

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 24-0997.01 Nicole Myers x4326

HOUSE BILL 24-1325

HOUSE SPONSORSHIP

Valdez and Soper,

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House Committees
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A BILL FOR AN ACT

101 CONCERNING THE CREATION OF TAX INCENTIVES TO SUPPORT THE
102 QUANTUM INDUSTRY.

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 2 tax incentives to support the development of the quantum technology ecosystem in the state. Neither of the tax credits created in the bill are allowed to any qualified applicant unless a Colorado-based entity receives a multi-million dollar federal grant from the economic development administration for the regional technology and innovation program or a comparable federal grant program.

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.

Tax credit for investments in fixed capital assets to create a shared quantum facility. Section 2 of the bill creates a 100% refundable income tax credit for qualifying investments in fixed capital assets as part of a coordinated plan to create a shared quantum facility (facility credit) for income tax years commencing on or after January 1, 2025, but before January 1, 2033. The amount of the facility credit is equal to the amount of the qualifying investment made by a qualified applicant for an eligible project; except that the maximum aggregate amount of all facility credits is \$44 million. In addition, the maximum aggregate amount of facility credits that may be claimed in the taxable year in which the eligible project is placed in service is \$24 million. If qualified applicants are issued more than an aggregate of \$24 million in facility credits, the qualified applicants may claim the credits in future taxable years, subject to a specified limit on the amount of the credit that may be claimed in a single taxable year.

A qualified applicant may be a consortium of entities that are jointly participating in creating a shared quantum facility. An eligible project is a project to create a shared quantum facility, which is a primary place in the state where an applicant performs activities and provides the economic benefits related to quantum business and that is approved as an eligible project by the office of economic development (office).

The bill details a process for claiming the facility credit that requires:

- The submission by a qualified applicant to the office of an application for a facility credit reservation;
- Preliminary and final review of the application and approval of the request for a facility credit reservation by the office;
- Issuance of a facility credit reservation to the qualified applicant by the office;
- Completion of the eligible project and certification by the qualified applicant of the qualified applicant's qualifying investments;
- Review of the eligible project and qualifying investments by the office;
- Issuance of a tax credit certificate by the office;
- Filing of the tax credit certificate with the department of revenue with the qualified applicant's tax return or informational return; and
- Recapture of the credit if the eligible project is not used for a use that makes it an eligible project during a specified compliance period.

Quantum business loan loss reserve tax credit. Section 3 creates a 100% refundable income tax credit to offset losses incurred by a qualified applicant in connection with a registered loan to a quantum

company (loan loss credit) for income tax years commencing on or after January 1, 2026, but before January 1, 2046. A qualified applicant is a commercial bank, depository institution, private lending fund, or other entity that makes loans for commercial purposes to a quantum company that satisfies certain income and other criteria (eligible loan). The administrator of the loan loss credit (administrator) may be the office, or the office may contract with a third-party program administrator to administer the credit. The administrator is required to determine the method by which the loan loss credit will be distributed to qualified applicants. The distribution method may be on a first-come, first-served basis or based on a competitive lender selection process where the administrator chooses which lenders are eligible to apply for the loan loss credit.

A qualified applicant is required to register any loan that is the basis of a loan loss tax credit with the administrator and is not eligible to claim the loan loss credit until the qualified applicant has incurred a loss in connection with a registered loan. The amount of the loan loss credit is an amount up to 15 cents for every dollar of an eligible loan that the qualified applicant has made or will make; except that the maximum aggregate amount of all loan loss credits is \$30 million. In addition, subject to specified requirements and, if the administrator is not the office, the approval of the office, the administrator may establish policies and procedures to set the amount of the loan loss credit below 15 cents for every dollar loaned, change the amount of the loan loss credit from time to time, or cap the total amount of loan loss credits issued to a qualified applicant.

Each qualified applicant that is issued more than one loan loss credit certificate is required to hold all the loan loss credit certificates that were issued to the qualified applicant in a pooled loan loss reserve. A qualified applicant may use all or any portion of the loan loss credit certificates issued to that qualified applicant to offset any loss incurred by that qualified applicant in connection with one or more registered loans.

The bill details a process for claiming the loan loss credit that requires:

- Submission of an application for a loan loss credit certificate and a request that the administrator register an eligible loan;
- Preliminary and final review of the application and registration of eligible loans by the administrator;
- Issuance of a loan loss tax credit certificate to a qualified applicant;
- Periodic updates to the administrator by a qualified applicant that was issued a loan loss credit certificate regarding the status of each of the qualified applicant's registered loans;

- Application to the administrator for a registered loan loss certificate after a qualified applicant incurs a loss in connection with a registered loan;
- Review of information regarding the loan by the administrator and issuance of a registered loan loss certificate to the qualified applicant; and
- Filing the loan loss credit certificate and the registered loan loss certificate with the department of revenue with the qualified applicant's tax return or informational return.

The administrator of the loan loss credit may impose a registration and issuance fee on a qualified applicant or on the borrower to which a qualified applicant made an eligible loan. The administrator is required to credit any fee revenue to the quantum business loan loss reserve cash fund, which is created in the bill and is exempted, in **section 3**, from the restriction on the statutory amount of authorized cash fund reserves.

The office and the administrator are required to annually report to the general assembly regarding the facility credit and the loan loss credit and may, after soliciting advice from the department of revenue and quantum industry participants, create and modify policies and procedures as necessary to implement the facility credit or the loan loss credit, as applicable.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds and declares that:

4 (a) Under the federal "Creating Helpful Incentives to Produce
5 Semiconductors (CHIPS) and Science Act", enacted in 2022, the United
6 States Department of Commerce's Economic Development
7 Administration is overseeing the Regional Technology and Innovation
8 Hubs, or "Tech Hubs", program, a competitive process to select 5 to 10
9 federally designated Tech Hubs across the country, with \$500 million in
10 appropriated funding available in 2024 and up to \$10 billion over 5 years;

11 (b) In October 2023, the federal government announced that
12 Colorado was successful in its bid pursuing a regional Phase 1 Tech Hub
13 designation, enabling the state to compete for new funds to develop the

1 quantum technology industry; the Tech Hub bid is led by a Colorado-led
2 nonprofit consisting of a consortium of over 70 member organizations
3 across Colorado, New Mexico, and Wyoming aiming to maintain the
4 Mountain West as the nation's leading quantum ecosystem;

5 (c) Colorado is currently competing nationally for the Tech Hubs
6 program's Phase 2 Tech Hub designation and accompanying grant for
7 quantum technology. If successful, Colorado will secure the federal
8 funding necessary to develop a global hub for the quantum technology
9 ecosystem, including quantum computing, sensing, networking, and
10 enabling hardware.

11 (d) Colorado is internationally recognized for its contributions to
12 quantum physics and is home to 4 winners of the Nobel Prize in Physics
13 for quantum breakthroughs that shifted global understanding in the field;

14 (e) Colorado has more quantum startups, deployed quantum
15 technology, private sector investments in quantum technology employees
16 working for quantum companies, and overall economic output within the
17 quantum industry than any other state;

18 (f) Colorado's quantum technology industry has fostered a 40%
19 increase in the number of patents secured in the state over the last 10
20 years and a 545% increase in the total third-party funding amount directed
21 to quantum companies in the state over the last 15 years;

22 (g) Establishing Colorado as the global hub for quantum
23 technology will result in an economic impact of more than \$1 billion
24 statewide and over 10,000 jobs from the Phase 2 Tech Hub designation
25 alone, but state support will be essential in obtaining this federal money;

26 (h) Colorado's quantum technology industry has garnered
27 international recognition for its groundbreaking achievements,

1 positioning the state as a leader in quantum research, development, and
2 innovation; and

3 (i) The collaborative efforts of higher education institutions,
4 industry, and government agencies have played a pivotal role in nurturing
5 Colorado's quantum technology ecosystem, fostering an environment
6 conducive to research advancements, technology deployment to improve
7 the quality of life, and economic prosperity for Colorado and our global
8 community.

