

First Regular Session
Seventieth General Assembly
STATE OF COLORADO

REENGROSSED

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

LLS NO. 15-0308.01 Gregg Fraser x4325

HOUSE BILL 15-1181

HOUSE SPONSORSHIP

Keyser,

SENATE SPONSORSHIP

Crowder,

House Committees

State, Veterans, & Military Affairs
Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE EXEMPTION FROM THE STATE INCOME TAX OF**
102 **ACTIVE DUTY MILITARY INCOME EARNED BY A RESIDENT**
103 **INDIVIDUAL IN THE ARMED FORCES OF THE UNITED STATES.**

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://www.leg.state.co.us/billsummaries>.)

Federal law allows active duty military service members to choose their state of residency for state income tax purposes. The military income of a nonresident is not subject to Colorado income tax. A Colorado resident in the armed forces (resident service person) is currently exempt from Colorado state income tax only if he or she is stationed outside the

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
April 15, 2015

HOUSE
Amended 2nd Reading
April 14, 2015

country for 305 or more days per year and elects not to file a tax return or if he or she is deployed in a war zone. The bill exempts all military income of a resident service person from Colorado state income tax for 5 tax years commencing with the 2016 income tax year.

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

2 **SECTION 1. Short title.** This act shall be known as the
3 "Colorado is Honoring Our Military Exemption (Colorado is HOME)
4 Act".

5 **SECTION 2. Legislative declaration.** The general assembly
6 hereby finds and declares that the intended purpose of the state income
7 tax exemption created in this act is to encourage Colorado residents who
8 serve on active duty in the armed forces of the United States to retain
9 their resident status in Colorado and to allow active duty service members
10 to retain their identity as Colorado residents so that no matter where they
11 serve, they can always call Colorado their home.

12 **SECTION 3.** In Colorado Revised Statutes, **add 39-22-110.5 as**
13 **follows:**

14 **39-22-110.5 Reacquisition of residency during active duty**
15 **military service.** (1) AN INDIVIDUAL IN ACTIVE DUTY MILITARY SERVICE
16 WHOSE HOME OF RECORD IS COLORADO AND WHOSE STATE OF LEGAL
17 RESIDENCE COMMENCING ON OR AFTER JANUARY 1, 2016, IS A STATE
18 OTHER THAN COLORADO MAY REACQUIRE LEGAL RESIDENCE IN THE
19 STATE, REGARDLESS OF WHETHER THE INDIVIDUAL HAS A PHYSICAL
20 PRESENCE IN THE STATE, IF THE INDIVIDUAL INTENDS TO MAKE COLORADO
21 HIS OR HER STATE OF LEGAL RESIDENCE. FOR PURPOSES OF THIS SECTION,
22 EVIDENCE OF AN INTENT TO MAKE THIS STATE AN INDIVIDUAL'S STATE OF
23 LEGAL RESIDENCE MUST INCLUDE ONE OR MORE OF THE FOLLOWING:

- 1 (a) REGISTERING TO VOTE IN THE STATE;
- 2 (b) PURCHASING RESIDENTIAL PROPERTY OR AN UNIMPROVED
3 RESIDENTIAL LOT IN THE STATE;
- 4 (c) TITLING AND REGISTERING A MOTOR VEHICLE IN THE STATE;
- 5 (d) NOTIFYING THE STATE OF THE INDIVIDUAL'S PREVIOUS LEGAL
6 RESIDENCE OF THE INTENT TO MAKE COLORADO THE INDIVIDUAL'S STATE
7 OF LEGAL RESIDENCE; OR
- 8 (e) PREPARING A NEW LAST WILL AND TESTAMENT THAT INDICATES
9 COLORADO AS THE INDIVIDUAL'S STATE OF LEGAL RESIDENCE.

10 **SECTION 4.** In Colorado Revised Statutes, 39-22-104, **add** (4)
11 (u) as follows:

12 **39-22-104. Income tax imposed on individuals, estates, and**
13 **trusts - single rate - definitions - repeal.** (4) There shall be subtracted
14 from federal taxable income:

15 (u) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
16 1, 2016, AN AMOUNT EQUAL TO ANY COMPENSATION RECEIVED FOR
17 ACTIVE DUTY SERVICE IN THE ARMED FORCES OF THE UNITED STATES BY
18 AN INDIVIDUAL WHO HAS REACQUIRED RESIDENCY IN THE STATE
19 PURSUANT TO SECTION 39-22-110.5, TO THE EXTENT THAT THE
20 COMPENSATION IS INCLUDED IN FEDERAL TAXABLE INCOME.

21 **SECTION 5.** In Colorado Revised Statutes, 39-22-601, **add** (1)
22 (a) (III) as follows:

23 **39-22-601. Returns.** (1) (a) (III) FOR PURPOSES OF THIS
24 PARAGRAPH (a), AN INDIVIDUAL WHOSE ONLY SOURCE OF INCOME IS
25 COMPENSATION THAT IS SUBTRACTED FROM FEDERAL TAXABLE INCOME
26 UNDER SECTION 39-22-104 (4) (u) NEED NOT FILE A RETURN.

27 **SECTION 6.** In Colorado Revised Statutes, 39-22-604, **add** (20)

1 as follows:

2 **39-22-604. Withholding tax - requirement to withhold - tax**
3 **lien - exemption from lien - definitions.** (20) NO AMOUNT IS REQUIRED
4 TO BE DEDUCTED AND WITHHELD FROM AN EMPLOYEE'S WAGES PURSUANT
5 TO THIS SECTION FOR INCOME TAX DUE TO THE STATE IF THE EMPLOYEE'S
6 WITHHOLDING CERTIFICATE INDICATES THAT THE COMPENSATION IS
7 ELIGIBLE TO BE SUBTRACTED FROM FEDERAL TAXABLE INCOME PURSUANT
8 TO SECTION 39-22-104 (4) (u).

9 **SECTION 7. Act subject to petition - effective date.** This act
10 takes effect at 12:01 a.m. on the day following the expiration of the
11 ninety-day period after final adjournment of the general assembly (August
12 5, 2015, if adjournment sine die is on May 6, 2015); except that, if a
13 referendum petition is filed pursuant to section 1 (3) of article V of the
14 state constitution against this act or an item, section, or part of this act
15 within such period, then the act, item, section, or part will not take effect
16 unless approved by the people at the general election to be held in
17 November 2016 and, in such case, will take effect on the date of the
18 official declaration of the vote thereon by the governor.