A BILL FOR AN ACT

CONCERNING MODIFICATIONS TO THE "COLORADO JOB CREATION AND MAIN STREET REVITALIZATION ACT".

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 makes the following modifications to the existing "Colorado Job Creation and Main Street Revitalization Act":

! Adds a definition of a key term and streamlines and clarifies existing definitions;
! Adds subheadings to subsections to promote greater clarity;
! Extends the last income tax year for which the tax credit is
available from 2019 to 2029;

Separates subsections dealing solely with residential structures from subsections dealing solely with commercial structures to promote greater clarity;

Under the existing tax credit, the amount of the tax credit, measured by a percentage of the actual qualified rehabilitation expenditures, is increased when the historic structure, whether commercial or residential, is located in a disaster area. The bill also increases the amount of the tax credit when the structure is located in a rural community. The bill prohibits a taxpayer from claiming the benefits offered for a structure in a disaster area or in a rural community.

Authorizes the state historical society to promulgate rules as necessary to facilitate the certification of qualified residential structures;

In connection with the reservation of tax credits for qualified commercial structures, changes the existing requirements under which the Colorado office of economic opportunity (office) uses a lottery process to determine the order in which it will review applications and plans received on the same day to a process under which the office must date and timestamp each application and review a plan and application on the basis of the order in which such documents were submitted;

Streamlines procedures the owner of a qualified commercial structure is to follow upon the completion of rehabilitation of the structure to obtain a tax credit certificate;

For income tax years commencing on or after January 1, 2020 but prior to January 1, 2030, maintains the aggregate limit on the amount of a tax credit certificate issued for any one qualified commercial structure at $1 million as for the 2016 through 2019 tax years;

For qualified commercial structures, regardless of the amount of estimated qualified rehabilitation expenditures, the bill maintains the aggregate amount of all tax credits that may be reserved for each of the 2020 through 2029 calendar years in the same amount as for the 2017 through 2019 tax years, at $10 million, but specifies that the aggregate reservation amount must be equally split between large and small projects;

Deletes existing provisions specifying the aggregate amount of tax credits that may be issued for particular income tax years;
Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, amend 39-22-514.5 as follows:

39-22-514.5. Tax credit for qualified costs incurred in preservation of historic structures - short title - definitions. (1) Short title. This section is known and may be cited as "THE SHORT TITLE OF THIS SECTION IS the "Colorado Job Creation and Main Street Revitalization Act".

(2) Definitions. As used in this section, unless the context otherwise requires:

(a) (I) "Certified historic structure" means a property located in Colorado that has been certified by the historical society or other reviewing entity because it has been:

(i) (A) Listed individually or as a contributing property in a district included within the national register of historic places;

(ii) (B) Listed individually or as a contributing property in a district that is included within the state register of historic properties pursuant to the provisions of article 80.1 of title 24, C.R.S.; OR

(iii) Designated as a landmark by a certified local government; or

(iv) (C) Listed INDIVIDUALLY OR as a contributing property within a designated historic district of a certified local government.

(II) "CERTIFIED HISTORIC STRUCTURE" MAY BE EITHER A RESIDENTIAL OR COMMERCIAL STRUCTURE.
(b) "Certified local government" means any local government that has been certified by the historical society pursuant to 16 U.S.C. sec. 470a (c)(1), as amended, in accordance with federal law.

(c) "Certified rehabilitation" means repairs or alterations to a certified historic structure that have been certified by the historical society or other reviewing entity as meeting the standards for rehabilitation of the United States secretary of the interior.

(d) "Contributing property" means property that adds to the sense of time, place, and historical development of a historic district as determined by the historical society or other reviewing entity.

(d.3) "Denver metropolitan area" means all of the land area within the boundaries of the counties of Adams, Arapahoe, Boulder, and Jefferson, all of the area within the boundaries of the city and county of Broomfield and the city and county of Denver, and all of the area within the boundaries of the county of Douglas; except that the area within the boundaries of the town of Castle Rock and the area within the boundaries of the town of Larkspur in the county of Douglas shall not be included in such area.

(e) "Department" means the Colorado department of revenue or any successor entity.

(f) "Designated" means established by local preservation ordinance.

(g) "Historical society" means the state historical society of Colorado, also known as history Colorado, or any successor entity.

(g.5) "Municipality" has the same meaning as specified in section 31-1-101 (6) and also includes any unincorporated area.
OF A COUNTY, INCLUDING WITHOUT LIMITATION AN UNINCORPORATED
COMMUNITY OR A CENSUS-DESIGNATED PLACE.

(h) "Office" means the Colorado office of economic development
or any successor entity.
(i) "Owner" means any taxpayer filing a state tax return or any
entity that is exempt from federal income taxation pursuant to section 501
(c) of the internal revenue code, as amended, that owns:

(I) Title to a qualified structure;
(II) Prospective title to a qualified structure in the form of a
purchase agreement or an option to purchase;
(III) A leasehold interest in a qualified commercial structure for
a term of not less than thirty-nine years; or
(III.5) A LEASEHOLD INTEREST IN A QUALIFIED COMMERCIAL
STRUCTURE THAT IS LOCATED IN A RURAL COMMUNITY FOR A TERM OF NOT
LESS THAN FIVE YEARS; OR

(IV) A leasehold interest in a qualified residential structure for a
term of not less than five years.