9 (2) The general assembly further finds and declares that the tax
10 incentives provided in this act will strengthen the growing and
11 competitive position of Colorado as a Tech Hub for quantum technology
12 and will enable the state to continue its exemplary achievements and
13 strategic initiatives in quantum technology.

14 **SECTION 2.** In Colorado Revised Statutes, **add** 39-22-560 and
15 39-22-561 as follows:

16 **39-22-560. Tax credit for investments in fixed capital assets**
17 **for a shared quantum facility - tax preference performance statement**
18 **- definitions - repeal. (1) Tax preference performance statement. IN**
19 **ACCORDANCE WITH SECTION 39-21-304 (1), WHICH REQUIRES EACH BILL**
20 **THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE A TAX PREFERENCE**
21 **PERFORMANCE STATEMENT AS PART OF A STATUTORY LEGISLATIVE**
22 **DECLARATION, THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:**

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

25 (I) TO INDUCE CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS;

26 AND

27 (II) TO IMPROVE INDUSTRY COMPETITIVENESS;

1 (b) THE SPECIFIC LEGISLATIVE PURPOSE OF THE TAX CREDIT
2 ALLOWED BY THIS SECTION IS TO INDUCE A QUALIFIED APPLICANT TO
3 INVEST IN FIXED CAPITAL ASSETS TO CREATE A HUB THAT IS A SHARED
4 QUANTUM FACILITY THAT ACCOMPLISHES TRANSLATIONAL RESEARCH AND
5 INCUBATION, LOW-VOLUME MANUFACTURING AND FABRICATION AND
6 RAPID PROTOTYPING IN A LABORATORY ENVIRONMENT AND TO PROVIDE
7 RELATED SERVICES TO SUPPORT THE DEVELOPMENT OF QUANTUM
8 BUSINESSES AND THE QUANTUM ECOSYSTEM IN THE STATE; AND

9 (c) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
10 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSES
11 SPECIFIED IN SUBSECTIONS (1)(a) AND (1)(b) OF THIS SECTION BASED ON
12 THE INFORMATION REPORTED BY THE OFFICE PURSUANT TO SUBSECTION
13 (11) OF THIS SECTION.

14 (2) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT
15 OTHERWISE REQUIRES:

16 (a) "CONSORTIUM" MEANS A GROUP OF NONPROFIT OR FOR-PROFIT
17 ENTITIES, OR BOTH, THAT ARE JOINTLY MAKING QUALIFYING INVESTMENTS
18 IN AN ELIGIBLE PROJECT TO CREATE AND OPERATE A SHARED QUANTUM
19 FACILITY. A CONSORTIUM MAY INCLUDE ONE OR MORE MEMBERS EXEMPT
20 FROM TAX PURSUANT TO SECTION 39-22-112.

21 (b) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

22 (c) "ELIGIBLE PROJECT" MEANS A CAPITAL PROJECT UNDERTAKEN
23 IN THE STATE TO CREATE A SHARED QUANTUM FACILITY FOR WHICH A
24 QUALIFIED APPLICANT MAKES QUALIFYING INVESTMENTS AND THAT IS
25 APPROVED BY THE OFFICE IN ACCORDANCE WITH THE POLICIES,
26 PROCEDURES, AND GUIDELINES FOR THE IMPLEMENTATION AND
27 ADMINISTRATION OF THE TAX CREDIT ALLOWED BY THIS SECTION ADOPTED

1 BY THE OFFICE PURSUANT TO SUBSECTION (12) OF THIS SECTION.

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

4 (e) (I) "QUALIFIED APPLICANT" MEANS A NONPROFIT OR
5 FOR-PROFIT ENTITY THAT SUBMITS AN APPLICATION FOR THE RESERVATION
6 AND ISSUANCE OF TAX CREDITS TO THE OFFICE PURSUANT TO THIS
7 SECTION. AN APPLICANT MAY BE A CONSORTIUM AS SET FORTH IN
8 SUBSECTION (4) OF THIS SECTION.

9 (II) A "QUALIFIED APPLICANT" INCLUDES A PERSON THAT IS
10 EXEMPT FROM TAXATION PURSUANT TO SECTION 39-22-112.

11 (f) (I) "QUALIFYING FIXED CAPITAL ASSETS" MEANS:

12 (A) LAND IN THIS STATE;

13 (B) BUILDINGS, FIXTURES, AND OTHER STRUCTURAL COMPONENTS
14 OF BUILDINGS IN THIS STATE FOR WHICH THE QUALIFIED APPLICANT IS
15 ALLOWED A DEDUCTION FOR DEPRECIATION PURSUANT TO SECTION 167 OF
16 THE INTERNAL REVENUE CODE, INCLUDING PURCHASING OR
17 CONSTRUCTING A FACILITY, RENOVATING A FACILITY, MAKING TENANT
18 IMPROVEMENTS, FUNDING A CAPITAL LEASE, CAPITALIZED LABOR,
19 CONSTRUCTION, AND INSTALLATION COSTS;

20 (C) TANGIBLE PERSONAL PROPERTY ACQUIRED FOR USE
21 EXCLUSIVELY IN THIS STATE FOR WHICH THE QUALIFIED APPLICANT IS
22 ALLOWED A DEDUCTION FOR DEPRECIATION PURSUANT TO SECTION 167 OF
23 THE INTERNAL REVENUE CODE, INCLUDING FURNITURE, FIXTURES AND
24 EQUIPMENT SUCH AS OUTFITTING AN OFFICE, LABORATORY MACHINES,
25 REFRIGERATION, HVAC SYSTEMS, PIPING, MEASURING, MONITORING AND
26 INSTRUMENTATION EQUIPMENT, FABRICATION MACHINES, TOOLS AND
27 EQUIPMENT, AND ANY HARDWARE AND SOFTWARE DEVELOPED BY THIRD

1 PARTIES NECESSARY FOR QUANTUM TECHNOLOGY APPLICATIONS; AND

2 (D) COMPUTER SOFTWARE ACQUIRED FOR USE EXCLUSIVELY IN
3 THIS STATE FOR WHICH THE QUALIFIED APPLICANT IS ALLOWED A
4 DEDUCTION FOR DEPRECIATION PURSUANT TO SECTION 167 OF THE
5 INTERNAL REVENUE CODE.

6 (II) "QUALIFYING FIXED CAPITAL ASSETS" IS LIMITED TO PROPERTY
7 ACQUIRED, CONSTRUCTED, RECONSTRUCTED, OR ERECTED AS PART OF A
8 COORDINATED PLAN TO CREATE A SHARED QUANTUM FACILITY.

9 (III) FOR PURPOSES OF THIS SUBSECTION (2)(f), IF A QUALIFIED
10 APPLICANT IS NOT SUBJECT TO FEDERAL INCOME TAX, THE QUALIFIED
11 APPLICANT IS DEEMED TO BE ALLOWED A DEDUCTION FOR DEPRECIATION
12 IF SUCH A DEDUCTION WOULD HAVE BEEN ALLOWED WERE THE QUALIFIED
13 APPLICANT SUBJECT TO FEDERAL INCOME TAX.

