

Introduction

This Colorado Statistics of Income (SOI) publication reports on income and taxes for individuals filing income tax returns for tax year 1999.

The data used in this report are drawn from a merged file of state and federal tax returns. Information reported in the following tables pertain to only full year resident returns. Part year residents who have moved out of the state are not included in the merged file used to compile this report. Tables 1A, 1B, and 1C report the number of returns, federal AGI, gross and net state income taxes, and federal taxes filed by all Colorado residents. Returns filed by dependents, typically children with jobs who still live with their parents, are excluded from the data reported in tables 2 through 20. In this manner, the information reported in tables 2 through 20 more closely approximates the income data of households filing tax returns. The tables in the SOI report federal adjusted gross income, sources of income, modifications, deductions, federal and state income tax, and several other key variables from the merged tax returns. Tables of regional and county information may also be found in this report.

Colorado adjusted gross income will no longer be used in the SOI reports as a measure of income for Colorado residents. Rather, the tables in this publication use federal adjusted gross income as a measure of the income of Colorado residents. Prior to 1987, Colorado adjusted gross income was reported on Colorado state income tax forms and was used to determine the Colorado income tax liability of filers. However, the Colorado General Assembly passed legislation in 1987 abolishing that approach to measuring income and, in its place, based state income tax liabilities on federal income tax codes.

Federal adjusted gross income is a standard measure of income and facilitates the comparison of Colorado income data to that of other states as well as national income data. This change may hamper the comparison of income data with previous SOI reports. The largest single group affected is likely to be seniors that receive taxable pensions. Up to \$24,000 of taxable pension income per spouse (this amount has changed over time) was an allowable deduction under the Colorado adjusted gross income measure. Such income is not exempted from taxation under federal codes and is included in federal adjusted gross income.