(j) "Qualified commercial structure" means an income producing
or commercial property located in Colorado that is:

(I) At least fifty years old; and

(II) (A) Listed individually or as a contributing property in a
district included within the state register of historic properties pursuant
to article 80.1 of title 24; C.R.S.; or

(B) Designated as a landmark by a certified local government; or

(C) Listed INDIVIDUALLY OR as a contributing property that is
included within a designated historic district of a certified local
government.
(k) "Qualified rehabilitation expenditures" means:

(I) With respect to a qualified commercial structure, any expenditure as defined under section 47 (c)(2)(A) of the internal revenue code, as amended, and the related regulations thereunder; and

(II) With respect to a qualified residential structure, exterior improvements and interior improvements undertaken to restore, rehabilitate, or preserve the historic character of a qualified property that meet the standards for rehabilitation of the United States secretary of the interior as adopted by the historical society or the certified local government pursuant to federal law. As used in this subparagraph (II) SUBSECTION (2)(k)(II), "exterior improvements" is limited to any one or more of the following: roof replacement or repair; exterior siding replacement or repair; masonry repair, re-pointing, or replacement; window repair or replacement; door repair or replacement; woodwork and trim repair or replacement; foundation repair or replacement; and excavation costs associated with foundation work. As used in this subparagraph (II) SUBSECTION (2)(k)(II), "interior improvements" is limited to one or more of the following: electrical repairs and upgrades; plumbing repairs and upgrades; heating, venting, and air conditioning repairs and upgrades; repair of existing interior walls, ceilings, and finishes; repair or replacement of existing woodwork and trim; insulation; refinishing or replacing historic floor materials in-kind, excluding carpeting; and reconstructing missing historic elements when there is sufficient historical documentation to guide the reconstruction.

(l) "Qualified residential structure" means a nonincome producing and owner-occupied residential property located in Colorado that is:

(I) At least fifty years old; and
(II) (A) Listed individually or as a contributing property in a district included within the state register of historic properties pursuant to article 80.1 of title 24; C.R.S.; OR

(B) Designated as a landmark by a certified local government; or

(C) Listed INDIVIDUALLY OR as a contributing property that is included within a designated historic district of a certified local government.

(m) "Qualified structure" means a structure that satisfies the definition of either a qualified residential structure or a qualified commercial structure.

(n) "Rehabilitation plan" means construction plans and specifications for the proposed rehabilitation of a qualified structure that is in sufficient detail to enable the office or the reviewing entity, as applicable, to evaluate whether the structure is in compliance with the standards developed under subsection (4) of this section.

(o) "Reviewing entity" means:

(I) A certified local government that has decided pursuant to subsection (10) SUBSECTION (5.5)(c) of this section to perform the duties specified under this section; or

(II) The historical society if the qualified residential structure either is not located within the territorial boundaries of any certified local government or is located within the territorial boundaries of a certified local government that has decided pursuant to subsection (10) SUBSECTION (5.5)(c) of this section not to perform the duties specified under this section.

(o.5) "RURAL COMMUNITY" MEANS:

(I) A MUNICIPALITY WITH A POPULATION OF LESS THAN FIFTY
THOUSAND PEOPLE THAT IS NOT LOCATED WITHIN THE DENVER METROPOLITAN AREA; OR

(II) AN UNINCORPORATED AREA OF ANY COUNTY THE TOTAL POPULATION OF WHICH COUNTY IS LESS THAN FIFTY THOUSAND PEOPLE THAT IS NOT LOCATED WITHIN THE DENVER METROPOLITAN AREA.

(p) "Substantial rehabilitation" means:

(I) With respect to a qualified commercial structure:

(A) FOR TAX YEARS COMMENCING PRIOR TO JANUARY 1, 2020, rehabilitation for which the qualified rehabilitation expenditures exceed twenty-five percent of the owner's original purchase price of the qualified commercial structure less the value attributed to the land; and

(B) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2020, REHABILITATION FOR WHICH THE QUALIFIED REHABILITATION EXPENDITURES ARE IN AN AGGREGATE AMOUNT OF AT LEAST TWENTY THOUSAND DOLLARS; AND

(II) With respect to a qualified residential structure, rehabilitation for which the qualified rehabilitation expenditures exceed five thousand dollars.

(3) General provisions. For income tax years commencing on or after January 1, 2016, but prior to January 1, 2020, there shall be allowed a credit with respect to the income taxes imposed pursuant to this article ARTICLE 22 to each owner of a qualified structure that complies with the requirements of this section.

(4) Development of standards for approval of commercial or residential rehabilitation projects. (a) The office, in consultation with the historical society, shall develop standards for the approval of the substantial rehabilitation of qualified COMMERCIAL structures for which
a tax credit under this section is being claimed. The standards must
consider whether the substantial rehabilitation of a qualified COMMERCIAL
structure is consistent with the standards for rehabilitation adopted by the
United States department of the interior.