14 (g) "QUALIFYING INVESTMENT" MEANS THE AMOUNT PAID BY A
15 QUALIFIED APPLICANT TO ACQUIRE, CONSTRUCT, RECONSTRUCT, OR ERECT
16 QUALIFYING FIXED CAPITAL ASSETS TO THE EXTENT SUCH AMOUNT IS
17 REQUIRED TO BE CAPITALIZED PURSUANT TO THE INTERNAL REVENUE
18 CODE OR SUCH AMOUNT IS ALLOWED TO BE DEDUCTED UNDER SECTION 179
19 OF THE INTERNAL REVENUE CODE. "QUALIFYING INVESTMENT" INCLUDES
20 AN AMOUNT CAPITALIZED BY A LESSEE OF QUALIFYING FIXED CAPITAL
21 ASSETS FOR A LEASE THAT IS TREATED AS A SALE FOR FEDERAL INCOME
22 TAX PURPOSES.

23 (h) "QUANTUM BUSINESS" MEANS A PRIVATE FOR-PROFIT TRADE
24 OR BUSINESS OR NONPROFIT ORGANIZATION THAT HAS QUANTUM
25 TECHNOLOGY AS A KEY PART OF ITS BUSINESS MODEL OR ORGANIZATIONAL
26 PURPOSE, INCLUDING BUT NOT LIMITED TO MANUFACTURING, TESTING,
27 PRODUCTION, RESEARCH AND DEVELOPMENT, OR ENHANCEMENT OF

1 HARDWARE OR SOFTWARE TO PERFORM OR USE QUANTUM TECHNOLOGY
2 AS A KEY INPUT OR OUTPUT OF ITS BUSINESS MODEL, AND COMPANIES
3 THAT PRODUCE GOODS OR SERVICES THAT ARE KEY INPUTS FOR OTHER
4 QUANTUM BUSINESS.

5 (i) "SHARED QUANTUM FACILITY" MEANS A PRIMARY PLACE IN THE
6 STATE WHERE AN APPLICANT PERFORMS ACTIVITIES AND PROVIDES
7 ECONOMIC BENEFITS RELATED TO SUPPORTING QUANTUM BUSINESSES AND
8 THE QUANTUM ECOSYSTEM.

9 (3) **Credit allowed.** (a) SUBJECT TO THE PROVISIONS OF
10 SUBSECTION (3)(c) OF THIS SECTION, FOR INCOME TAX YEARS
11 COMMENCING ON OR AFTER JANUARY 1, 2025, BUT PRIOR TO JANUARY 1,
12 2033, A QUALIFIED APPLICANT IS ALLOWED A CREDIT AGAINST THE INCOME
13 TAXES IMPOSED BY THIS ARTICLE 22 FOR PLACING AN ELIGIBLE PROJECT IN
14 SERVICE IN AN AMOUNT SPECIFIED ON THE CREDIT CERTIFICATE ISSUED BY
15 THE OFFICE PURSUANT TO SUBSECTION (7) OF THIS SECTION.

16 (b) TO CLAIM THE CREDIT ALLOWED PURSUANT TO THIS SECTION,
17 THE QUALIFIED APPLICANT MUST SUBMIT AN APPLICATION FOR A TAX
18 CREDIT RESERVATION AS SPECIFIED IN SUBSECTION (5) OF THIS SECTION,
19 PLACE THE ELIGIBLE PROJECT IN SERVICE PRIOR TO JANUARY 1, 2031,
20 OBTAIN A TAX CREDIT CERTIFICATE FROM THE OFFICE AS SPECIFIED IN
21 SUBSECTION (7) OF THIS SECTION, AND, ONCE ISSUED BY THE OFFICE, FILE
22 THE TAX CREDIT CERTIFICATE WITH THE QUALIFIED APPLICANT'S INCOME
23 TAX RETURN AS SPECIFIED IN SUBSECTION (8) OF THIS SECTION.

24 (c) THE TAX CREDIT CREATED IN THIS SECTION IS NOT ALLOWED TO
25 ANY QUALIFIED APPLICANT UNLESS A COLORADO-BASED ENTITY RECEIVES
26 A MULTI-MILLION DOLLAR FEDERAL GRANT FROM THE ECONOMIC
27 DEVELOPMENT ADMINISTRATION FOR THE REGIONAL TECHNOLOGY AND

1 INNOVATION PROGRAM OR A COMPARABLE FEDERAL GRANT PROGRAM.
2 THE OFFICE SHALL NOTIFY THE DEPARTMENT IF A GRANT SPECIFIED IN THIS
3 SUBSECTION (3)(c) IS RECEIVED.

4 (4) **Consortium as qualified applicant - tax matters**
5 **representative.** IF A QUALIFIED APPLICANT IS A CONSORTIUM:

6 (a) THE BASIS OF THE CREDIT ALLOWED BY THIS SECTION INCLUDES
7 THE AGGREGATE QUALIFYING INVESTMENT BY ALL THE MEMBERS OF THE
8 CONSORTIUM AS DESCRIBED IN SUBSECTION (7)(a)(II) OF THIS SECTION.

9 (b) WHETHER THE APPLICANT PERFORMS THE ACTIVITIES AND
10 PROVIDES THE ECONOMIC BENEFITS RELATED TO QUANTUM BUSINESS IS
11 BASED UPON THE ACTIVITIES PERFORMED BY AND THE BENEFITS PROVIDED
12 BY ALL THE MEMBERS OF THE CONSORTIUM.

13 (c) THE MEMBERS OF THE CONSORTIUM SHALL DESIGNATE ONE
14 MEMBER TO BE THE TAX MATTERS REPRESENTATIVE. THE TAX MATTERS
15 REPRESENTATIVE SHALL DISCLOSE TO THE OFFICE THAT IT IS THE TAX
16 MATTERS REPRESENTATIVE ACTING ON BEHALF OF THE CONSORTIUM. THE
17 TAX MATTERS REPRESENTATIVE SHALL ALSO DISCLOSE TO THE OFFICE THE
18 NAME AND TAXPAYER IDENTIFICATION NUMBER OF EACH MEMBER OF THE
19 CONSORTIUM.

20 (d) THE TAX MATTERS REPRESENTATIVE IS RESPONSIBLE FOR
21 REPRESENTING AND BINDING THE CONSORTIUM WITH RESPECT TO ALL
22 ISSUES AFFECTING THE CREDIT, INCLUDING SUBMITTING THE APPLICATION
23 FOR A TAX CREDIT RESERVATION, REPRESENTING THE CONSORTIUM
24 BEFORE THE OFFICE WITH RESPECT TO THE APPLICATION, NOTIFYING THE
25 OFFICE THAT THE ELIGIBLE PROJECT HAS BEEN PLACED IN SERVICE,
26 SUBMITTING PROOF OF COMPLIANCE, SUBMITTING ONGOING COMPLIANCE
27 REPORTS, SUBMITTING ANY OTHER REPORT OR DOCUMENT REQUIRED BY

1 THE OFFICE OR THE DEPARTMENT, ADJUDICATING ANY DISPUTES, AND
2 TAKING ANY OTHER ACTION REQUIRED OF A QUALIFIED APPLICANT BY THIS
3 SECTION. THE ACTS OF THE TAX MATTERS REPRESENTATIVE ARE BINDING
4 UPON ALL MEMBERS OF THE CONSORTIUM.

