

**Second Regular Session  
Seventy-fourth General Assembly  
STATE OF COLORADO**

**PREAMENDED**

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

LLS NO. 24-0883.01 Pierce Lively x2059

**HOUSE BILL 24-1125**

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**HOUSE SPONSORSHIP**

**Valdez and Soper,**

**SENATE SPONSORSHIP**

**Priola and Bridges,**

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**House Committees**

Finance  
Appropriations

**Senate Committees**

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**A BILL FOR AN ACT**

101      **CONCERNING THE CREATION OF AN INCOME TAX CREDIT FOR**  
102              **QUALIFIED COSTS INCURRED IN THE CONVERSION OF A**  
103              **COMMERCIAL STRUCTURE TO A RESIDENTIAL STRUCTURE.**

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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://leg.colorado.gov>.)*

The bill creates a new refundable tax credit to be claimed in tax years commencing on or after January 1, 2026, and before January 1, 2036. The credit may be claimed for certain costs related to the conversion of a commercial structure to a residential structure.

In order to claim the credit, a person must submit an application,

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters or bold & italic numbers indicate new material to be added to existing law.*  
*Dashes through the words or numbers indicate deletions from existing law.*

a conversion plan, and an estimate of the qualified conversion expenditures under the conversion plan (documents) to the governor's office of economic development (office). Within 90 days of receiving documents, the office shall review the documents, determine whether to reserve a tax credit for the applicant, and provide written notice to an applicant for whom the office determines to reserve a tax credit.

The office may not reserve a tax credit in excess of \$3 million for any one project and may not reserve more than \$5 million of tax credits during any calendar year. If the office reserves less than \$5 million in a calendar year, the office may reserve a total of \$5 million plus the amount less than \$5 million that the office did not reserve in the previous calendar year.

An applicant for whom the office reserves a tax credit shall commence a conversion plan and incur 20% or more of the estimated qualified conversion expenditures (expenditures) within 18 months of receiving notice from the office that it is reserving a tax credit for the applicant. Such an applicant shall place in service the conversion set forth in a conversion plan on or before December 31, 2035.

After an applicant has placed a conversion in service, the applicant shall notify the office and provide the office with documentation of the applicant's certification of the expenditures and a certified public accountant's review of the expenditures. Within 90 days of receiving this documentation, the office shall review this documentation and issue a tax credit certificate to the applicant in an amount equal to 25% of the expenditures.

If, as of the last day of any taxable year within 15 taxable years from when the applicant placed a conversion in service, the structure that is the subject of the conversion plan is not a qualified residential structure, the qualified applicant shall add the full amount of the credit to its return as a recaptured credit for that taxable year.

The bill requires the office, in consultation with the department of revenue, to submit an annual report to the general assembly on the impact of the tax credit and to promulgate any policies and procedures necessary to implement the tax credit.

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

2           **SECTION 1.** In Colorado Revised Statutes, **add** 39-22-560 as  
3 follows:

4           **39-22-560. Tax credit for qualified costs incurred in**  
5 **converting commercial structures to residential structures - tax**

1 **preference performance statement - commercial building conversion**  
2 **tax credit program cash fund - legislative declaration - definitions -**  
3 **repeal. (1) Legislative declaration.** THE GENERAL ASSEMBLY HEREBY  
4 FINDS AND DECLARES THAT IT IS THE INTENT OF THE GENERAL ASSEMBLY  
5 THAT A QUALIFIED APPLICANT WHO CLAIMS THE TAX CREDIT ALLOWED BY  
6 THIS SECTION IN CONNECTION WITH THE CONVERSION OF A QUALIFIED  
7 COMMERCIAL BUILDING MAY ALSO CLAIM OTHER APPLICABLE TAX CREDITS  
8 FOR THAT SAME CONVERSION.

9 (2) **Tax preference performance statement.** IN ACCORDANCE  
10 WITH SECTION 39-21-304 (1), WHICH REQUIRES EACH BILL THAT CREATES  
11 A NEW TAX EXPENDITURE TO INCLUDE A TAX PREFERENCE PERFORMANCE  
12 STATEMENT AS PART OF A STATUTORY LEGISLATIVE DECLARATION, THE  
13 GENERAL ASSEMBLY FINDS AND DECLARES THAT:

14 (a) THE GENERAL LEGISLATIVE PURPOSES OF THE TAX CREDIT  
15 ALLOWED BY THIS SECTION ARE:

16 (I) TO INDUCE CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS;  
17 AND

18 (II) TO PROVIDE TAX RELIEF FOR CERTAIN BUSINESSES OR  
19 INDIVIDUALS;

20 (b) THE SPECIFIC LEGISLATIVE PURPOSE OF THE TAX CREDIT  
21 ALLOWED BY THIS SECTION IS TO ADDRESS THE SHORTAGE OF AFFORDABLE  
22 HOUSING IN THE STATE AND THE UNDERUTILIZATION OF CERTAIN  
23 COMMERCIAL STRUCTURES BY ENCOURAGING THE OWNERS OF CERTAIN  
24 COMMERCIAL STRUCTURES TO CONVERT THOSE PROPERTIES TO ALLOW FOR  
25 RESIDENTIAL USE; AND

26 (c) THE GENERAL ASSEMBLY AND STATE AUDITOR SHALL MEASURE  
27 THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSES SPECIFIED

1 IN SUBSECTIONS (2)(a) AND (2)(b) OF THIS SECTION BASED ON THE  
2 INFORMATION REPORTED BY THE OFFICE PURSUANT TO SUBSECTION (13)  
3 OF THIS SECTION.