(b) THE HISTORICAL SOCIETY SHALL DEVELOP STANDARDS FOR THE
APPROVAL OF THE SUBSTANTIAL REHABILITATION OF QUALIFIED
RESIDENTIAL STRUCTURES FOR WHICH A TAX CREDIT UNDER THIS SECTION
IS BEING CLAIMED. THE STANDARDS MUST CONSIDER WHETHER THE
SUBSTANTIAL REHABILITATION OF A QUALIFIED RESIDENTIAL STRUCTURE
IS CONSISTENT WITH THE STANDARDS FOR REHABILITATION ADOPTED BY
THE UNITED STATES DEPARTMENT OF THE INTERIOR.

(5) Submission by owner of application and rehabilitation
plan. (a) The owner shall submit an application and rehabilitation plan
to either the office for a qualified commercial structure or to the
reviewing entity for a qualified residential structure, along with an
estimate of the qualified rehabilitation expenditures under the
rehabilitation plan. The owner, at the owner's own risk, may incur
qualified rehabilitation expenditures no earlier than twenty-four months
prior to the submission of the application and rehabilitation plan but only
if satisfactory documentation is submitted to the office or the reviewing
entity, as applicable, indicating the condition of the qualified structure
prior to commencement of the rehabilitation, including but not limited to
photographs of the qualified structure and written declarations from
persons knowledgeable about the qualified structure. In connection with
any application submitted on or after July 1, 2015, any expenses the
owner incurs before July 1, 2015, shall not be counted towards the
owner's qualified rehabilitation expenditures. An owner may submit an
application and rehabilitation plan and may commence rehabilitation before the property:

(I) Is listed individually or as a contributing property in a district included within the national register of historic places;

(II) Is listed individually or as a contributing property in a district included within the state register of historic properties pursuant to article 80.1 of title 24, C.R.S.; or

(III) Has been designated as a landmark by a certified local government; or

(IV) Is listed INDIVIDUALLY OR as a contributing property within a designated historic district of a certified local government.

(b) Notwithstanding the provisions of paragraph (a) of this subsection (5) SUBSECTION (5)(a) OF THIS SECTION, an owner may incur qualified rehabilitation expenditures at the owner's own risk.

(c) Within ninety days after receipt of the application and rehabilitation plan, the office and the historical society, in the case of a qualified commercial structure, and the reviewing entity, in the case of a qualified residential structure, shall notify the owner in writing if the rehabilitation plan is preliminarily determined to be a certified rehabilitation.

(5.5) Issuance of tax credit certificate for qualified residential structures - rules. (a) (I) FOLLOWING THE COMPLETION OF A REHABILITATION OF A QUALIFIED RESIDENTIAL STRUCTURE, THE OWNER SHALL NOTIFY THE REVIEWING ENTITY THAT THE REHABILITATION HAS BEEN COMPLETED AND SHALL CERTIFY THAT THE QUALIFIED REHABILITATION EXPENDITURES INCURRED IN CONNECTION WITH THE REHABILITATION PLAN. THE OWNER SHALL ALSO PROVIDE THE REVIEWING
ENTITY WITH A COST AND EXPENSE CERTIFICATION FOR THE TOTAL QUALIFIED REHABILITATION EXPENDITURES AND THE TOTAL AMOUNT OF TAX CREDITS FOR WHICH THE OWNER IS ELIGIBLE. THE REVIEWING ENTITY SHALL REVIEW THE DOCUMENTATION OF THE REHABILITATION AND VERIFY ITS COMPLIANCE WITH THE REHABILITATION PLAN. EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5.5)(a)(II) OF THIS SECTION, WITHIN NINETY DAYS AFTER RECEIPT OF THE FOREGOING DOCUMENTATION FROM THE OWNER THE REVIEWING ENTITY SHALL ISSUE A TAX CREDIT CERTIFICATE IN AN AMOUNT EQUAL TO TWENTY PERCENT OF THE ACTUAL QUALIFIED REHABILITATION EXPENDITURES; EXCEPT THAT THE AMOUNT OF THE TAX CREDIT CERTIFICATE SHALL NOT EXCEED FIFTY THOUSAND DOLLARS FOR EACH QUALIFIED RESIDENTIAL STRUCTURE, WHICH AMOUNT IS TO BE CALCULATED OVER A TEN-YEAR ROLLING PERIOD THAT COMMENCES WITH EACH CHANGE IN OWNERSHIP OF THE QUALIFIED RESIDENTIAL STRUCTURE.

