSTMENT IS MADE,
2 AND THE MOST RECENT PUBLISHED ANNUAL ESTIMATE OF TOTAL PERSONAL
3 INCOME FOR COLORADO, AS DEFINED AND OFFICIALLY REPORTED BY THE
4 BUREAU OF ECONOMIC ANALYSIS IN THE UNITED STATES DEPARTMENT OF
5 COMMERCE FOR THE CALENDAR YEAR IMMEDIATELY PRECEDING THAT
6 CALENDAR YEAR.

7 **SECTION 2. Effective date.** This act shall take effect at 12:01
8 a.m. on the day following the expiration of the ninety-day period after
9 final adjournment of the general assembly that is allowed for submitting
10 a referendum petition pursuant to article V, section 1 (3) of the state
11 constitution; except that, if a referendum petition is filed against this act
12 or an item, section, or part of this act within such period, then the act,
13 item, section, or part, if approved by the people, shall take effect on the
14 date of the official declaration of the vote thereon by proclamation of the
15 governor.