4 (3) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT  
5 OTHERWISE REQUIRES:

6 (a) "CONVERSION" MEANS THE NECESSARY REAL PROPERTY  
7 IMPROVEMENT OF A QUALIFIED COMMERCIAL STRUCTURE SO THAT THE  
8 QUALIFIED COMMERCIAL STRUCTURE BECOMES A QUALIFIED RESIDENTIAL  
9 STRUCTURE.

10 (b) "CONVERSION PLAN" MEANS A PLAN SUBMITTED, IN A FORM  
11 AND MANNER DETERMINED BY THE OFFICE, BY A QUALIFIED APPLICANT TO  
12 THE OFFICE PURSUANT TO SUBSECTION (5) OF THIS SECTION.

13 (c) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

14 (d) "OFFICE" MEANS THE COLORADO OFFICE OF ECONOMIC  
15 DEVELOPMENT CREATED IN SECTION 24-48.5-101.

16 (e) (I) "QUALIFIED APPLICANT" MEANS ANY PERSON THAT INCURS  
17 QUALIFIED CONVERSION COSTS AND SATISFIES ONE OR MORE OF THE  
18 FOLLOWING CRITERIA:

19 (A) OWNS A TITLE TO A QUALIFIED COMMERCIAL STRUCTURE;

20 (B) OWNS A PROSPECTIVE TITLE TO A QUALIFIED COMMERCIAL  
21 STRUCTURE IN THE FORM OF A PURCHASE AGREEMENT OR AN OPTION TO  
22 PURCHASE;

23 (C) OWNS A LEASEHOLD INTEREST IN A QUALIFIED COMMERCIAL  
24 STRUCTURE FOR A TERM OF NOT LESS THAN THIRTY-NINE YEARS; OR

25 (D) OWNS A LEASEHOLD INTEREST FOR A TERM OF NOT LESS THAN  
26 FIVE YEARS IN A QUALIFIED COMMERCIAL STRUCTURE THAT IS LOCATED IN  
27 A COMMUNITY OUTSIDE THE METROPOLITAN AREA;

1 (II) A QUALIFIED APPLICANT INCLUDES A PERSON WHO IS EXEMPT  
2 FROM TAXATION PURSUANT TO SECTION 39-22-112.

3 (f) "QUALIFIED COMMERCIAL STRUCTURE" MEANS A STRUCTURE  
4 OF WHICH AT LEAST SEVENTY-FIVE PERCENT OF THE TOTAL SQUARE  
5 FOOTAGE IS DESIGNATED FOR COMMERCIAL USE.

6 (g) "QUALIFIED CONVERSION EXPENDITURES" MEANS ELIGIBLE  
7 AMOUNTS ACTUALLY INCURRED AND PAID BY A QUALIFIED APPLICANT TO  
8 PLACE A CONVERSION IN SERVICE, AS DETERMINED BY THE OFFICE.  
9 QUALIFIED CONVERSION EXPENDITURES INCLUDE, BUT ARE NOT LIMITED  
10 TO:

- 11 (I) ELEVATOR MODIFICATIONS;
- 12 (II) WINDOW MODIFICATIONS;
- 13 (III) UTILITY UPGRADES;
- 14 (IV) PLUMBING MODIFICATIONS; AND
- 15 (V) FACADE CHANGES.

16 (h) "QUALIFIED RESIDENTIAL STRUCTURE" MEANS A STRUCTURE  
17 OF WHICH AT LEAST FIFTY PERCENT OF THE TOTAL SQUARE FOOTAGE IS  
18 USED FOR PEOPLE TO LIVE IN AS THEIR PRIMARY RESIDENCE AND THAT  
19 SATISFIES ALL LEGAL REQUIREMENTS FOR PERMANENT OCCUPANCY  
20 DWELLING UNITS.

21 (4) **Reservation of credit and credit allowed.** (a) ON OR AFTER  
22 JANUARY 1, 2025, BUT PRIOR TO JANUARY 1, 2033, THE OFFICE MAY  
23 RESERVE THE ALLOCATION OF A CREDIT AGAINST THE INCOME TAXES  
24 IMPOSED BY THIS ARTICLE 22 FOR A QUALIFIED APPLICANT PURSUANT TO  
25 SUBSECTION (7) OF THIS SECTION.

26 (b) IN ORDER TO CLAIM A CREDIT RESERVED PURSUANT TO  
27 SUBSECTION (4)(a) OF THIS SECTION, A QUALIFIED APPLICANT MUST PLACE

1 IN SERVICE THE CONVERSION SET FORTH IN THE CONVERSION PLAN  
2 SUBMITTED PURSUANT TO SUBSECTION (5) OF THIS SECTION ON OR BEFORE  
3 DECEMBER 31, 2035.

4 (c) THE OFFICE SHALL FINALIZE THE ISSUANCE OF ANY TAX CREDIT  
5 ISSUED PURSUANT TO THIS SECTION ON OR BEFORE JUNE 30, 2036.