5 (e) THE OFFICE SHALL ISSUE A TAX CREDIT CERTIFICATE TO, AND
6 IN THE NAME OF, THE TAX MATTERS REPRESENTATIVE. THE TAX MATTERS
7 REPRESENTATIVE SHALL FILE THE RETURN AND CLAIM THE FULL AMOUNT
8 OF THE TAX CREDIT PURSUANT TO SUBSECTION (8) OF THIS SECTION. THE
9 DEPARTMENT SHALL PAY ANY AMOUNT REFUNDED PURSUANT TO
10 SUBSECTION (9) OF THIS SECTION TO THE TAX MATTERS REPRESENTATIVE.

11 (f) IF THE CREDIT ALLOWED BY THIS SECTION IS RECAPTURED
12 PURSUANT TO SUBSECTION (10) OF THIS SECTION, THE TAX MATTERS
13 REPRESENTATIVE SHALL ADD THE RECAPTURED CREDIT, PLUS ANY
14 APPLICABLE PENALTIES AND INTEREST, TO ITS RETURN. NEVERTHELESS,
15 EVERY MEMBER OF THE CONSORTIUM IS JOINTLY AND SEVERALLY LIABLE
16 FOR ANY RESULTING DEFICIENCY.

17 (5) **Application submission and review for tax credit**
18 **reservation.** (a) AN APPLICANT MAY SUBMIT AN APPLICATION FOR A TAX
19 CREDIT RESERVATION TO THE OFFICE ON OR AFTER JANUARY 1, 2024, BUT
20 NO LATER THAN DECEMBER 31, 2025; EXCEPT THAT IF THE FEDERAL
21 GOVERNMENT HAS NOT ANNOUNCED THE GRANT RECIPIENT DESCRIBED IN
22 SUBSECTION (3)(c) OF THIS SECTION BY JUNE 30, 2025, THE OFFICE MAY
23 EXTEND THE APPLICATION DEADLINE TO NO MORE THAN SIX MONTHS
24 AFTER AN ANNOUNCEMENT THAT A COLORADO-BASED ENTITY HAS
25 RECEIVED THE GRANT DESCRIBED IN SUBSECTION (3)(c) OF THIS SECTION.
26 THE APPLICATION SHALL INCLUDE A PROJECT PLAN FOR A SHARED
27 QUANTUM FACILITY.

1 (b) THE OFFICE SHALL REVIEW ALL SUBMITTED APPLICATIONS FOR
2 A TAX CREDIT RESERVATION TO:

3 (I) DETERMINE WHETHER THE APPLICANT IS A QUALIFIED
4 APPLICANT;

5 (II) DETERMINE WHETHER THE APPLICATION FOR A TAX CREDIT
6 RESERVATION IS COMPLETE AND INCLUDES A PLAN TO MAKE INVESTMENTS
7 IN QUALIFYING FIXED CAPITAL ASSETS FOR THE CREATION OF A SHARED
8 QUANTUM FACILITY;

9 (III) MAKE A PRELIMINARY DETERMINATION WHETHER THE
10 PROJECT PLAN FOR A SHARED QUANTUM FACILITY IS FOR AN ELIGIBLE
11 PROJECT BASED ON THE POLICIES AND PROCEDURES DEVELOPED BY THE
12 OFFICE PURSUANT TO SUBSECTION (12) OF THIS SECTION; AND

13 (IV) DETERMINE WHETHER THE ELIGIBLE PROJECT IS ENTITLED TO
14 A TAX CREDIT RESERVATION AS SPECIFIED IN SUBSECTION (6) OF THIS
15 SECTION.

16 (c) THE OFFICE SHALL MAKE THE DETERMINATIONS SPECIFIED IN
17 SUBSECTION (5)(b) OF THIS SECTION WITHIN NINETY DAYS OF THE DATE
18 THE OFFICE RECEIVES THE COMPLETE APPLICATION FOR A TAX CREDIT
19 RESERVATION.

20 (d) IF THE OFFICE DETERMINES THAT AN APPLICATION FOR A TAX
21 CREDIT RESERVATION IS INCOMPLETE OR THAT IT IS UNABLE TO MAKE THE
22 DETERMINATION SPECIFIED IN SUBSECTION (5)(b) OF THIS SECTION, THE
23 OFFICE SHALL NOTIFY THE APPLICANT IN WRITING OF THE OFFICE'S
24 DECISION AND MAY REMOVE THE APPLICATION FOR A TAX CREDIT
25 RESERVATION FROM THE REVIEW PROCESS.

26 (e) AS PART OF THE APPLICATION REVIEW PROCESS REQUIRED
27 PURSUANT TO SUBSECTION (5)(b) OF THIS SECTION, THE OFFICE MAY

1 REQUEST CLARIFICATIONS AND MODIFICATIONS TO THE APPLICATION.

2 (f) THE OFFICE MAY INCLUDE PERFORMANCE REQUIREMENTS AND
3 CRITERIA THAT A QUALIFIED APPLICANT IS REQUIRED TO SATISFY BEFORE
4 THE OFFICE WILL ISSUE A TAX CREDIT RESERVATION PURSUANT TO
5 SUBSECTION (6) OF THIS SECTION OR A TAX CREDIT CERTIFICATE PURSUANT
6 TO SUBSECTION (7) OF THIS SECTION. THE OFFICE MUST DOCUMENT IN
7 WRITING ANY REQUIREMENTS CREATED PURSUANT TO THIS SUBSECTION
8 (5)(f).

9 (6) **Tax credit reservation.** (a) BASED ON THE FACTORS SPECIFIED
10 IN SUBSECTION (6)(d) OF THIS SECTION, THE OFFICE MAY DETERMINE THAT
11 A QUALIFIED APPLICANT IS ENTITLED TO A TAX CREDIT RESERVATION IN
12 ACCORDANCE WITH THE PROVISIONS OF THIS SECTION. THE OFFICE SHALL
13 ISSUE TAX CREDIT RESERVATIONS SUBJECT TO THE LIMITATIONS SET FORTH
14 IN THIS SUBSECTION (6) AND IN ACCORDANCE WITH THE POLICIES AND
15 PROCEDURES ESTABLISHED PURSUANT TO SUBSECTION (12) OF THIS
16 SECTION.

17 (b) IF THE OFFICE RESERVES A TAX CREDIT FOR THE BENEFIT OF A
18 QUALIFIED APPLICANT, THE OFFICE SHALL NOTIFY THE QUALIFIED
19 APPLICANT IN WRITING OF THE RESERVATION AND THE AMOUNT RESERVED.
20 THE RESERVATION OF A TAX CREDIT BY THE OFFICE FOR A QUALIFIED
21 APPLICANT DOES NOT ENTITLE THE QUALIFIED APPLICANT TO ISSUANCE OF
22 A CREDIT CERTIFICATE UNTIL THE QUALIFIED APPLICANT COMPLIES WITH
23 ALL THE OTHER REQUIREMENTS SPECIFIED IN THIS SECTION FOR THE
24 ISSUANCE OF THE TAX CREDIT. WHEN THE OFFICE APPROVES A TAX CREDIT
25 RESERVATION, THE OFFICE MAY ALSO IMPOSE ADDITIONAL REQUIREMENTS,
26 WHICH A QUALIFIED APPLICANT SHALL SATISFY AS PART OF COMPLETING
27 THE QUALIFYING INVESTMENT, BEFORE A TAX CREDIT CERTIFICATE IS

1 ISSUED TO THE QUALIFIED APPLICANT.

2 (c) (I) SUBJECT TO THE LIMITATIONS IN THIS SUBSECTION (6)(c), IF
3 APPROVED, THE OFFICE MAY ISSUE A TAX CREDIT RESERVATION TO A
4 QUALIFIED APPLICANT FOR AN ELIGIBLE PROJECT IN AN AMOUNT EQUAL TO
5 THE QUALIFIED APPLICANT'S ESTIMATED QUALIFYING INVESTMENT.