(II) FOR INCOME TAX YEARS COMMENCING PRIOR TO JANUARY 1, 2030, WITH RESPECT TO A QUALIFIED RESIDENTIAL STRUCTURE LOCATED IN AN AREA THAT THE PRESIDENT OF THE UNITED STATES HAS DETERMINED TO BE A MAJOR DISASTER AREA UNDER SECTION 102 (2) OF THE FEDERAL "ROBERT T. STAFFORD DISASTER RELIEF AND EMERGENCY ASSISTANCE ACT", 42 U.S.C. SEC. 5121 ET SEQ., OR THAT IS LOCATED IN AN AREA THAT THE GOVERNOR HAS DETERMINED TO BE A DISASTER AREA UNDER THE "COLORADO DISASTER EMERGENCY ACT", PART 7 OF ARTICLE 33.5 OF TITLE 24, THE AMOUNT OF THE TAX CREDIT SPECIFIED IN SUBSECTION (5.5)(a)(I) OF THIS SECTION IS INCREASED TO TWENTY-FIVE PERCENT FOR AN APPLICATION THAT IS FILED WITHIN SIX YEARS AFTER THE DISASTER DETERMINATION.

(III) FOR INCOME TAX YEARS COMMENCING ON AND AFTER
JANUARY 1, 2020, WITH RESPECT TO A QUALIFIED RESIDENTIAL STRUCTURE LOCATED IN A RURAL COMMUNITY, THE AMOUNT OF THE TAX CREDIT SPECIFIED IN SUBSECTION (5.5)(a)(I) OF THIS SECTION IS INCREASED TO THIRTY-FIVE PERCENT FOR AN APPLICATION THAT IS PROPERLY FILED IN ACCORDANCE WITH THIS SECTION.

(b) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A TAXPAYER MAY CLAIM THE BENEFITS OFFERED BY EITHER SUBSECTION (5.5)(a)(II) OR (5.5)(a)(III) OF THIS SECTION BUT SHALL NOT CLAIM THE BENEFITS OFFERED BY BOTH SUBSECTIONS (5.5)(a)(II) AND (5.5)(a)(III) OF THIS SECTION.

(c) FOR THE PURPOSES OF THIS SECTION, A CERTIFIED LOCAL GOVERNMENT MAY ACT AS A REVIEWING ENTITY ONLY FOR A QUALIFIED RESIDENTIAL STRUCTURE. EACH CERTIFIED LOCAL GOVERNMENT SHALL ADOPT A RESOLUTION OR ORDINANCE STATING WHETHER THE GOVERNMENT WILL ACT AS A REVIEWING ENTITY FOR THE PURPOSES OF THIS SECTION. THE LOCAL GOVERNMENT SHALL SEND A COPY OF THE RESOLUTION OR ORDINANCE TO THE HISTORICAL SOCIETY. ANY CERTIFIED LOCAL GOVERNMENT THAT DECIDES TO ACT AS A REVIEWING ENTITY FOR THE PURPOSES OF THIS SECTION SHALL PERFORM ALL DUTIES AND RESPONSIBILITIES IN CONNECTION WITH A CERTIFIED REHABILITATION THAT RECEIVES PRELIMINARY APPROVAL FROM SUCH ENTITY DURING THE YEAR. THE HISTORICAL SOCIETY SHALL PROMULGATE RULES ON STANDARDS AND REPORTING, IN ACCORDANCE WITH ARTICLE 4 OF TITLE 24, AS IT DEEMS NECESSARY TO FACILITATE THE EFFECTIVE IMPLEMENTATION OF THIS SUBSECTION (5.5)(c).

(d) IN THE CASE OF A QUALIFIED RESIDENTIAL STRUCTURE, THE REVIEWING ENTITY MAY IMPOSE A REASONABLE APPLICATION FEE.
(e) The historical society shall promulgate any and all rules necessary to further implement the tax credits to be claimed for the substantial rehabilitation of qualified residential structures under this section. Any rules must be promulgated in accordance with Article 4 of Title 24.

(6) Application and issuance fees for qualified commercial structures. (a) For a qualified commercial structure for which the amount of tax credit requested under this section is two hundred fifty thousand dollars or more, the office may impose a reasonable application fee that does not exceed five hundred dollars. For a qualified commercial structure for which the amount of tax credit requested under this section is less than two hundred fifty thousand dollars, the office may impose a reasonable application fee that does not exceed two hundred fifty dollars.

(b) Notwithstanding any other provision of this section, the office shall not impose an application fee under paragraph (a) of this subsection (6) for a project for which the amount of tax credit requested under this section is two hundred fifty thousand dollars or less.

(c) The office may impose on the owner a reasonable issuance fee of up to three percent of the amount of the tax credit issued, which must be paid before the tax credit is issued to the owner. With respect to both an application fee and an issuance fee, the office shall share on an equal basis any such fees collected with the historical society and the department. Moneys collected from such fees must be applied to the administration of the tax credit created by this section.

(d) In the case of a qualified residential structure, the reviewing entity may impose a reasonable application fee. However, the reviewing entity...
entity may reduce or eliminate the application fee if the qualified
rehabilitation expenditures for the project are less than fifteen thousand
dollars.