6 (d) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
7 1, 2026, AND BEFORE JANUARY 1, 2036, A QUALIFIED APPLICANT MAY  
8 CLAIM A CREDIT AGAINST THE INCOME TAXES IMPOSED BY THIS ARTICLE  
9 22 IN AN AMOUNT DETERMINED BY THE RESERVATION OF AN ALLOCATION  
10 OF A CREDIT AGAINST THE INCOME TAXES IMPOSED BY THIS ARTICLE 22  
11 ISSUED BY THE OFFICE PURSUANT TO SUBSECTION (7) OF THIS SECTION.

12 (5) **Submission and review of application, conversion plan, and**  
13 **qualified conversion expenditures estimate.** (a) THE OFFICE SHALL  
14 REVIEW A QUALIFIED APPLICANT'S APPLICATION, CONVERSION PLAN, AND  
15 ESTIMATE OF THE QUALIFIED CONVERSION EXPENDITURES TO:

16 (I) DETERMINE WHETHER SUCH INFORMATION IS COMPLETE;

17 (II) MAKE A PRELIMINARY DETERMINATION OF WHETHER THE  
18 CONVERSION PLAN IS A CERTIFIED CONVERSION;

19 (III) DETERMINE WHETHER THE CONVERSION PLAN IS A CERTIFIED  
20 CONVERSION;

21 (IV) DETERMINE WHICH CONVERSION PLANS TO APPROVE FOR THE  
22 RESERVATION FOR THE BENEFIT OF THE QUALIFIED APPLICANT OF AN  
23 ALLOCATION OF A TAX CREDIT AS PROVIDED IN SUBSECTION (9)(a) OF THIS  
24 SECTION.

25 (b) (I) FOR ANY APPLICATION, CONVERSION PLAN, AND ESTIMATE  
26 OF THE QUALIFIED CONVERSION EXPENDITURES THAT THE OFFICE  
27 DETERMINES PURSUANT TO SUBSECTION (5)(a)(I) OF THIS SECTION IS

1 INCOMPLETE, THE OFFICE SHALL NOTIFY THE QUALIFIED APPLICANT IN  
2 WRITING OF THE OFFICE'S DETERMINATION AND SHALL REMOVE THE  
3 APPLICATION, CONVERSION PLAN, AND ESTIMATE OF THE QUALIFIED  
4 CONVERSION EXPENDITURES FROM THE REVIEW PROCESS.

5 (II) IF A QUALIFIED APPLICANT RESUBMITS AN APPLICATION,  
6 CONVERSION PLAN, AND ESTIMATE OF THE QUALIFIED CONVERSION  
7 EXPENDITURES, THE OFFICE MAY CHARGE A NEW APPLICATION FEE IN AN  
8 AMOUNT SPECIFIED IN ACCORDANCE WITH SUBSECTION (6) OF THIS  
9 SECTION.

10 (c) THE OFFICE SHALL MAKE THE PRELIMINARY DETERMINATION  
11 OF WHETHER THE CONVERSION PLAN IS A CERTIFIED CONVERSION  
12 PURSUANT TO SUBSECTION (5)(a)(II) OF THIS SECTION WITHIN NINETY  
13 DAYS.

14 (d) IN MAKING THE FINAL DETERMINATION OF WHETHER A  
15 CONVERSION PLAN IS A CERTIFIED CONVERSION PLAN PURSUANT TO  
16 SUBSECTION (5)(a)(III) OF THIS SECTION, THE OFFICE SHALL DEVELOP  
17 STANDARDS THAT MUST INCLUDE, BUT ARE NOT LIMITED TO:

18 (I) A DETAILED COST ESTIMATE FOR THE CONVERSION PLAN;

19 (II) EVIDENCE OF SITE CONTROL OF THE SITE WHERE THE  
20 CONVERSION WILL OCCUR; AND

21 (III) THE FINANCING OR FUNDING THAT IS AVAILABLE FOR THE  
22 CONVERSION PLAN.

23 (e) IN MAKING THE DETERMINATION OF WHICH CONVERSION PLANS  
24 TO APPROVE FOR THE RESERVATION FOR THE BENEFIT OF THE QUALIFIED  
25 APPLICANT OF AN ALLOCATION OF A TAX CREDIT PURSUANT TO  
26 SUBSECTION (5)(a)(IV) OF THIS SECTION, THE OFFICE SHALL PRIORITIZE  
27 CONVERSION PLANS THAT ARE CLOSER TO BEING FINALIZED, BUT THE

1 OFFICE SHALL ALSO REQUEST AND CONSIDER ADDITIONAL CRITERIA  
2 INCLUDING, BUT NOT LIMITED TO:

3 (I) THE GEOGRAPHIC DIVERSITY OF THE APPLICATIONS AND  
4 CONVERSION PLANS THAT QUALIFIED APPLICANTS HAVE SUBMITTED TO  
5 THE OFFICE;

6 (II) WHETHER THE CONVERSION PLAN IS RECEIVING PROPERTY TAX  
7 ABATEMENTS, CREDITS, REBATES, OR OTHER INCENTIVES FROM A LOCAL  
8 TAXING JURISDICTION;

9 (III) WHETHER THE CONVERSION WILL OCCUR WITHOUT THE  
10 ISSUANCE OF A TAX CREDIT PURSUANT TO THIS SECTION;

11 (IV) WHETHER THE QUALIFIED APPLICANT WILL RECEIVE A  
12 FEDERAL INCENTIVE FOR THE CONVERSION;

13 (V) THE PROXIMITY OF THE QUALIFIED COMMERCIAL STRUCTURE  
14 TO PUBLIC TRANSPORTATION; AND

15 (VI) THE EXPECTED QUALIFICATION OF THE BUILDING FOR A  
16 CERTIFIABLE SUSTAINABLE PROGRAM BOTH BEFORE AND AFTER THE  
17 CONVERSION.