6 (II) THE AGGREGATE AMOUNT OF ALL FIXED ASSET INVESTMENT
7 TAX CREDIT RESERVATIONS THAT THE OFFICE MAY ISSUE PURSUANT TO
8 THIS SECTION MUST NOT EXCEED FORTY-FOUR MILLION DOLLARS.

9 (III) THE OFFICE MAY ESTABLISH POLICIES AND PROCEDURES TO
10 CAP THE TOTAL AMOUNT OF ANY TAX CREDIT RESERVATION ISSUED TO A
11 QUALIFIED APPLICANT PURSUANT TO THIS SUBSECTION (6).

12 (d) IN MAKING THE FINAL DETERMINATION OF WHICH PROJECT
13 PLAN TO ISSUE TAX RESERVATIONS TO PURSUANT TO THIS SUBSECTION (6),
14 THE OFFICE MAY PRIORITIZE A PROJECT PLAN THAT:

15 (I) IS SUBMITTED BY A QUALIFIED APPLICANT THAT IS A
16 CONSORTIUM THAT INCLUDES THE FOLLOWING OR IS SUBMITTED BY A
17 QUALIFIED APPLICANT THAT IS NOT A CONSORTIUM AND THAT
18 COLLABORATES WITH THE FOLLOWING:

19 (A) A NONPROFIT ENTITY CREATED BY INSTITUTIONS OF HIGHER
20 EDUCATION OF HIGH RESEARCH ACTIVITY, CLASSIFIED AS R1 UNIVERSITIES,
21 LED BY A PUBLIC R1 UNIVERSITY WITH A DEMONSTRATED HISTORY OF
22 QUANTUM-RELATED RESEARCH AND INVESTMENT IN COLORADO; AND

23 (B) A NONPROFIT ENTITY THAT HAS RECEIVED A SUBSTANTIAL
24 FEDERAL AWARD FOR THE PURPOSES OF CULTIVATING AND EXPANDING A
25 QUANTUM-RELATED ECOSYSTEM WITHIN COLORADO;

26 (II) IS SUBMITTED BY A QUALIFIED APPLICANT THAT
27 DEMONSTRATES AN ABILITY TO MEET APPLICATION REQUIREMENTS

1 DESIGNATED BY THE OFFICE, INCLUDING:

2 (A) THE SUBMISSION OF A BUDGET FOR THE PROJECT PLAN THAT
3 INCLUDES THE SOURCES OF FUNDING FOR THE PROJECT AND ANTICIPATED
4 USES OF THE FUNDING; AND

5 (B) THE SUBMISSION OF AN EXPLANATION FOR THE WAYS IN WHICH
6 THE SHARED QUANTUM FACILITY WILL BE USED AND HOW IT WILL BENEFIT
7 THE QUANTUM INDUSTRY IN THIS STATE;

8 (III) IS SUBMITTED BY A QUALIFIED APPLICANT THAT:

9 (A) DEMONSTRATES THAT THE PROJECT PLAN IS AGREED UPON BY
10 THE ENTITIES DESCRIBED IN SUBSECTIONS (6)(d)(I)(A) AND (6)(d)(I)(B) OF
11 THIS SECTION;

12 (B) DEMONSTRATES AN INTENT TO EQUITABLY AND EFFECTIVELY
13 DISTRIBUTE THE TAX CREDITS OR THE REFUND PROCEEDS OF THE TAX
14 CREDIT;

15 (C) DEMONSTRATES AN INTENT TO LEVERAGE THE PROCEEDS OF
16 THE REFUNDABLE TAX CREDIT PURSUANT TO THIS SECTION FOR THE
17 PURPOSE OF CREATING AND FINANCING A SHARED QUANTUM FACILITY TO
18 ACCOMPLISH THE GOALS SPECIFIED IN SUBSECTION (1)(b) OF THIS SECTION;

19 (D) INCLUDES A SUMMARY OF ANY THIRD-PARTY RESOURCES
20 APART FROM THE TAX CREDITS ALLOWED PURSUANT TO THIS SECTION
21 THAT WILL BE USED TO CREATE OR FINANCE THE SHARED QUANTUM
22 FACILITY; AND

23 (E) INCLUDES A PROPOSED COLLABORATION PLAN THAT OUTLINES
24 THE OPERATIONAL AND GOVERNANCE PLAN FOR THE SHARED QUANTUM
25 FACILITY;

26 (IV) PROPOSES A SUITABLE LOCATION FOR THE SHARED QUANTUM
27 FACILITY; AND

1 (V) IS MADE BY A QUALIFIED APPLICANT THAT IS A
2 NEWLY-CREATED NONPROFIT ORGANIZATION DEDICATED TO THE PURPOSE
3 OF PROMOTING THE QUANTUM ECOSYSTEM AND ITS COMMERCIAL
4 GROWTH.

5 (e) AS PART OF THE TAX CREDIT RESERVATION PROCESS PURSUANT
6 TO THIS SUBSECTION (6), THE OFFICE MAY REQUEST CLARIFICATIONS OR
7 MODIFICATIONS TO THE APPLICATION SUBMITTED PURSUANT TO
8 SUBSECTION (5) OF THIS SECTION.

9 (f) THE APPLICANT, AT THE APPLICANT'S OWN RISK, MAY BEGIN
10 MAKING INVESTMENTS IN QUALIFYING FIXED CAPITAL ASSETS BEFORE A
11 TAX CREDIT RESERVATION IS AWARDED TO THE QUALIFIED APPLICANT
12 PURSUANT TO THIS SUBSECTION (6). IF A TAX CREDIT RESERVATION
13 APPLICATION IS APPROVED FOR A QUALIFIED APPLICANT, INVESTMENTS IN
14 QUALIFYING FIXED CAPITAL ASSETS THAT THE QUALIFIED APPLICANT MADE
15 UP TO TWELVE MONTHS BEFORE THE DATE THE TAX CREDIT RESERVATION
16 WAS SUBMITTED MAY BE INCLUDED IN THE CALCULATION OF QUALIFYING
17 FIXED CAPITAL ASSETS FOR THE PURPOSE OF DETERMINING THE AMOUNT
18 OF THE TAX CREDIT CERTIFICATE ISSUED PURSUANT TO SUBSECTION (7) OF
19 THIS SECTION.

20 (7) **Proof of compliance - audit of qualifying investments**
21 **certification - issuance of tax credit certificate.** (a) (I) AFTER A
22 QUALIFIED APPLICANT COMPLETES A PROJECT OR A PHASE OF A PROJECT,
23 THE QUALIFIED APPLICANT SHALL NOTIFY THE OFFICE THAT THE PROJECT
24 OR PHASE OF THE PROJECT HAS BEEN PLACED IN SERVICE AND SHALL
25 CERTIFY THE TYPES AND AMOUNT OF THE QUALIFYING INVESTMENTS AND
26 HOW THE INVESTMENTS WERE USED IN AN ELIGIBLE PROJECT, AFTER WHICH
27 THE OFFICE SHALL MAKE A FINAL DETERMINATION AS TO WHETHER THE

1 PROJECT IS AN ELIGIBLE PROJECT. THE APPLICANT SHALL INCLUDE A
2 REVIEW OF THE CERTIFICATION BY A LICENSED CERTIFIED PUBLIC
3 ACCOUNTANT THAT IS NOT AFFILIATED WITH THE QUALIFIED APPLICANT
4 THAT ALIGNS WITH OFFICE POLICIES FOR CERTIFICATION OF QUALIFYING
5 INVESTMENTS. THE APPLICANT SHALL ALSO CERTIFY AND PROVIDE
6 DOCUMENTS DEMONSTRATING THAT THE APPLICANT SATISFIED ANY
7 ADDITIONAL REQUIREMENTS IMPOSED BY THE OFFICE PURSUANT TO
8 SUBSECTIONS (6) AND (12) OF THIS SECTION.