(7) Reservation of tax credits for qualified commercial
structures. (a) In the case of a qualified commercial structure, a
reservation of tax credits is permitted in accordance with the provisions
of this subsection (7). The office and the historical society shall review
the application and rehabilitation plan for a qualified commercial
structure to determine that the information contained in the application
and plan is complete. If the office and the historical society determine that
the application and rehabilitation plan are complete, the office shall
reserve for the benefit of the owner an allocation of a tax credit as
provided in paragraph (a) of subsection (12) SUBSECTION (12)(a) of this
section and the office shall notify the owner in writing of the amount of
the reservation. The reservation of tax credits does not entitle the owner
to an issuance of any tax credits until the owner complies with all of the
other requirements specified in this section for the issuance of the tax
credit. The office must reserve tax credits in the order in which it receives
completed applications and rehabilitation plans. The office shall issue any
such reservation of tax credits authorized by this subsection (7) within a
reasonable time, not to exceed ninety days after the filing of a completed
application and rehabilitation plan. The office shall use a lottery process
to determine the order in which it will review applications and plans
received by the office on the same day STAMP EACH COMPLETED
APPLICATION AND PLAN WITH THE DATE AND TIME IT RECEIVES THE
APPLICATION AND PLAN AND SHALL REVIEW A PLAN AND APPLICATION ON
THE BASIS OF THE ORDER IN WHICH SUCH DOCUMENTS WERE SUBMITTED
BY DATE AND TIME. The office shall only review an application and plan submitted in connection with a property for which a property address, legal description, or other specific location is provided in the application and plan. The owner shall not request the review of another property for approval in the place of the property that is the subject of the application and plan. Any application and plan disapproved by the office will be removed from the review process, and the office shall notify the owner in writing of the decision to remove the property from the review process. Disapproved applications and plans lose their priority in the review process. An owner may resubmit a disapproved application and plan, but such resubmitted application and plan is deemed to be a new submission for purposes of the priority procedures described in this paragraph (a).

The office may charge IF a resubmitted application and plan ARE SUBMITTED, THE OFFICE MAY CHARGE a new application fee in an amount specified in accordance with subsection (6) of this section.

(b) If, for any calendar year, the aggregate amount of reservations for tax credits the office has approved is equal to the total amount of tax credits available for reservation during that calendar year, the office shall notify all owners who have submitted applications and rehabilitation plans then awaiting approval or submitted for approval after the calculation is made that no additional approvals of applications and plans for reservations of tax credits will be granted during that calendar year and the office shall additionally notify the owner of the priority number given to the owner's application and plan then awaiting approval. The applications and plans will remain in priority status for two years from the date of the original application and plan and will be considered for
reservations of tax credits in the priority order established in this subsection (7) in the event that additional credits become available resulting from the rescission of approvals under paragraph (a) of subsection (8) of this section or because a new allocation of tax credits for a calendar year becomes available.

(c) Notwithstanding any other provision of this section, this subsection (7) does not apply to a qualified residential structure because no reservation of tax credits is necessary in the case of a qualified residential structure.

(8) **Deadline for incurring specified amount of estimated costs of rehabilitation - proof of compliance - audit of cost and expense certification - issuance of tax credit certificate - commercial structures.** (a) Any owner receiving a reservation of tax credits under paragraph (a) of subsection (7) of this section shall commence rehabilitation of the qualified commercial structure, if rehabilitation has not previously begun, within one year after the date of issuance of the written notice from the office to the owner granting the reservation of tax credits. Any owner receiving such a reservation of tax credits under subsection (7)(a) of this section shall incur not less than twenty percent of the estimated costs of rehabilitation contained in the application and rehabilitation plan not later than eighteen months after the date of issuance of the written notice from the office to the owner granting the reservation of tax credits. Any owner receiving a reservation of tax credits shall submit evidence of compliance with the provisions of this paragraph (a) of subsection (8)(a). If the office determines that an owner has failed to comply with the requirements of this paragraph (a) of subsection (8)(a), the office may rescind the issuance it previously gave the owner.
approving the reservation of tax credits and, if so, the total amount of tax credits made available for the calendar year for which reservations may be granted must be increased by the amount of the tax credits rescinded. The office shall promptly notify any owner whose reservation of tax credits has been rescinded and, upon receipt of the notice, the owner may submit a new application and plan for which the office may charge a new application fee in accordance with subsection (6) of this section.

(b) Following the completion of a rehabilitation of a qualified commercial structure, the owner shall notify the office that the rehabilitation has been completed and shall certify the qualified rehabilitation expenditures incurred by the owner under the rehabilitation plan. In addition, the owner shall provide the office with a cost and expense certification, prepared by a licensed certified public accountant that is not affiliated with the owner, certifying the total qualified rehabilitation expenditures and the total amount of tax credits for which the owner is eligible. If the total amount of the anticipated tax credits to be issued the owner exceeds two hundred fifty thousand dollars and expenses. The cost and expense certification must be audited by a licensed certified public accountant that is not affiliated with the owner. The office and the historical society shall review the documentation of the rehabilitation and the historical society shall verify that the documentation satisfies the rehabilitation plan. Within ninety days after receipt of such documentation from the owner, the office shall issue a tax credit certificate in an amount equal to the following subject to paragraph (c) of this subsection of this section:

(I) Twenty-five percent of the actual qualified rehabilitation expenditures that are less than two million dollars; plus
(II) Twenty percent of the actual qualified rehabilitation expenditures in excess of two million dollars.

