As a pilot program to promote employer-assisted housing projects in rural areas, for income tax years commencing on or after January 1, 2019, but prior to January 1, 2023, the bill creates a state income tax credit for a donation a taxpayer makes to a sponsor that is used solely for the costs associated with employer-assisted affordable housing in a rural area.
area. The bill defines "sponsor" to mean the Colorado housing and finance authority, a housing authority operated by a county or municipality, a nonprofit corporation that has been designated as a community development corporation under the federal tax code, or an international, nongovernmental, not-for-profit organization whose mission is concentrated on constructing affordable housing.

The amount of the credit allowed by the bill is 20% of the approved donation amount; except that the aggregate amount of the credit awarded to any one taxpayer is limited to $400 in any one income tax year.

The bill contains additional requirements pertaining to the manner in which the taxpayer submits information to receive the tax credit. The bill also requires periodic reporting of information on the use of the tax credit.

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

SECTION 1. In Colorado Revised Statutes, add 39-22-542 as follows:

39-22-542. Pilot program - credit for the donation of money or property to the sponsor of an employer-assisted housing project located in a rural area - report to general assembly - rules - legislative declaration - definitions - repeal. (1) The General Assembly finds, determines, and declares that:

(a) Since 2000, the state's need for affordable housing in all geographic regions has grown exponentially. Among other effects, the immense demand for affordable housing is a huge impediment to economic growth and opportunity within the state and the ability of the state to provide a high-quality life for all its residents and to develop, attract, and maintain a high-quality workforce.

(b) A significant segment of the state's population, including many of the state's teachers, emergency responders,
HEALTH CARE PROFESSIONALS, AND SMALL BUSINESS OWNERS AND
EMPLOYEES, EARN TOO MUCH ON AN ANNUAL BASIS TO QUALIFY FOR MOST
FEDERAL AND STATE HOUSING ASSISTANCE BUT DO NOT MAKE ENOUGH IN
YEARLY INCOME TO AFFORD MARKET RATE HOUSING, PARTICULARLY
HOUSING THAT MAY BE IN CLOSE PROXIMITY TO THEIR PLACE OF
EMPLOYMENT.

(c) THE SHORTAGE OF AFFORDABLE HOUSING THAT IS CLOSE TO
EMPLOYEES' PLACES OF EMPLOYMENT IS AN ESPECIALLY ACUTE PROBLEM
FOR WORKERS IN MANY OF THE STATE'S RURAL AREAS.

(d) BY ENACTING THE TAX CREDIT CREATED IN THIS SECTION, THE
GENERAL ASSEMBLY INTENDS TO PROVIDE CERTAIN FINANCIAL INCENTIVES
TO ENCOURAGE THE DEVELOPMENT AND GROWTH OF EMPLOYER-ASSISTED
HOUSING LOCATED IN RURAL AREAS FOR THE PURPOSE OF EXPANDING
THE SUPPLY OF HOUSING IN CLOSE PROXIMITY TO WORKPLACES FOR
INDIVIDUALS IN MODERATE-INCOME HOUSEHOLDS WHO LIVE AND WORK IN
RURAL AREAS OF THE STATE. THIS ACT IS CREATED AS A PILOT PROGRAM
TO ENABLE INTERESTED PARTIES TO STUDY THE STATE'S EXPERIENCE WITH
THE PROGRAM AFTER THE LAST OF THE INCOME TAX YEARS FOR WHICH IT
TAKES EFFECT TO SEE WHETHER IT PROMOTES THE LEGISLATIVE PURPOSE
OF EMPLOYER-ASSISTED HOUSING LOCATED IN RURAL AREAS.

(2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
REQUIRES:

(a) "CERTIFICATE" MEANS A DOCUMENT ISSUED BY A SPONSOR IN
A FORMAT ACCEPTABLE TO THE DEPARTMENT EVIDENCING A DONATION
RECEIVED TO SUPPORT AN EMPLOYER-ASSISTED ELIGIBLE ACTIVITY IN A
RURAL AREA.

(b) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE OR ANY
SUCCESSOR ENTITY.

(c) "DIVISION" MEANS THE DIVISION OF HOUSING IN THE DEPARTMENT OF LOCAL AFFAIRS CREATED IN SECTION 24-32-704 (1).

(d) "DONATION" MEANS CASH, SECURITIES, OR REAL PROPERTY THAT IS DONATED TO AND ACCEPTED BY A SPONSOR THAT IS USED SOLELY FOR OR ASSOCIATED WITH AN EMPLOYER-ASSISTED ELIGIBLE ACTIVITY.