18 (f) THE OFFICE SHALL ONLY REVIEW AN APPLICATION, CONVERSION  
19 PLAN, AND ESTIMATE OF THE QUALIFIED CONVERSION EXPENDITURES  
20 SUBMITTED IN CONNECTION WITH A PROPERTY FOR WHICH A PROPERTY  
21 ADDRESS, LEGAL DESCRIPTION, OR OTHER SPECIFIC LOCATION IS PROVIDED  
22 IN THE APPLICATION AND CONVERSION PLAN.

23 (6) **Application and issuance fees.** (a) FOR A QUALIFIED  
24 COMMERCIAL STRUCTURE FOR WHICH THE AMOUNT OF THE TAX CREDIT  
25 REQUESTED BY A QUALIFIED APPLICANT PURSUANT TO THIS SECTION IS  
26 TWO HUNDRED FIFTY THOUSAND DOLLARS OR MORE, THE OFFICE MAY  
27 IMPOSE A REASONABLE APPLICATION FEE ON A QUALIFIED APPLICANT THAT

1 DOES NOT EXCEED FIVE HUNDRED DOLLARS. FOR A QUALIFIED  
2 COMMERCIAL STRUCTURE FOR WHICH THE AMOUNT OF TAX CREDIT  
3 REQUESTED PURSUANT TO THIS SECTION IS LESS THAN TWO HUNDRED  
4 FIFTY THOUSAND DOLLARS, THE OFFICE MAY IMPOSE A REASONABLE  
5 APPLICATION FEE ON A QUALIFIED APPLICANT THAT DOES NOT EXCEED  
6 TWO HUNDRED FIFTY DOLLARS.

7 (b) THE OFFICE MAY IMPOSE ON A QUALIFIED APPLICANT A  
8 REASONABLE ISSUANCE FEE OF UP TO THREE PERCENT OF THE AMOUNT OF  
9 THE TAX CREDIT ISSUED, WHICH MUST BE PAID BEFORE THE TAX CREDIT IS  
10 ISSUED TO THE QUALIFIED APPLICANT.

11 (c) ANY FEE REVENUE COLLECTED PURSUANT TO THIS SUBSECTION  
12 (6) MUST BE CREDITED TO THE COMMERCIAL BUILDING CONVERSION TAX  
13 CREDIT PROGRAM CASH FUND CREATED IN SUBSECTION (15) OF THIS  
14 SECTION AND APPLIED TO THE ADMINISTRATION OF THE TAX CREDIT  
15 CREATED BY THIS SECTION.

16 (7) **Reservation of tax credits.** A RESERVATION OF TAX CREDITS  
17 IS PERMITTED IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION. IF  
18 THE OFFICE RESERVES A TAX CREDIT FOR THE BENEFIT OF A QUALIFIED  
19 APPLICANT, THE OFFICE SHALL NOTIFY THE QUALIFIED APPLICANT IN  
20 WRITING OF THE RESERVATION AND THE AMOUNT RESERVED. THE  
21 RESERVATION OF A TAX CREDIT BY THE OFFICE FOR A QUALIFIED  
22 APPLICANT DOES NOT ENTITLE THE QUALIFIED APPLICANT TO AN ISSUANCE  
23 OF ANY TAX CREDITS UNTIL THE QUALIFIED APPLICANT COMPLIES WITH ALL  
24 THE OTHER REQUIREMENTS SPECIFIED IN THIS SECTION FOR THE ISSUANCE  
25 OF THE TAX CREDIT. WHEN THE OFFICE APPROVES A RESERVATION OF TAX  
26 CREDITS, THE OFFICE MAY ALSO IMPOSE ADDITIONAL REQUIREMENTS,  
27 WHICH A QUALIFIED APPLICANT SHALL SATISFY AS PART OF PLACING A

1       CONVERSION IN SERVICE, BEFORE A TAX CREDIT IS ISSUED TO THE  
2       QUALIFIED APPLICANT.

3               **(8) Deadline for incurring specified amount of estimated**  
4       **qualified conversion expenditures - proof of compliance - audit of**  
5       **conversion expenditure certification - issuance of tax credit**  
6       **certificate - commercial structures.** (a) (I) A QUALIFIED APPLICANT  
7       RECEIVING A RESERVATION OF TAX CREDITS PURSUANT TO SUBSECTION (7)  
8       OF THIS SECTION SHALL INCUR TWENTY PERCENT OR MORE OF THE  
9       ESTIMATED QUALIFIED CONVERSION EXPENDITURES CONTAINED IN THE  
10       APPLICATION AND CONVERSION PLAN NOT LATER THAN EIGHTEEN MONTHS  
11       AFTER THE DATE OF ISSUANCE OF THE WRITTEN NOTICE FROM THE OFFICE  
12       TO THE QUALIFIED APPLICANT GRANTING THE RESERVATION OF A TAX  
13       CREDIT.

