

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

ENGROSSED

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

LLS NO. 24-0739.02 Caroline Martin x5902

HOUSE BILL 24-1142

HOUSE SPONSORSHIP

Holtorf and Joseph,

SENATE SPONSORSHIP

Winter F. and Pelton B.,

House Committees

Finance
Appropriations

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.

HOUSE
Amended 2nd Reading
May 2, 2024

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) and (4)(f)(III)(F)
4 as follows:

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

9 (f) (III) (A) ~~Except as provided in subsection (4)(f)(III)(B) of this~~
10 ~~section,~~ Amounts subtracted under this subsection (4)(f) are capped at
11 twenty thousand dollars per tax year FOR ANY INDIVIDUAL WHO IS
12 FIFTY-FIVE YEARS OF AGE OR OLDER BUT LESS THAN SIXTY-FIVE YEARS OF
13 AGE AT THE CLOSE OF THE TAXABLE YEAR. FOR INCOME TAX YEARS
14 COMMENCING ON OR AFTER JANUARY 1, 2025, THE CAP SET FORTH IN THIS
15 SUBSECTION (4)(f)(III)(A) IS CALCULATED BY FIRST CONSIDERING THE
16 TOTAL AMOUNT OF SOCIAL SECURITY BENEFITS A TAXPAYER RECEIVED
17 THAT WERE INCLUDED IN FEDERAL TAXABLE INCOME AT THE CLOSE OF THE
18 TAXABLE YEAR. IF THE TOTAL AMOUNT OF SUCH SOCIAL SECURITY
19 BENEFITS EXCEEDS THE CAP SET FORTH IN THIS SUBSECTION (4)(f)(III)(A),
20 ~~AND THE TAXPAYER'S ADJUSTED GROSS INCOME FOR THE APPLICABLE TAX~~
21 ~~YEAR IS LESS THAN OR EQUAL TO SEVENTY-FIVE THOUSAND DOLLARS IF~~
22 ~~FILING INDIVIDUALLY OR NINETY-FIVE THOUSAND DOLLARS IF FILING~~
23 ~~JOINTLY,~~ THEN THE CAP IS INCREASED TO AN AMOUNT EQUAL TO THE
24 TOTAL AMOUNT OF SUCH SOCIAL SECURITY BENEFITS.

25 (B) Amounts subtracted under this subsection (4)(f) are capped at

1 twenty-four thousand dollars per tax year for any individual who is
2 sixty-five years of age or older at the close of the taxable year. For
3 income tax years commencing on or after January 1, 2022, the cap set
4 forth in this subsection (4)(f)(III)(B) is calculated by first considering the
5 total AMOUNT OF social security benefits a taxpayer received that were
6 included in federal taxable income at the close of the taxable year. ~~and~~
7 ~~only~~ If the total AMOUNT OF SUCH social security benefits ~~received that~~
8 ~~year were included in federal taxable income at the close of the taxable~~
9 ~~year exceed~~ EXCEEDS the cap set forth in this subsection (4)(f)(III)(B),
10 then the cap is increased to an amount equal to the TOTAL AMOUNT OF
11 SUCH social security benefits. ~~received by the taxpayer that were included~~
12 ~~in federal taxable income at the close of the taxable year~~

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

1 FEDERAL TAXABLE INCOME WHEN CALCULATING THEIR STATE TAXABLE
2 INCOME.

3 (F) THE DEPARTMENT OF REVENUE, IN CONSULTATION WITH THE
4 STATE AUDITOR, SHALL COLLECT THE INFORMATION NECESSARY FOR THE
5 STATE AUDITOR TO MEASURE THE EFFECTIVENESS OF THE INCOME TAX
6 SUBTRACTION ALLOWED BY THIS SECTION BASED ON THE TOTAL AMOUNT
7 OF SOCIAL SECURITY BENEFITS IN EXCESS OF TWENTY THOUSAND DOLLARS
8 PER INDIVIDUAL PER TAX YEAR THAT INDIVIDUALS WHO ARE AGED
9 FIFTY-FIVE TO SIXTY-FOUR, AND WHOSE ADJUSTED GROSS INCOME IS LESS
10 THAN OR EQUAL TO SEVENTY-FIVE THOUSAND DOLLARS IF FILING
11 INDIVIDUALLY OR NINETY-FIVE THOUSAND DOLLARS IF FILING JOINTLY,
12 SUBTRACT FROM THEIR FEDERAL TAXABLE INCOME WHEN CALCULATING
13 THEIR STATE TAXABLE INCOME.

14 **SECTION 2. Act subject to petition - effective date.** This act
15 takes effect at 12:01 a.m. on the day following the expiration of the
16 ninety-day period after final adjournment of the general assembly; except
17 that, if a referendum petition is filed pursuant to section 1 (3) of article V
18 of the state constitution against this act or an item, section, or part of this
19 act within such period, then the act, item, section, or part will not take
20 effect unless approved by the people at the general election to be held in
21 November 2024 and, in such case, will take effect on the date of the
22 official declaration of the vote thereon by the governor.