(e) "EMPLOYER-ASSISTED ELIGIBLE ACTIVITY" MEANS AN ACTIVITY THAT:

(I) Creates or preserves affordable housing for sale or for rent to one or more moderate-income households near their place of employment in a rural area;

(II) Assists one or more moderate-income households in obtaining safe and affordable housing near their place of employment in a rural area; or

(III) Builds the capacity of a sponsor that is an eligible nonprofit organization and that is located in a rural county to provide housing opportunities for one or more moderate-income households living in a rural area.

(f) "MODERATE-INCOME HOUSEHOLD" MEANS A HOUSEHOLD WHOSE ADJUSTED INCOME IS LESS THAN ONE HUNDRED TWENTY PERCENT OF THE AREA MEDIAN INCOME, AS ADJUSTED BY FAMILY SIZE AND LOCATION OF THE EMPLOYER-ASSISTED ELIGIBLE ACTIVITY, AS SUCH ADJUSTED INCOME AND AREA MEDIAN INCOME ARE DETERMINED FROM TIME TO TIME BY THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR THE PURPOSE OF SECTION 8 OF THE "UNITED STATES HOUSING ACT OF 1937", 42 U.S.C. SEC. 1437f, AS AMENDED.

(g) "NEAR THEIR PLACE OF EMPLOYMENT IN A RURAL AREA"
MEANS EMPLOYER-ASSISTED HOUSING ACTIVITY THAT IS LOCATED EITHER IN THE SAME COUNTY OR IN AN ADJACENT RURAL COUNTY AS THE PLACE OF EMPLOYMENT OF PERSONS IN ONE OR MORE HOUSEHOLDS THAT ARE INTENDED TO BENEFIT FROM THE HOUSING ACTIVITY.

(h) "RURAL AREA" MEANS A COUNTY THAT IS LOCATED IN A NONMETROPOLITAN AREA OF THE STATE THAT EITHER HAS NO MUNICIPALITY WITH FIFTY THOUSAND OR MORE PERMANENT RESIDENTS WITHIN ITS TERRITORIAL BOUNDARIES, BASED UPON THE MOST RECENT POPULATION ESTIMATES PUBLISHED BY THE UNITED STATES CENSUS BUREAU, OR THAT SATISFIES ALTERNATE CRITERIA FOR THE DESIGNATION OF A RURAL AREA AS MAY BE PROMULGATED BY THE FEDERAL OFFICE OF MANAGEMENT AND BUDGET.

(i) "SPONSOR" MEANS:

(I) THE COLORADO HOUSING AND FINANCE AUTHORITY CREATED IN SECTION 29-4-704 (1);

(II) ANY HOUSING AUTHORITY OPERATED BY ANY MUNICIPALITY OR COUNTY IN THE STATE;

(III) A NONPROFIT ORGANIZATION THAT IS DESIGNATED AS A COMMUNITY DEVELOPMENT CORPORATION UNDER TITLE VII OF THE FEDERAL "ECONOMIC OPPORTUNITY ACT OF 1964", 42 U.S.C. SEC. 2701 ET SEQ., AS AMENDED; OR

(IV) AN INTERNATIONAL, NONGOVERNMENTAL, NOT-FOR-PROFIT ORGANIZATION WHOSE MISSION IS CONCENTRATED ON CONSTRUCTING AFFORDABLE HOUSING.

(j) "TAXPAYER" MEANS A PERSON MAKING A DONATION WHO FILES AN INCOME TAX RETURN UNDER THIS ARTICLE 22.

(3) (a) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
JANUARY 1, 2019, BUT PRIOR TO JANUARY 1, 2023, THERE SHALL BE ALLOWED FOR ANY TAXPAYER A CREDIT AGAINST THE INCOME TAXES IMPOSED BY THIS ARTICLE 22 FOR A DONATION THE TAXPAYER MAKES TO A SPONSOR THAT IS USED SOLELY FOR THE COSTS ASSOCIATED WITH AN EMPLOYER-ASSISTED ELIGIBLE ACTIVITY IN A RURAL AREA.

(b) The amount of the credit allowed by this section is twenty percent of the approved amount of the donation as documented in a form and manner acceptable to the department; except that the aggregate amount of the credit awarded to any one taxpayer under this section shall not exceed four hundred dollars in any one income tax year.