14               (II) A QUALIFIED APPLICANT FOR WHOM THE OFFICE HAS RESERVED  
15       A TAX CREDIT SHALL SUBMIT EVIDENCE OF COMPLIANCE WITH THE  
16       PROVISIONS OF SUBSECTION (8)(a)(I) OF THIS SECTION. IF THE OFFICE  
17       DETERMINES THAT A QUALIFIED APPLICANT HAS FAILED TO COMPLY WITH  
18       THE REQUIREMENTS OF SUBSECTION (8)(a)(I) OF THIS SECTION, THE OFFICE  
19       SHALL PROMPTLY NOTIFY THE QUALIFIED APPLICANT AND MAY RESCIND  
20       THE ISSUANCE OF THE WRITTEN NOTICE IT PREVIOUSLY GAVE THE  
21       QUALIFIED APPLICANT GRANTING THE RESERVATION OF A TAX CREDIT. IF  
22       THE OFFICE SO RESCINDS AN ISSUANCE OF THE WRITTEN NOTICE, THE  
23       QUALIFIED APPLICANT MAY SUBMIT A NEW APPLICATION, CONVERSION  
24       PLAN, AND ESTIMATE OF QUALIFIED CONVERSION EXPENDITURES FOR  
25       WHICH THE OFFICE MAY CHARGE A NEW APPLICATION FEE IN ACCORDANCE  
26       WITH SUBSECTION (6) OF THIS SECTION, AND THE TOTAL AMOUNT OF TAX  
27       CREDITS MADE AVAILABLE FOR RESERVATION IN THE CALENDAR YEAR

1 DURING WHICH THE OFFICE RESCINDS THE ISSUANCE OF WRITTEN NOTICE  
2 MUST INCREASE BY THE AMOUNT OF THE TAX CREDIT RESERVED IN THE  
3 WRITTEN NOTICE.

4 (b) AFTER A QUALIFIED APPLICANT PLACES A CONVERSION IN  
5 SERVICE, THE QUALIFIED APPLICANT SHALL NOTIFY THE OFFICE THAT THE  
6 CONVERSION HAS BEEN PLACED IN SERVICE AND SHALL CERTIFY THE  
7 QUALIFIED CONVERSION EXPENDITURES. IN THIS NOTICE, THE APPLICANT  
8 SHALL INCLUDE A REVIEW OF THE CERTIFICATION BY A LICENSED  
9 CERTIFIED PUBLIC ACCOUNTANT THAT IS NOT AFFILIATED WITH THE  
10 QUALIFIED APPLICANT THAT ALIGNS WITH OFFICE POLICIES FOR  
11 CERTIFICATION OF QUALIFIED CONVERSION EXPENDITURES. THE  
12 APPLICANT SHALL ALSO CERTIFY AND PROVIDE DOCUMENTS  
13 DEMONSTRATING THAT THE APPLICANT SATISFIED ANY REQUIREMENTS  
14 IMPOSED BY THE OFFICE PURSUANT TO SUBSECTION (7) OF THIS SECTION.  
15 WITHIN NINETY DAYS AFTER RECEIPT OF SUCH DOCUMENTATION FROM THE  
16 QUALIFIED APPLICANT, THE OFFICE SHALL REVIEW THE QUALIFIED  
17 APPLICANT'S DOCUMENTATION OF CONVERSION EXPENDITURES,  
18 DETERMINE WHETHER THE DOCUMENTATION SATISFIES THE CONVERSION  
19 PLAN AND OTHER REQUIREMENTS, AND, IF THE OFFICE DETERMINES THAT  
20 THE DOCUMENTATION SATISFIES THE CONVERSION PLAN AND OTHER  
21 REQUIREMENTS, THE OFFICE SHALL ISSUE A TAX CREDIT CERTIFICATE IN AN  
22 AMOUNT EQUAL TO TWENTY-FIVE PERCENT OF THE ACTUAL QUALIFIED  
23 CONVERSION EXPENDITURES, SUBJECT TO SUBSECTION (8)(c) OF THIS  
24 SECTION.

25 (c) NOTWITHSTANDING SUBSECTION (8)(b) OF THIS SECTION:

26 (I) THE TOTAL AMOUNT OF THE TAX CREDIT CERTIFICATE ISSUED  
27 FOR ANY PARTICULAR PROJECT MUST NOT EXCEED THE AMOUNT OF THE

1 TAX CREDIT RESERVATION ISSUED FOR THE PROJECT PURSUANT TO  
2 SUBSECTION (7) OF THIS SECTION; AND

3 (II) THE AMOUNT OF A TAX CREDIT CERTIFICATE TO BE ISSUED FOR  
4 THE CONVERSION OF ANY SINGLE QUALIFIED COMMERCIAL STRUCTURE  
5 MUST NOT EXCEED THREE MILLION DOLLARS.

6 (d) IF THERE ARE ANY UNRESERVED AMOUNTS OF TAX CREDITS  
7 AVAILABLE PER SUBSECTION (9) OF THIS SECTION, AND IF THE AMOUNT OF  
8 QUALIFIED CONVERSION EXPENDITURES INCURRED BY THE QUALIFIED  
9 APPLICANT WOULD RESULT IN A QUALIFIED APPLICANT BEING ISSUED AN  
10 AMOUNT OF TAX CREDITS THAT EXCEEDS THE AMOUNT OF TAX CREDITS  
11 RESERVED FOR THE QUALIFIED APPLICANT PURSUANT TO SUBSECTION (7)  
12 OF THIS SECTION, THE QUALIFIED APPLICANT MAY APPLY TO THE OFFICE  
13 FOR THE ISSUANCE OF AN ADDITIONAL AMOUNT OF TAX CREDITS THAT  
14 EQUALS THE EXCESS BY SUBMITTING AN APPLICATION FOR ISSUANCE OF  
15 SUCH EXCESS TAX CREDITS IN A FORM AND MANNER DETERMINED BY THE  
16 OFFICE. THE OFFICE SHALL REVIEW THE APPLICATION IN THE SAME  
17 MANNER THAT IT REVIEWS ALL OTHER APPLICATIONS AND MAY APPROVE  
18 THE APPLICATION BY MEANS OF A SEPARATE CERTIFICATE AWARDING THE  
19 QUALIFIED APPLICANT AN ADDITIONAL TAX CREDIT.