(c) Notwithstanding paragraph (b) of this subsection (8) SUBSECTION (8)(b) OF THIS SECTION:

(I) The total amount of the tax credit certificate issued for any particular project must SHALL not exceed the amount of the tax credit reservation issued for the project under paragraph (a) of subsection (7) SUBSECTION (7)(a) of this section;

(II) The amount of a tax credit certificate to be issued for any one qualified commercial structure must SHALL not exceed one million dollars in any one calendar year; and

(III) With respect to a certified historic structure that IS A QUALIFIED COMMERCIAL STRUCTURE THAT is located in an area that the president of the United States has determined to be a major disaster area under section 102 (2) of the federal "Robert T. Stafford Disaster Relief and Emergency Assistance Act", 42 U.S.C. sec. 5121 et seq., or that is located in an area that the governor has determined to be a disaster area under the "Colorado Disaster Emergency Act", part 7 of article 33.5 of title 24, C.R.S., the tax credit amounts specified in subparagraphs (I) to (III) of paragraph (b) of this subsection (8) SUBSECTIONS (8)(b)(I) AND (8)(b)(II) OF THIS SECTION must be increased as follows for an application that is filed within six years after the disaster determination:

(A) The twenty-five percent credit amount specified in subparagraph (I) of paragraph (b) of this subsection (8) SUBSECTION (8)(b)(I) OF THIS SECTION is increased to thirty percent; and

(B) The twenty percent credit amount specified in subparagraph (II) of paragraph (b) of this subsection (8) SUBSECTION (8)(b)(II) OF THIS
SECTION is increased to twenty-five percent.

(IV) For income tax years commencing on or after January 1, 2020, with respect to a certified historic structure that is a qualified commercial structure that is located in a rural community, the tax credit amounts specified in subsections (8)(b)(I) to (8)(b)(II) of this section must be increased as follows for an application that is properly filed in accordance with this section:

(A) The twenty-five percent credit amount specified in subsection (8)(b)(I) of this section is increased to thirty-five percent; and

(B) The twenty percent credit amount specified in subsection (8)(b)(II) of this section is increased to thirty percent.

(d) If the amount of qualified rehabilitation expenditures incurred by the owner would result in an owner being issued an amount of tax credits that exceeds the amount of tax credits reserved for the owner under paragraph (a) of subsection (7) of this section, the owner may apply to the office for the issuance of an amount of tax credits that equals the excess. The owner must submit its application for issuance of such excess tax credits on a form prescribed by the office. The office shall automatically approve the application, which it shall issue by means of a separate certificate, subject only to the availability of tax credits and the provisions concerning priority provided in paragraph (a) of subsection (7) of this section.

(e) (I) Following the completion of a rehabilitation of a qualified residential structure, the owner shall notify the reviewing entity that the rehabilitation has been completed and shall certify that the qualified...
rehabilitation expenditures incurred in connection with the rehabilitation plan. The owner shall also provide the reviewing entity with a cost and expense certification certifying the total qualified rehabilitation expenditures and the total amount of tax credits for which the owner is eligible. The reviewing entity shall review the documentation of the rehabilitation and verify its compliance with the rehabilitation plan. Except as otherwise provided in subparagraph (II) of this paragraph (e), within ninety days after receipt of the foregoing documentation from the owner, the reviewing entity shall issue a tax credit certificate in an amount equal to twenty percent of the actual qualified rehabilitation expenditures; except that the amount of the tax credit certificate shall not exceed fifty thousand dollars for each qualified residential structure, which amount is to be calculated over a ten-year rolling period that commences with each change in ownership of the qualified residential structure.

(II) With respect to a qualified residential structure located in an area that the president of the United States has determined to be a major disaster area under section 102 (2) of the federal "Robert T. Stafford Disaster Relief and Emergency Assistance Act", 42 U.S.C. sec. 5121 et seq., or that is located in an area that the governor has determined to be a disaster area under the "Colorado Disaster Emergency Act", part 7 of article 33.5 of title 24, C.R.S., the amount of the tax credit specified in subparagraph (I) of this paragraph (e) of this section is increased to twenty-five percent for an application that is filed within six years after the disaster determination.

(f) Notwithstanding any other provision of law, a taxpayer may claim the benefits offered by either subsection
(8)(c)(III) OR (8)(c)(IV) OF THIS SECTION BUT SHALL NOT CLAIM THE
BENEFITS OFFERED BY BOTH SUBSECTIONS (8)(c)(III) AND (8)(c)(IV) OF
THIS SECTION.

(9) **Filing tax credit certificate with income tax return.** In order
to claim the credit authorized by this section, the owner shall file the tax
credit certificate with the owner's state income tax return. The amount of
the credit claimed that the owner may claim under this section is the
amount stated on the tax credit certificate.