9 (II) QUALIFYING INVESTMENT EXPENDITURES THAT ARE ELIGIBLE
10 FOR THE TAX CREDIT ALLOWED PURSUANT TO THIS SECTION MAY BE MADE
11 BY THE APPLICANT, MEMBERS OF A CONSORTIUM, IF APPLICABLE, OR
12 OTHER ENTITIES CONTRACTED TO MAKE THE EXPENDITURES ON BEHALF OF
13 THE APPLICANT OR MEMBERS OF A CONSORTIUM AS PART OF A
14 COORDINATED PLAN TO CREATE THE SHARED QUANTUM FACILITY. THE
15 SOURCE OF MONEY FOR THE QUALIFYING INVESTMENT EXPENDITURES
16 THAT ARE ELIGIBLE FOR THE TAX CREDIT CAN BE FROM ANY SOURCE OF
17 MONEY THAT THE APPLICANT OR MEMBERS OF A CONSORTIUM OR OTHER
18 ENTITIES HAVE AVAILABLE FOR MAKING THE INVESTMENTS.

19 (III) WITHIN NINETY DAYS AFTER RECEIPT OF THE COMPLETE
20 DOCUMENTATION REQUIRED IN SUBSECTION (7)(a)(I) OF THIS SECTION
21 FROM THE QUALIFIED APPLICANT, THE OFFICE SHALL REVIEW THE
22 QUALIFIED APPLICANT'S DOCUMENTATION OF CERTIFIED QUALIFYING
23 INVESTMENTS, DETERMINE WHETHER THE DOCUMENTATION SATISFIES THE
24 PROJECT PLAN AND OTHER REQUIREMENTS, AND, IF THE OFFICE
25 DETERMINES THAT THE DOCUMENTATION SATISFIES THE PROJECT PLAN
26 AND OTHER REQUIREMENTS, THE OFFICE SHALL ISSUE A TAX CREDIT
27 CERTIFICATE FOR THE LESSER OF THE AMOUNT SPECIFIED IN THE TAX

1 CREDIT RESERVATION ISSUED TO THE QUALIFIED APPLICANT PURSUANT TO
2 SUBSECTION (6) OF THIS SECTION OR THE AMOUNT OF THE QUALIFYING
3 INVESTMENT.

4 (b) IF THERE ARE ANY UNRESERVED AMOUNTS OF TAX CREDITS
5 AVAILABLE UNDER SUBSECTION (6) OF THIS SECTION, AND IF THE AMOUNT
6 OF CERTIFIED QUALIFYING INVESTMENTS INCURRED BY THE QUALIFIED
7 APPLICANT WOULD HAVE RESULTED IN THE QUALIFIED APPLICANT BEING
8 ISSUED A TAX CREDIT CERTIFICATE THAT EXCEEDS THE AMOUNT OF THE
9 TAX CREDIT RESERVATION ISSUED TO THE QUALIFIED APPLICANT, THE
10 QUALIFIED APPLICANT MAY APPLY TO THE OFFICE FOR THE ISSUANCE OF AN
11 ADDITIONAL TAX CREDIT CERTIFICATE IN AN AMOUNT EQUAL TO THE
12 DIFFERENCE BETWEEN THE AMOUNT THAT WOULD HAVE BEEN ISSUED AS
13 A RESULT OF THE CERTIFIED QUALIFYING INVESTMENTS IF THAT AMOUNT
14 WAS NOT LIMITED TO THE AMOUNT OF THE TAX CREDIT RESERVATION
15 PURSUANT TO SUBSECTION (7)(a)(III) OF THIS SECTION AND THE AMOUNT
16 OF THE TAX CREDIT RESERVATION BY SUBMITTING AN APPLICATION IN A
17 FORM AND MANNER DETERMINED BY THE OFFICE. THE OFFICE SHALL
18 REVIEW THE APPLICATION AS SPECIFIED IN SUBSECTION (5) OF THIS
19 SECTION AND, IF APPROVED, SHALL ISSUE A SEPARATE TAX CREDIT
20 CERTIFICATE AWARDING THE QUALIFIED APPLICANT THE ADDITIONAL
21 CREDIT.

22 (c) THE FIRST APPLICATION FOR TAX CREDIT ISSUANCE MAY
23 INCLUDE QUALIFYING INVESTMENTS FOR THE ENTIRE ELIGIBLE PROJECT OR
24 JUST THE INITIAL PHASE AND MUST BE SUBMITTED BY THE QUALIFIED
25 APPLICANT NO LATER THAN DECEMBER 31, 2028.

26 (d) A QUALIFIED APPLICANT MAY SUBMIT ADDITIONAL
27 APPLICATIONS FOR TAX CREDIT ISSUANCE PURSUANT TO THIS SUBSECTION

1 (7) AS THE QUALIFIED APPLICANT COMPLETES ADDITIONAL PHASES OF THE
2 PROJECT THAT ARE PLACED IN SERVICE. THE QUALIFIED APPLICANT MAY
3 SUBMIT SUCH APPLICATIONS THROUGH DECEMBER 31, 2030, AND UP TO
4 THE AMOUNT OF TAX CREDITS RESERVED BY THE APPLICANT.

5 (8) **Filing tax credit certificate with income tax return.** (a) To
6 CLAIM THE CREDIT AUTHORIZED BY THIS SECTION, A QUALIFIED APPLICANT
7 SHALL FILE THE TAX CREDIT CERTIFICATE ISSUED BY THE OFFICE
8 PURSUANT TO SUBSECTION (7) OF THIS SECTION WITH THE QUALIFIED
9 APPLICANT'S STATE INCOME TAX RETURN. IF THE QUALIFIED APPLICANT IS
10 EXEMPT FROM TAX PURSUANT TO SECTION 39-22-112 (1), THE QUALIFIED
11 APPLICANT SHALL FILE A RETURN PURSUANT TO SECTION 39-22-601 (7)(b).
12 THE AMOUNT OF THE TAX CREDIT THAT A QUALIFIED APPLICANT MAY
13 CLAIM PURSUANT TO THIS SECTION IS THE AMOUNT STATED ON THE TAX
14 CREDIT CERTIFICATE.

15 (b) A QUALIFIED APPLICANT MAY NOT USE A TAX CREDIT
16 CERTIFICATE ISSUED PURSUANT TO THIS SUBSECTION (8) BEFORE THE
17 INCOME TAX YEAR THAT BEGINS ON OR AFTER JANUARY 1, 2026, BUT
18 MUST USE THE TAX CREDIT CERTIFICATE BEFORE THE LAST INCOME TAX
19 YEAR THAT COMMENCES BEFORE JANUARY 1, 2033.