20 (9) **Limit on aggregate amount of all tax credits that the office**  
21 **may reserve.** (a) THE AGGREGATE AMOUNT OF ALL TAX CREDITS THAT  
22 THE OFFICE MAY RESERVE PURSUANT TO THIS SECTION MUST NOT EXCEED  
23 FIVE MILLION DOLLARS IN ANY CALENDAR YEAR, IN ADDITION TO THE  
24 AMOUNT OF ANY PREVIOUSLY RESERVED TAX CREDITS THAT WERE  
25 RESCINDED PURSUANT TO SUBSECTION (8)(a)(II) OF THIS SECTION DURING  
26 THE CALENDAR YEAR.

27 (b) IF THE OFFICE'S ISSUANCE OF A WRITTEN NOTICE TO A

1 QUALIFIED APPLICANT FOR THE RESERVATION OF A TAX CREDIT WOULD  
2 CAUSE THE OFFICE TO EXCEED THE LIMIT OF TAX CREDITS THAT THE OFFICE  
3 MAY RESERVE FOR THAT CALENDAR YEAR PURSUANT TO SUBSECTION  
4 (9)(a) OF THIS SECTION, IN THE NEXT CALENDAR YEAR, THE OFFICE MAY  
5 ISSUE A WRITTEN NOTICE TO THE QUALIFIED APPLICANT FOR A  
6 RESERVATION OF A TAX CREDIT THAT IS EQUAL TO THE AMOUNT BY WHICH  
7 THE OFFICE WOULD EXCEED THE LIMIT IN SUBSECTION (9)(a) OF THIS  
8 SECTION.

9 (c) NOTWITHSTANDING SUBSECTION (9)(a) OF THIS SECTION, IF THE  
10 AGGREGATE AMOUNT OF ALL TAX CREDITS RESERVED BY THE OFFICE FOR  
11 ANY CALENDAR YEAR IS LESS THAN THE AMOUNT AVAILABLE AS  
12 CALCULATED PURSUANT TO SUBSECTION (9)(a) OF THIS SECTION, THEN  
13 THE AGGREGATE AMOUNT OF ALL TAX CREDITS THAT THE OFFICE MAY  
14 RESERVE IN THE NEXT CALENDAR YEAR IS INCREASED BY THE UNRESERVED  
15 AMOUNT.

16 (d) ANY TAX CREDITS RESERVED BY THE OFFICE PURSUANT TO THIS  
17 SECTION FOR A PARTNERSHIP, A LIMITED LIABILITY COMPANY TAXED AS A  
18 PARTNERSHIP, OR MULTIPLE OWNERS OF A PROPERTY MUST BE PASSED  
19 THROUGH TO THE PARTNERS, MEMBERS, OR OWNERS, INCLUDING ANY  
20 NONPROFIT ENTITY THAT IS A PARTNER, MEMBER, OR OWNER,  
21 RESPECTIVELY, ON A PRO RATA BASIS OR PURSUANT TO AN EXECUTED  
22 AGREEMENT AMONG THE PARTNERS, MEMBERS, OR OWNERS  
23 DOCUMENTING AN ALTERNATE DISTRIBUTION METHOD.

24 (10) **Filing tax credit certificate with income tax return.** IN  
25 ORDER TO CLAIM THE CREDIT AUTHORIZED BY THIS SECTION, A QUALIFIED  
26 APPLICANT SHALL FILE THE TAX CREDIT CERTIFICATE ISSUED BY THE  
27 OFFICE PURSUANT TO SUBSECTION (8) OF THIS SECTION WITH THE

1 QUALIFIED APPLICANT'S STATE INCOME TAX RETURN. IF THE QUALIFIED  
2 APPLICANT IS EXEMPT FROM TAX PURSUANT TO SECTION 39-22-112 (1),  
3 THE QUALIFIED APPLICANT SHALL FILE A RETURN PURSUANT TO SECTION  
4 39-22-601 (7)(b). THE AMOUNT OF THE TAX CREDIT THAT A QUALIFIED  
5 APPLICANT MAY CLAIM PURSUANT TO THIS SECTION IS THE AMOUNT  
6 STATED ON THE TAX CREDIT CERTIFICATE.

7 (11) **Refundability.** THE ENTIRE TAX CREDIT TO BE ISSUED  
8 PURSUANT TO THIS SECTION MAY BE CLAIMED BY THE QUALIFIED  
9 APPLICANT IN THE TAXABLE YEAR IN WHICH THE CONVERSION IS PLACED  
10 IN SERVICE. IF THE AMOUNT OF THE CREDIT ALLOWED PURSUANT TO THIS  
11 SECTION EXCEEDS THE AMOUNT OF INCOME TAXES OTHERWISE DUE ON THE  
12 INCOME OF THE QUALIFIED APPLICANT IN THE INCOME TAX YEAR FOR  
13 WHICH THE CREDIT IS BEING CLAIMED, OR THE QUALIFIED APPLICANT IS A  
14 PERSON WHO IS EXEMPT FROM TAXATION PURSUANT TO SECTION  
15 39-22-112, NINETY PERCENT OF THE AMOUNT OF THE CREDIT NOT USED AS  
16 AN OFFSET AGAINST INCOME TAXES IN THE INCOME TAX YEAR IS REFUNDED  
17 TO THE QUALIFIED APPLICANT.