(10) **For the purposes of this section, a certified local government**
may act as a reviewing entity only for a qualified residential structure.
Each certified local government shall adopt a resolution or ordinance
stating whether the government will act as a reviewing entity for the
purposes of this section. The local government shall send a copy of the
resolution or ordinance to the historical society. Any certified local
government that decides to act as a reviewing entity for any given year for
the purposes of this section shall perform all duties and responsibilities
in connection with a certified rehabilitation that receives preliminary
approval from such entity during the year.

(11) **Residential and commercial - carryforward - no refund**
to owner. The entire tax credit to be issued under this section FOR EITHER
A QUALIFIED RESIDENTIAL STRUCTURE OR A QUALIFIED COMMERCIAL
STRUCTURE may be claimed by the owner in the taxable year in which the
certified rehabilitation is placed in service. If the amount of the credit
allowed under this section exceeds the amount of income taxes otherwise
due on the income of the owner in the income tax year for which the
credit is being claimed, the amount of the credit not used as an offset
against income taxes in said income tax year may be carried forward as
a credit against subsequent years' income tax liability for a period not to exceed ten years and will be applied to the earliest income tax years possible. Any amount of the credit that is not used after such period shall not be refunded to the owner.

(12) **Limit on aggregate amount of all tax credits that may be reserved for qualified commercial structures - assignability and transferability of tax credits for qualified commercial structures.**

(a) Except as otherwise provided in this section **SUBSECTION (12),** the aggregate amount of all tax credits in any tax year that may be reserved **FOR QUALIFIED COMMERCIAL STRUCTURES** by the office upon the certification of all rehabilitation plans under **paragraph (a) of subsection (7)** **SUBSECTION (7)(a) of this section** **FOR SUCH STRUCTURES** must not exceed:

(I) For qualified commercial structures estimating qualified rehabilitation expenditures in the amount of two million dollars or less, two and one-half million dollars in the aggregate for the 2016 calendar year, and five million dollars in the aggregate for each of the 2017, 2018, and 2019 calendar years, in addition to the amount of any previously reserved tax credits that were rescinded under **paragraph (a) of subsection (8)** **SUBSECTION (8)(a) of this section** during the applicable calendar year;

(II) For qualified commercial structures estimating qualified rehabilitation expenditures in excess of two million dollars, two and one-half million dollars in the aggregate for the 2016 calendar year, and five million dollars in the aggregate for each of the 2017, 2018, and 2019 calendar years, in addition to the amount of any previously reserved tax credits that were rescinded under **paragraph (a) of subsection (8)** **SUBSECTION (8)(a) of this section** during the applicable calendar year;
(III) FOR QUALIFIED COMMERCIAL STRUCTURES ESTIMATING QUALIFIED REHABILITATION EXPENDITURES IN ANY AMOUNT, TEN MILLION DOLLARS IN THE AGGREGATE FOR EACH OF THE 2020 THROUGH 2029 CALENDAR YEARS, IN ADDITION TO THE AMOUNT OF ANY PREVIOUSLY RESERVED TAX CREDITS THAT WERE RESCINDED UNDER SUBSECTION (8)(a) OF THIS SECTION DURING THE APPLICABLE CALENDAR YEAR; EXCEPT THAT THE AGGREGATE AMOUNT OF ALL TAX CREDITS IN ANY TAX YEAR THAT MAY BE RESERVED BY THE OFFICE MUST BE EQUALLY SPLIT BETWEEN QUALIFIED COMMERCIAL STRUCTURES FOR WHICH THE ESTIMATED QUALIFIED REHABILITATION EXPENDITURES ARE EQUAL TO OR LESS THAN TWO MILLION DOLLARS AND QUALIFIED COMMERCIAL STRUCTURES FOR WHICH THE ESTIMATED QUALIFIED REHABILITATION EXPENDITURES ARE IN EXCESS OF TWO MILLION DOLLARS.

(b) Notwithstanding any other provision of this subsection (12), if the entirety of the allowable tax credit amount for any tax year is not requested and reserved under subparagraphs (I) and (II) of paragraph (a) subsection (12)(a)(I) or (12)(a)(II) of this subsection (12) SECTION, the office may use any such unreserved tax credits in issuing tax credits in another category for that same income tax year, and the office may also use any remaining unreserved tax credits for that tax year in issuing tax credits in subsequent income tax years.

(c) Any tax credits issued under this section to a partnership, a limited liability company taxed as a partnership, or multiple owners of a property must be passed through to the partners, members, or owners, including any nonprofit entity that is a partner, member, or owner, respectively, on a pro rata basis or pursuant to an executed agreement among the partners, members, or owners documenting an alternate
distribution method.