(4) If the amount of the credit allowed pursuant to this section exceeds the amount of the income tax otherwise due on the taxpayer's income 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 such income tax year is not allowed as a refund but may be carried forward and applied against the income tax due in subsequent years' income tax liability up to five years following the tax year in which the credit was awarded, but must first be applied against the income tax due for the earliest of the income tax years possible.

(5) (a) A taxpayer claiming the credit allowed by this section shall submit, maintain, and record any information that the department may require by rule regarding the taxpayer's donation to the sponsor, including the certificate received evidencing the donation. The certificate must state the effective date of the donation. A taxpayer shall electronically
FILE WITH THE DEPARTMENT THE CERTIFICATE THE TAXPAYER RECEIVES FROM THE SPONSOR. THE DIVISION IS RESPONSIBLE FOR VERIFYING THE INFORMATION STATED ON THE TAX CERTIFICATES SUBMITTED BY A TAXPAYER CLAIMING A CREDIT ALLOWED BY THIS SECTION. THE DIVISION MAY IMPOSE A CHARGE ON THE TAXPAYER THAT REFLECTS THE DIVISION’S ACTUAL COSTS IN PROCESSING THE INFORMATION SUBMITTED BY THE TAXPAYER IN ORDER TO CLAIM A TAX CREDIT ALLOWED BY THIS SECTION.

(b) The sponsor receiving the donation shall submit and maintain such records as required by the department to ensure that affordable housing opportunities are being provided by this section.

(6) Each sponsor that has issued certificates evidencing donations in a calendar year under this section in the cumulative amount of ten thousand dollars or more shall report to the general assembly by March 1, of the following calendar year, and by March 1 of each year thereafter, through and including March 1, 2023, on the overall economic activity, usage, and impact to the state from the employer-assisted eligible activity for which it has certified a donation eligible for a tax credit under this section.

(7) The department may recapture tax credits provided to a taxpayer if the sponsor certifying the donation is unable to document or validate completion of the employer-assisted eligible activities within five years of the effective date of the donation being certified.

(8) The department and the division shall promulgate, in accordance with article 4 of title 24, any rules necessary to
FACILITATE THE EFFECTIVE IMPLEMENTATION OF THIS SECTION. THE
DEPARTMENT AND THE DIVISION MAY EACH DEVELOP POLICIES AND
PROCEDURES NECESSARY TO FACILITATE THE EFFECTIVE IMPLEMENTATION
OF THIS SECTION.

(9) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A
TAXPAYER SHALL NOT CLAIM A CREDIT UNDER THIS SECTION FOR A
DONATION FOR WHICH THE TAXPAYER IS CLAIMING ANY OTHER STATE TAX
CREDIT OR DEDUCTION.

(10) NOT LATER THAN DECEMBER 1 OF EACH YEAR IN WHICH THE
DIVISION VERIFIES A TAX CREDIT IN ACCORDANCE WITH SUBSECTION (5)(a)
OF THIS SECTION, THE DIVISION SHALL PROVIDE THE DEPARTMENT WITH AN
ELECTRONIC REPORT ON THE TAXPAYERS WHO HAVE RECEIVED A CREDIT
ALLOWED BY THIS SECTION FOR THE CALENDAR YEAR THAT CONFORMS TO
THE INCOME TAX YEAR FOR WHICH THE CREDIT IS ALLOWED. THE REPORT
MUST INCLUDE THE FOLLOWING INFORMATION:

(a) THE NAME OF THE TAXPAYER;

(b) THE TAXPAYER'S SOCIAL SECURITY NUMBER OR FEDERAL
EMPLOYEE IDENTIFICATION NUMBER;

(c) THE AMOUNT OF THE CREDIT ALLOWED BY THIS SECTION THAT
IS ALLOCATED TO THE TAXPAYER; AND

(d) IF THE TAXPAYER IS A PASS-THROUGH ENTITY, THE NAMES OF
ANY OTHER MEMBERS OF OR PARTNERS IN SUCH ENTITY, THE SOCIAL
SECURITY NUMBERS OR FEDERAL IDENTIFICATION NUMBERS OF SUCH
MEMBERS OR PARTNERS, AND THE PERCENTAGE OF OWNERSHIP INTEREST
HELD IN THE ENTITY BY SUCH MEMBERS OR PARTNERS.

(11) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2033.

SECTION 2. Act subject to petition - effective date. This act
takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 2, 2019, if adjournment sine die is on May 3, 2019); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2020 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.