

**First Regular Session  
Seventieth General Assembly  
STATE OF COLORADO**

**PREAMENDED**

*This Unofficial Version Includes Committee  
Amendments Not Yet Adopted on Second Reading*

LLS NO. 15-0308.01 Gregg Fraser x4325

**HOUSE BILL 15-1181**

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**HOUSE SPONSORSHIP**

**Keyser,**

**SENATE SPONSORSHIP**

**Crowder,**

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**House Committees**

State, Veterans, & Military Affairs  
Finance  
Appropriations

**Senate Committees**

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**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.**

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**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/bills summaries>.)*

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.*

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.

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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, 39-22-103, **amend**  
13 (8) (a) as follows:

14           **39-22-103. Definitions - construction of terms.** As used in this  
15 article, unless the context otherwise requires:

16           (8) (a) (I) "Resident individual" means a natural person who is  
17 domiciled in this state and a natural person who maintains a permanent  
18 place of abode within this state and who spends in the aggregate more  
19 than six months of the taxable year within this state.

20           (II) "RESIDENT INDIVIDUAL" ALSO INCLUDES AN INDIVIDUAL IN  
21 ACTIVE DUTY MILITARY SERVICE WHO DOES NOT HAVE A PHYSICAL  
22 PRESENCE IN THE STATE IF THE INDIVIDUAL'S HOME OF RECORD FOR  
23 MILITARY PURPOSES IS LOCATED IN COLORADO AND THE INDIVIDUAL

1 INTENDS TO MAKE COLORADO HIS OR HER STATE OF LEGAL RESIDENCE.  
2 FOR PURPOSES OF THIS SUBPARAGRAPH (II), EVIDENCE OF AN INTENT TO  
3 MAKE THIS STATE AN INDIVIDUAL'S STATE OF LEGAL RESIDENCE MUST  
4 INCLUDE ONE OR MORE OF THE FOLLOWING:

- 5 (A) REGISTERING TO VOTE IN THE STATE;
- 6 (B) PURCHASING RESIDENTIAL PROPERTY OR AN UNIMPROVED  
7 RESIDENTIAL LOT IN THE STATE;
- 8 (C) TITLING AND REGISTERING A MOTOR VEHICLE IN THE STATE;
- 9 (D) NOTIFYING THE STATE OF THE INDIVIDUAL'S PREVIOUS LEGAL  
10 RESIDENCE OF THE INTENT TO MAKE COLORADO THE INDIVIDUAL'S STATE  
11 OF LEGAL RESIDENCE; OR
- 12 (E) PREPARING A NEW LAST WILL AND TESTAMENT THAT  
13 INDICATES COLORADO AS THE INDIVIDUAL'S STATE OF LEGAL RESIDENCE.

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

16 **39-22-104. Income tax imposed on individuals, estates, and**  
17 **trusts - single rate - definitions - repeal.** (4) There shall be subtracted  
18 from federal taxable income:

19 (u) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
20 1, 2016, BUT PRIOR TO JANUARY 1, 2021, AN AMOUNT EQUAL TO ANY  
21 COMPENSATION RECEIVED BY A RESIDENT INDIVIDUAL FOR ACTIVE DUTY  
22 SERVICE IN THE ARMED FORCES OF THE UNITED STATES, TO THE EXTENT  
23 THAT THE COMPENSATION IS INCLUDED IN FEDERAL TAXABLE INCOME.

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

26 **39-22-601. Returns.** (1) (a) (III) FOR PURPOSES OF THIS  
27 PARAGRAPH (a), AN INDIVIDUAL WHOSE ONLY SOURCE OF INCOME IS

1 COMPENSATION THAT IS SUBTRACTED FROM FEDERAL TAXABLE INCOME  
2 UNDER SECTION 39-22-104 (4) (u) NEED NOT FILE A RETURN.

3 **SECTION 6.** In Colorado Revised Statutes, 39-22-604, **add** (20)  
4 as follows:

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

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