20 (c) A TAX CREDIT CERTIFICATE ISSUED TO A PARTNERSHIP, A
21 LIMITED LIABILITY COMPANY TAXED AS A PARTNERSHIP, OR MULTIPLE
22 OWNERS OF A PROPERTY MUST BE PASSED THROUGH TO THE PARTNERS,
23 MEMBERS, OR OWNERS, INCLUDING ANY NONPROFIT ENTITY THAT IS A
24 PARTNER, MEMBER, OR OWNER, RESPECTIVELY, ON A PRO RATA BASIS OR
25 PURSUANT TO AN EXECUTED AGREEMENT AMONG THE PARTNERS,
26 MEMBERS, OR OWNERS DOCUMENTING AN ALTERNATE DISTRIBUTION
27 METHOD.

1 **(9) Refundability.** (a) EXCEPT AS OTHERWISE PROVIDED IN
2 SUBSECTION (9)(b) OF THIS SECTION, NOT MORE THAN THE AGGREGATE OF
3 TWENTY-FOUR MILLION DOLLARS OF CREDITS TO BE ISSUED TO ALL
4 QUALIFIED APPLICANTS PURSUANT TO THIS SECTION MAY BE CLAIMED BY
5 THE QUALIFIED APPLICANTS IN THE TAXABLE YEAR IN WHICH THE ELIGIBLE
6 PROJECT IS PLACED IN SERVICE. IF THE QUALIFIED APPLICANTS ARE ISSUED
7 MORE THAN AN AGGREGATE OF TWENTY-FOUR MILLION DOLLARS IN
8 CREDITS PURSUANT TO THIS SECTION, NOT MORE THAN TWENTY MILLION
9 DOLLARS OF THE TOTAL AMOUNT OF CREDITS TO BE ISSUED MAY BE
10 CLAIMED IN ANY SINGLE FUTURE TAXABLE YEAR; EXCEPT THAT CREDITS
11 MAY NOT BE CLAIMED FOR ANY INCOME TAX YEAR THAT BEGINS ON OR
12 AFTER JANUARY 1, 2033.

13 (b) IF THE AMOUNT OF THE CREDIT ALLOWED TO BE CLAIMED IN
14 THE APPLICABLE TAXABLE YEAR PURSUANT TO THIS SECTION EXCEEDS THE
15 AMOUNT OF INCOME TAXES OTHERWISE DUE ON THE INCOME OF THE
16 QUALIFIED APPLICANT IN THE INCOME TAX YEAR FOR WHICH THE CREDIT
17 IS BEING CLAIMED, OR THE QUALIFIED APPLICANT IS A PERSON WHO IS
18 EXEMPT FROM TAXATION PURSUANT TO SECTION 39-22-112 (1), ONE
19 HUNDRED PERCENT OF THE AMOUNT OF THE CREDIT THAT IS ALLOWED TO
20 BE CLAIMED FOR THE APPLICABLE TAX YEAR THAT IS NOT USED AS AN
21 OFFSET AGAINST INCOME TAXES IN THE INCOME TAX YEAR IS REFUNDED TO
22 THE QUALIFIED APPLICANT.

23 **(10) Compliance monitoring and recapture.** (a) EXCEPT AS
24 PROVIDED IN SUBSECTION (10)(b) OF THIS SECTION, IF, DURING THE
25 COMPLIANCE PERIOD, THE QUALIFIED APPLICANT SELLS, TRANSFERS,
26 ABANDONS, OR REPURPOSES A SUBSTANTIAL PORTION OF THE QUALIFYING
27 FIXED CAPITAL ASSETS FOR WHICH THE QUALIFIED APPLICANT WAS

1 ALLOWED A CREDIT PURSUANT TO THIS SECTION, OR OTHERWISE CEASES
2 TO OPERATE THE SHARED QUANTUM FACILITY IN THIS STATE, THE OFFICE
3 SHALL NOTIFY THE QUALIFIED APPLICANT AND THE DEPARTMENT THAT
4 THE CREDIT ALLOWED IN THIS SECTION IS DISALLOWED. THE QUALIFIED
5 APPLICANT SHALL ADD THE FULL AMOUNT OF THE CREDIT THAT WAS
6 ACTUALLY USED TO OFFSET THE QUALIFIED APPLICANT'S INCOME TAX OR
7 REFUNDED TO THE QUALIFIED APPLICANT TO ITS RETURN AS A
8 RECAPTURED CREDIT FOR THE TAXABLE YEAR IN WHICH THE CREDIT IS
9 DISALLOWED PURSUANT TO THIS SUBSECTION (10).

10 (b) THE POTENTIAL INCREASE IN TAX REQUIRED PURSUANT TO
11 SUBSECTION (10)(a) OF THIS SECTION DOES NOT APPLY IF:

12 (I) ALL OR PART OF THE SHARED QUANTUM FACILITY EXPERIENCES
13 A CASUALTY LOSS AND IF THE QUALIFYING FIXED CAPITAL ASSETS LOST
14 ARE RESTORED WITHIN A REASONABLE PERIOD ESTABLISHED BY THE
15 OFFICE;

16 (II) SOLELY BY REASON OF THE DISPOSITION OF LAND, A BUILDING,
17 A STRUCTURE, OR A FACILITY, OR AN INTEREST THEREIN, THE SHARED
18 QUANTUM FACILITY IS RELOCATED WITHIN THIS STATE TO A PROPERTY
19 APPROVED BY THE OFFICE; OR

20 (III) A QUALIFYING FIXED CAPITAL ASSET IS REPLACED OR
21 UPGRADED IN THE NORMAL COURSE OF ITS USE.

22 (c) (I) THE OFFICE SHALL ESTABLISH REPORTING REQUIREMENTS
23 TO MONITOR COMPLIANCE WITH THIS SUBSECTION (10), INCLUDING
24 REQUIREMENTS REGARDING THE REPORTING OF A DISPOSITION OF A
25 BUILDING, STRUCTURE, OR FACILITY BY THE QUALIFIED APPLICANT.

26 (II) IF A DISPUTE ARISES ABOUT WHETHER A BUILDING,
27 STRUCTURE, OR FACILITY IS A SHARED QUANTUM FACILITY, THE OFFICE

1 SHALL ADJUDICATE THE DISPUTE AND NOTIFY THE DEPARTMENT OF THE
2 RESOLUTION.

3 (III) NOTWITHSTANDING SECTION 39-21-107 (2), IF A BUILDING,
4 STRUCTURE, OR FACILITY, OR AN INTEREST THEREIN, IS DISPOSED OF
5 DURING ANY TAXABLE YEAR DURING THE COMPLIANCE PERIOD, AND
6 THEREAFTER THE BUILDING, STRUCTURE, OR FACILITY OR ANY
7 REPLACEMENT FOR THE BUILDING, STRUCTURE, OR FACILITY IS NOT A
8 SHARED QUANTUM FACILITY, THEN:

9 (A) THE QUALIFIED APPLICANT SHALL ADD THE FULL AMOUNT OF
10 THE CREDIT TO ITS RETURN AS A RECAPTURED CREDIT FOR THE TAXABLE
11 YEAR IN WHICH THE CREDIT IS DISALLOWED PURSUANT TO THIS
12 SUBSECTION (10) NOTWITHSTANDING THE DISPOSITION OF THE BUILDING,
13 STRUCTURE, OR FACILITY;

14 (B) THE STATUTORY PERIOD FOR THE ASSESSMENT OF ANY
15 DEFICIENCY WITH RESPECT TO THE DISALLOWED CREDIT MUST NOT EXPIRE
16 BEFORE THE EXPIRATION OF THREE YEARS FROM THE DATE THE OFFICE IS
17 NOTIFIED, IN SUCH A MANNER AS THE OFFICE DETERMINES, THAT THE
18 PROJECT IS NOT AN ELIGIBLE PROJECT; AND

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

23 (d) AS USED IN THIS SUBSECTION (10), UNLESS THE CONTEXT
24 OTHERWISE REQUIRES, "COMPLIANCE PERIOD" MEANS THE PERIOD OF
25 FIFTEEN YEARS FOLLOWING THE TAXABLE YEAR IN WHICH THE QUALIFIED
26 APPLICANT PLACED THE ELIGIBLE PROJECT OR THE INITIAL PHASE OF THE
27 ELIGIBLE PROJECT IN SERVICE.