18 (12) **Compliance monitoring and recapture.** (a) EXCEPT AS  
19 PROVIDED IN SUBSECTION (12)(b) OF THIS SECTION, IF, AS OF THE LAST  
20 DAY OF ANY TAXABLE YEAR DURING THE COMPLIANCE PERIOD, THE  
21 STRUCTURE THAT IS THE SUBJECT OF A CONVERSION PLAN IS NOT A  
22 QUALIFIED RESIDENTIAL STRUCTURE, THE OFFICE SHALL NOTIFY THE  
23 QUALIFIED APPLICANT AND THE DEPARTMENT THAT THE CREDIT ALLOWED  
24 IN THIS SECTION IS DISALLOWED. THE QUALIFIED APPLICANT SHALL ADD  
25 THE FULL AMOUNT OF THE CREDIT TO ITS RETURN AS A RECAPTURED  
26 CREDIT FOR THE TAXABLE YEAR IN WHICH THE CREDIT IS DISALLOWED  
27 PURSUANT TO THIS SUBSECTION (12).

1 (b) THE POTENTIAL INCREASE IN TAX REQUIRED PURSUANT TO  
2 SUBSECTION (12)(a) OF THIS SECTION SHALL NOT APPLY:

3 (I) IF A STRUCTURE IS NOT A QUALIFIED RESIDENTIAL STRUCTURE  
4 AS A RESULT OF A CASUALTY LOSS, IF SUCH LOSS IS RESTORED BY  
5 RECONSTRUCTION OR REPLACEMENT WITHIN A REASONABLE PERIOD  
6 ESTABLISHED BY THE OFFICE; OR

7 (II) SOLELY BY REASON OF THE DISPOSITION OF A QUALIFIED  
8 RESIDENTIAL STRUCTURE, OR AN INTEREST THEREIN, IF IT IS REASONABLY  
9 EXPECTED THAT THE STRUCTURE WILL CONTINUE TO BE OPERATED AS A  
10 QUALIFIED RESIDENTIAL STRUCTURE FOR THE REMAINDER OF THE  
11 COMPLIANCE PERIOD.

12 (c) (I) THE OFFICE SHALL ESTABLISH REPORTING REQUIREMENTS  
13 TO MONITOR COMPLIANCE WITH THIS SUBSECTION (12), INCLUDING  
14 REQUIREMENTS REGARDING THE REPORTING OF A DISPOSITION OF A  
15 QUALIFIED RESIDENTIAL STRUCTURE BY THE QUALIFIED APPLICANT AND  
16 THE REPORTING REQUIRED FOR SUCH A STRUCTURE FOR THE REMAINDER  
17 OF THE COMPLIANCE PERIOD.

18 (II) IF A DISPUTE ARISES ABOUT WHETHER A STRUCTURE IS A  
19 QUALIFIED RESIDENTIAL STRUCTURE, THE OFFICE SHALL ADJUDICATE THE  
20 DISPUTE AND NOTIFY THE DEPARTMENT OF THE RESOLUTION.

21 (III) NOTWITHSTANDING SECTION 39-21-107 (2), IF A QUALIFIED  
22 RESIDENTIAL STRUCTURE, OR AN INTEREST THEREIN, IS DISPOSED OF  
23 DURING ANY TAXABLE YEAR DURING THE COMPLIANCE PERIOD, AND  
24 THEREAFTER THE STRUCTURE IS NOT A QUALIFIED RESIDENTIAL  
25 STRUCTURE:

26 (A) THE QUALIFIED APPLICANT SHALL ADD THE FULL AMOUNT OF  
27 THE CREDIT TO ITS RETURN AS A RECAPTURED CREDIT FOR THE TAXABLE

1 YEAR IN WHICH THE CREDIT IS DISALLOWED PURSUANT TO THIS  
2 SUBSECTION (12) NOTWITHSTANDING THE DISPOSITION OF THE QUALIFIED  
3 RESIDENTIAL STRUCTURE;

4 (B) THE STATUTORY PERIOD FOR THE ASSESSMENT OF ANY  
5 DEFICIENCY WITH RESPECT TO THE DISALLOWED CREDIT MUST NOT EXPIRE  
6 BEFORE THE EXPIRATION OF THREE YEARS FROM THE DATE THE OFFICE IS  
7 NOTIFIED, IN SUCH A MANNER AS THE OFFICE DETERMINES, THAT THE  
8 STRUCTURE IS NOT A QUALIFIED RESIDENTIAL STRUCTURE; AND

9 (C) THE DEPARTMENT SHALL ASSESS ANY DEFICIENCY BEFORE THE  
10 EXPIRATION OF SUCH THREE-YEAR PERIOD TOGETHER WITH ANY  
11 APPLICABLE INTEREST AND PENALTY IMPOSED PURSUANT TO THIS ARTICLE  
12 22.

