

**Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO
CORRECTED INTRODUCED**

LLS NO. 24-0739.02 Caroline Martin x5902

HOUSE BILL 24-1142

HOUSE SPONSORSHIP

Holtorf,

SENATE SPONSORSHIP

(None),

House Committees
Finance

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE EXPANSION OF THE STATE INCOME TAX**
102 **SUBTRACTION FOR SOCIAL SECURITY BENEFITS.**

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 bill expands the current income tax subtraction for social security benefits. Current law allows any individual who is 65 years of age or older at the close of a taxable year to subtract the total amount of social security benefits that the individual received from the individual's federal taxable income, to the extent those benefits were included in federal taxable income, when determining the individual's state taxable

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

income. The bill expands this subtraction to any individual who is 55 years of age or older.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-22-104, **amend**
3 (4)(f)(III)(A) and (4)(f)(III)(B); and **add** (4)(f)(III)(E) as follows:

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

8 (f) (III) (A) ~~Except as provided in subsection (4)(f)(III)(B) of this~~
9 ~~section,~~ Amounts subtracted under this subsection (4)(f) are capped at
10 twenty thousand dollars per tax year FOR ANY INDIVIDUAL WHO IS
11 FIFTY-FIVE YEARS OF AGE OR OLDER BUT LESS THAN SIXTY-FIVE YEARS OF
12 AGE AT THE CLOSE OF THE TAXABLE YEAR. FOR INCOME TAX YEARS
13 COMMENCING ON OR AFTER JANUARY 1, 2024, THE CAP SET FORTH IN THIS
14 SUBSECTION (4)(f)(III)(A) IS CALCULATED BY FIRST CONSIDERING THE
15 TOTAL AMOUNT OF SOCIAL SECURITY BENEFITS A TAXPAYER RECEIVED
16 THAT WERE INCLUDED IN FEDERAL TAXABLE INCOME AT THE CLOSE OF THE
17 TAXABLE YEAR. IF THE TOTAL AMOUNT OF SUCH SOCIAL SECURITY
18 BENEFITS EXCEEDS THE CAP SET FORTH IN THIS SUBSECTION (4)(f)(III)(A),
19 THEN THE CAP IS INCREASED TO AN AMOUNT EQUAL TO THE TOTAL
20 AMOUNT OF SUCH SOCIAL SECURITY BENEFITS.

21 (B) Amounts subtracted under this subsection (4)(f) are capped at
22 twenty-four thousand dollars per tax year for any individual who is
23 sixty-five years of age or older at the close of the taxable year. For
24 income tax years commencing on or after January 1, 2022, the cap set
25 forth in this subsection (4)(f)(III)(B) is calculated by first considering the

1 total AMOUNT OF social security benefits a taxpayer received that were
2 included in federal taxable income at the close of the taxable year. ~~and~~
3 ~~only~~ If the total AMOUNT OF SUCH social security benefits ~~received that~~
4 ~~year were included in federal taxable income at the close of the taxable~~
5 ~~year exceed~~ EXCEEDS the cap set forth in this subsection (4)(f)(III)(B),
6 then the cap is increased to an amount equal to the TOTAL AMOUNT OF
7 SUCH social security benefits. ~~received by the taxpayer that were included~~
8 ~~in federal taxable income at the close of the taxable year~~

9 (E) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH
10 REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE
11 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
12 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS AND
13 DECLARES THAT THE GENERAL PURPOSE OF THE TAX EXPENDITURE
14 CREATED IN SUBSECTION (4)(f)(III)(B) OF THIS SECTION IS TO PROVIDE TAX
15 RELIEF FOR CERTAIN INDIVIDUALS AND THAT THE SPECIFIC PURPOSE OF THE
16 TAX EXPENDITURE IS TO PROVIDE SUCH TAX RELIEF TO PERSONS AGED
17 FIFTY-FIVE AND OLDER IN LIGHT OF THE INCREASE IN PROPERTY TAX RATES
18 IN THE INCOME TAX YEAR COMMENCING ON JANUARY 1, 2023. THE
19 GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL MEASURE THE
20 EFFECTIVENESS OF THE EXEMPTION ALLOWED BY THIS SECTION BASED ON
21 THE TOTAL AMOUNT OF SOCIAL SECURITY BENEFITS IN EXCESS OF TWENTY
22 THOUSAND DOLLARS PER INDIVIDUAL PER TAX YEAR THAT INDIVIDUALS
23 AGED FIFTY-FIVE TO SIXTY-FOUR, INCLUSIVE, SUBTRACT FROM THEIR
24 FEDERAL TAXABLE INCOME WHEN CALCULATING THEIR STATE TAXABLE
25 INCOME.

26 **SECTION 2. Act subject to petition - effective date.** This act
27 takes effect at 12:01 a.m. on the day following the expiration of the

1 ninety-day period after final adjournment of the general assembly; except
2 that, if a referendum petition is filed pursuant to section 1 (3) of article V
3 of the state constitution against this act or an item, section, or part of this
4 act within such period, then the act, item, section, or part will not take
5 effect unless approved by the people at the general election to be held in
6 November 2024 and, in such case, will take effect on the date of the
7 official declaration of the vote thereon by the governor.