(d) Any tax credits issued under this section for a qualified commercial structure are freely transferable and assignable, subject to any notice and verification requirements to be determined by the office; except that the owner or a subsequent transferee may only transfer the portion of the tax credit that has neither been applied against the income tax imposed by this article ARTICLE 22 nor used to obtain a refund. Any transferee of a tax credit FOR A QUALIFIED COMMERCIAL STRUCTURE issued under this section may use the amount of tax credits transferred to offset against any other tax due under this article ARTICLE 22 or the transferee may freely transfer and assign all or any portion of the tax credits that have neither been applied against the income taxes imposed by this article ARTICLE 22 nor used to obtain a refund to any other person or entity, including an entity that is exempt from federal income taxation pursuant to section 501 (c) of the internal revenue code, as amended, and the other person or entity may freely transfer and assign all or any portion of the tax credits that have neither been applied against the income taxes imposed by this article ARTICLE 22 nor used to obtain a refund to any other person or entity. The tax credits may be transferred or assigned on multiple occasions until such time as the credit is claimed on a state tax return. The transferor and the transferee of the tax credits shall jointly file a copy of the written transfer agreement with the office within thirty days after the transfer. Any filing of the written transfer agreement with the office perfects the transfer. The office shall develop a system to track the transfers of tax credits and to certify the ownership of tax credits. A certification by the office of the ownership and the amount of tax credits may be relied on by the department and the transferee as being accurate,
and the office shall not adjust the amount of tax credits as to the transferee; except that the office retains any remedies it may have against the owner. The office shall promulgate rules to permit verification of the ownership and amount of the tax credits; except that, any rules promulgated shall not unduly restrict or hinder the transfer of the tax credits. NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, ONLY TAX CREDITS ISSUED UNDER THIS SECTION FOR A QUALIFIED COMMERCIAL STRUCTURE, AND NOT TAX CREDITS ISSUED UNDER THIS SECTION FOR A QUALIFIED RESIDENTIAL STRUCTURE, ARE FREELY TRANSFERABLE AND ASSIGNABLE IN ACCORDANCE WITH THIS SUBSECTION (12)(d).

(e) (I) Notwithstanding any other provision of this section, the aggregate amount of tax credits issued under this section must not exceed:

(A) For the tax year beginning January 1, 2016, five million dollars;

(B) For the tax year beginning January 1, 2017, ten million dollars;

(C) For the tax year beginning January 1, 2018, ten million dollars; and

(D) For the tax year beginning January 1, 2019, ten million dollars;

(II) A tax credit authorized under this section may be earned before July 1, 2016, but the office shall not issue a tax credit under this section prior to July 1, 2016.

(13) **Appeal.** Any owner or any duly authorized representative of an owner may appeal any final determination made by the office, THE HISTORICAL SOCIETY, or the department, including, without limitation, any preliminary or final reservation, or any approval or denial, in accordance
with the "State Administrative Procedure Act", article 4 of title 24. C.R.S.
The owner or the owner's representative shall submit any such appeal
within thirty days after receipt by the owner or the owner's representative
of the final determination that is the subject of the appeal.

   (14) Deadline for submitting application and rehabilitation
   plan. Notwithstanding any other provision of this section, the tax credits
   authorized by this section for the substantial rehabilitation of a qualified
   structure are not available to an owner of a qualified structure that
   submits an application and rehabilitation plan after December 31, 2019
   December 31, 2029. No action or inaction on the part of the general
   assembly has the effect of limiting or suspending the issuing of tax credits
   authorized by this section in any past or future income tax year with
   respect to a qualified structure if the owner of the structure submits an
   application and rehabilitation plan with the office on or prior to December
   31, 2019 December 31, 2029, even if the qualified structure is placed
   into service after December 31, 2019 December 31, 2029. Any tax
   credits that have been reserved for a qualified commercial
   structure in accordance with subsection (7)(a) of this section
   and any applicable rules promulgated under this section prior
   to December 31, 2029, may still be issued by the office through
   and including December 31, 2032.

   (15) Rules - qualified commercial structures. (a) The office
   shall, in consultation with the department, report to the general assembly
   by March 1, 2017, and by March 1, 2019, on the overall economic
   activity, usage, and impact to the state from the substantial rehabilitation
   of qualified structures for which tax credits have been allowed under this
   section. On or before March 15, 2016, and on a quarterly basis thereafter,
the office shall provide a report to the department specifying the
ownership and transfers of tax credits under this section.

(b) The office, in consultation with the historical society, shall
promulgate any and all rules necessary to further implement THE TAX
CREDITS TO BE CLAIMED FOR THE SUBSTANTIAL REHABILITATION OF
QUALIFIED COMMERCIAL STRUCTURES UNDER this section and shall solicit
advice from the department in promulgating rules for transfers OF SUCH
TAX CREDITS. Any such rules must be promulgated in accordance with
article 4 of title 24. C.R.S.

(c) Notwithstanding any other provision of law, a taxpayer shall
not claim a credit under this section in connection with the rehabilitation
of a historic structure for which the taxpayer is also claiming a credit
under section 39-22-514.

SECTION 2. Effective date. This act takes effect upon passage;
except that section (8)(c)(IV)(A), Colorado Revised Statutes, as enacted
in section 1 of this act, takes effect January 1, 2020.

SECTION 3. Safety clause. The general assembly hereby finds,
determines, and declares that this act is necessary for the immediate
preservation of the public peace, health, and safety.