13 (d) AS USED IN THIS SUBSECTION (12), UNLESS THE CONTEXT  
14 OTHERWISE REQUIRES, "COMPLIANCE PERIOD" MEANS THE PERIOD OF  
15 FIFTEEN YEARS FOLLOWING THE TAXABLE YEAR IN WHICH THE QUALIFIED  
16 APPLICANT PLACED A CONVERSION IN SERVICE.

17 (13) **Reporting.** NO LATER THAN DECEMBER 31, 2027, AND,  
18 NOTWITHSTANDING THE REQUIREMENT IN SECTION 24-1-136 (11)(a)(I), NO  
19 LATER THAN DECEMBER 31 OF EACH YEAR THEREAFTER UNTIL 2036, THE  
20 OFFICE SHALL PROVIDE A WRITTEN REPORT TO THE GENERAL ASSEMBLY  
21 AND SHALL FURTHER MAKE THE REPORT AVAILABLE TO THE PUBLIC. IN  
22 CONNECTION WITH TAX CREDITS ISSUED PURSUANT TO THIS SECTION, THE  
23 REPORT MUST INCLUDE:

24 (a) THE NUMBER OF PROJECTS CONVERTING QUALIFIED  
25 COMMERCIAL STRUCTURES TO QUALIFIED RESIDENTIAL STRUCTURES;

26 (b) THE NUMBER OF RESIDENTIAL UNITS PLANNED OR CREATED;

27 (c) THE OCCUPANCY RATE OF CREATED RESIDENTIAL UNITS;

1 (d) THE NUMBER OF RESIDENTIAL UNITS THAT ARE AFFORDABLE;

2 (e) THE COUNTIES IN WHICH QUALIFIED COMMERCIAL STRUCTURES  
3 WERE CONVERTED TO QUALIFIED COMMERCIAL RESIDENTIAL STRUCTURES;

4 (f) THE NONRESIDENTIAL USES IN QUALIFIED COMMERCIAL  
5 STRUCTURES THAT WERE CONVERTED TO QUALIFIED RESIDENTIAL  
6 STRUCTURES; AND

7 (g) THE AMOUNT OF ANY DISALLOWED TAX CREDIT RECAPTURED  
8 PURSUANT TO SUBSECTION (12) OF THIS SECTION.

9 (14) **Policies and procedures.** THE OFFICE MAY CREATE AND  
10 MODIFY POLICIES AND PROCEDURES AS NECESSARY TO FURTHER  
11 IMPLEMENT THE TAX CREDITS TO BE CLAIMED FOR THE CONVERSION OF  
12 QUALIFIED COMMERCIAL STRUCTURES PURSUANT TO THIS SECTION AND  
13 SHALL SOLICIT ADVICE FROM THE DEPARTMENT IN CREATING AND  
14 MODIFYING SUCH POLICIES AND PROCEDURES.

15 (15) **Commercial building conversion tax credit program cash**  
16 **fund.** (a) THE COMMERCIAL BUILDING CONVERSION TAX CREDIT  
17 PROGRAM CASH FUND IS CREATED IN THE STATE TREASURY. THE FUND  
18 CONSISTS OF GIFTS, GRANTS, DONATIONS, FEE REVENUE CREDITED TO THE  
19 FUND PURSUANT TO SUBSECTION (6) OF THIS SECTION, AND ANY OTHER  
20 MONEY THAT THE GENERAL ASSEMBLY MAY APPROPRIATE, TRANSFER, OR  
21 REQUIRE BY LAW TO BE CREDITED TO THE FUND.

22 (b) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND  
23 INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE  
24 COMMERCIAL BUILDING CONVERSION TAX CREDIT PROGRAM CASH FUND  
25 TO THE FUND.

26 (c) MONEY IN THE FUND IS CONTINUOUSLY APPROPRIATED TO THE  
27 OFFICE FOR THE PURPOSE OF ADMINISTERING THE TAX CREDIT ISSUED

1 PURSUANT TO THIS SECTION.

2 (d) THE STATE TREASURER SHALL TRANSFER ALL UNEXPENDED  
3 AND UNENCUMBERED MONEY IN THE FUND ON DECEMBER 31, 2051, TO  
4 THE GENERAL FUND.

5 (16) **Repeal.** THIS SECTION IS REPEALED, EFFECTIVE DECEMBER  
6 31, 2051.

7 **SECTION 2.** In Colorado Revised Statutes, 24-75-402, add  
8 (5)(eee) as follows:

9 **24-75-402. Cash funds - limit on uncommitted reserves -**  
10 **reduction in the amount of fees - exclusions - definitions.**

11 (5) Notwithstanding any provision of this section to the contrary, the  
12 following cash funds are excluded from the limitations specified in this  
13 section:

14 (eee) THE COMMERCIAL BUILDING CONVERSION TAX CREDIT  
15 PROGRAM CASH FUND CREATED IN SECTION 39-22-560 (15).

16 **SECTION 3. Act subject to petition - effective date.** This act  
17 takes effect at 12:01 a.m. on the day following the expiration of the  
18 ninety-day period after final adjournment of the general assembly; except  
19 that, if a referendum petition is filed pursuant to section 1 (3) of article V  
20 of the state constitution against this act or an item, section, or part of this  
21 act within such period, then the act, item, section, or part will not take  
22 effect unless approved by the people at the general election to be held in  
23 November 2024 and, in such case, will take effect on the date of the  
24 official declaration of the vote thereon by the governor.