

INITIATED STATUTE TO EXEMPT SOCIAL SECURITY INCOME FROM STATE
INCOME TAX

PROPOSED INITIATIVE 2021-2022 # _____

Be it enacted by the People of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, **39-22-104**, amend
(4)(f)(III)(B) as follows:

(4) There shall be subtracted from federal taxable income:

(f)(III)(B) Amounts subtracted under this subsection (4)(f) are capped at twenty-four thousand dollars per tax year for any individual who is sixty-five years of age or older at the close of the taxable year. For income tax years commencing on or after January 1, 2022, the cap set forth in this subsection (4)(f)(III)(B) is calculated by first considering the total social security benefits a taxpayer received that were included in federal taxable income at the close of the taxable year and only if the total social security benefits received that year were included in federal taxable income at the close of the taxable year exceed the cap set forth in this subsection (4)(f)(III)(B), then the cap is increased to an amount equal to the social security benefits received by the taxpayer that were included in federal taxable income at the close of the taxable year. FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2023, SOCIAL SECURITY BENEFITS INCLUDED IN FEDERAL TAXABLE INCOME IN EXCESS OF THE TWENTY-FOUR THOUSAND DOLLARS CAP SET FORTH IN THIS SUBSECTION (4)(f) RECEIVED BY ANY INDIVIDUAL WHO IS SIXTY-FIVE YEARS OF AGE OR OLDER AT THE END OF THE TAX YEAR SHALL BE SUBTRACTED FROM STATE INCOME TAX.

Section 2: Effective Date. THIS ACT SHALL TAKE EFFECT UPON PROCLAMATION BY THE GOVERNOR AND SHALL BE SELF-EXECUTING.