1 (11) **Reporting.** (a) NO LATER THAN DECEMBER 31, 2027, AND,
2 NOTWITHSTANDING THE REQUIREMENT IN SECTION 24-1-136 (11)(a)(I), NO
3 LATER THAN DECEMBER 31 OF EACH TWO YEARS THEREAFTER THROUGH
4 2033, THE OFFICE SHALL PROVIDE A WRITTEN REPORT TO THE GENERAL
5 ASSEMBLY AND SHALL FURTHER MAKE THE REPORT AVAILABLE TO THE
6 PUBLIC. IN CONNECTION WITH TAX CREDITS ISSUED PURSUANT TO THIS
7 SECTION, THE REPORT MUST INCLUDE:

8 (I) A DESCRIPTION OF EACH ELIGIBLE PROJECT PLACED IN SERVICE;

9 (II) A DESCRIPTION OF THE USE OR USES OF THE ELIGIBLE PROJECT;

10 (III) THE NUMBER OF JOBS SUPPORTED IN THE QUANTUM INDUSTRY
11 AS A RESULT OF THE ELIGIBLE PROJECT;

12 (IV) THE NUMBER OF QUANTUM BUSINESSES THAT HAVE BEEN
13 SUPPORTED THROUGH THE ELIGIBLE PROJECT;

14 (V) AN OVERVIEW OF THE TYPES OF INTELLECTUAL PROPERTY
15 THAT HAVE BEEN ADVANCED THROUGH THE ELIGIBLE PROJECT; AND

16 (VI) THE AMOUNT OF FEDERAL MONEY THAT HAS BEEN AWARDED
17 TO THE ELIGIBLE FACILITY.

18 (b) THE OFFICE SHALL, IN A SUFFICIENTLY TIMELY MANNER TO
19 ALLOW THE DEPARTMENT TO PROCESS RETURNS CLAIMING THE INCOME
20 TAX CREDIT ALLOWED IN THIS SECTION, PROVIDE THE DEPARTMENT WITH
21 AN ELECTRONIC REPORT OF EACH QUALIFIED APPLICANT TO WHICH THE
22 OFFICE ISSUES A TAX CREDIT CERTIFICATE FOR THE PRECEDING TAX YEAR
23 THAT INCLUDES THE FOLLOWING INFORMATION:

24 (I) THE QUALIFIED APPLICANT'S NAME;

25 (II) THE AMOUNT OF THE CREDIT; AND

26 (III) THE QUALIFIED APPLICANT'S SOCIAL SECURITY NUMBER OR
27 THE QUALIFIED APPLICANT'S COLORADO ACCOUNT NUMBER AND FEDERAL

1 EMPLOYER IDENTIFICATION NUMBER.

2 (12) **Policies and procedures.** (a) THE OFFICE MAY CREATE AND
3 MODIFY POLICIES, PROCEDURES, AND GUIDELINES AS NECESSARY TO
4 FURTHER IMPLEMENT THE TAX CREDITS TO BE CLAIMED FOR THE
5 COMPLETION OF ELIGIBLE PROJECTS PURSUANT TO THIS SECTION AND
6 SHALL SOLICIT ADVICE FROM THE DEPARTMENT AND QUANTUM INDUSTRY
7 PARTICIPANTS IN CREATING AND MODIFYING SUCH POLICIES, PROCEDURES,
8 AND GUIDELINES.

9 (b) WITH RESPECT TO MAKING THE PRELIMINARY DETERMINATION
10 AS TO WHETHER A PROJECT PLAN IS A PLAN FOR AN ELIGIBLE PROJECT
11 PURSUANT TO SUBSECTION (5)(b)(III) OF THIS SECTION, THE OFFICE SHALL
12 DEVELOP STANDARDS THAT INCLUDE, BUT ARE NOT LIMITED TO:

13 (I) PERFORMANCE STANDARDS AND GUIDELINES FOR A SHARED
14 QUANTUM FACILITY;

15 (II) A DETAILED COST ESTIMATE FOR THE PROJECT PLAN;

16 (III) EVIDENCE OF SITE CONTROL OF THE SITE WHERE THE PROJECT
17 WILL OCCUR; AND

18 (IV) THE FINANCING OR FUNDING THAT IS AVAILABLE FOR THE
19 PROJECT PLAN.

20 (13) **Repeal.** THIS SECTION IS REPEALED, EFFECTIVE DECEMBER
21 31, 2050.

22 **39-22-561. Quantum business loan loss reserve income tax**
23 **credit - tax preference performance statement - definitions - repeal.**

24 (1) **Tax preference performance statement.** IN ACCORDANCE WITH
25 SECTION 39-21-304(1), WHICH REQUIRES EACH BILL THAT CREATES A NEW
26 TAX EXPENDITURE TO INCLUDE A TAX PREFERENCE PERFORMANCE
27 STATEMENT AS PART OF A STATUTORY LEGISLATIVE DECLARATION, THE

1 GENERAL ASSEMBLY FINDS AND DECLARES THAT:

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

4 (I) TO INDUCE CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS;
5 AND

6 (II) TO IMPROVE INDUSTRY COMPETITIVENESS;

7 (b) THE SPECIFIC LEGISLATIVE PURPOSE OF THE TAX CREDIT
8 ALLOWED BY THIS SECTION IS TO SUPPORT AND FACILITATE THE
9 DEVELOPMENT OF THE QUANTUM BUSINESS ECOSYSTEM IN THE STATE BY
10 ENCOURAGING QUALIFIED APPLICANTS TO MAKE LOANS THAT THE
11 QUALIFIED APPLICANTS MIGHT NOT OTHERWISE MAKE OR AT MORE
12 FAVORABLE TERMS THAN THEY WOULD OTHERWISE MAKE TO BORROWERS
13 THAT HAVE LIMITED ACCESS TO CAPITAL; AND

14 (c) THE GENERAL ASSEMBLY AND STATE AUDITOR SHALL MEASURE
15 THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSES SPECIFIED
16 IN SUBSECTIONS (1)(a) AND (1)(b) OF THIS SECTION BASED ON THE
17 INFORMATION REPORTED BY THE ADMINISTRATOR PURSUANT TO
18 SUBSECTION (11) OF THIS SECTION.

19 (2) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT
20 OTHERWISE REQUIRES:

21 (a) "ADMINISTRATOR" MEANS THE OFFICE, A THIRD PARTY
22 SELECTED BY THE OFFICE, OR THE THIRD PARTY WORKING IN COMBINATION
23 WITH THE OFFICE TO ADMINISTER THE TAX CREDIT CREATED IN THIS
24 SECTION.

25 (b) "BORROWER" MEANS A QUANTUM COMPANY DOING BUSINESS
26 IN COLORADO THAT IS AN EARLY-STAGE OR GROWTH-STAGE COMPANY AT
27 THE TIME A QUALIFIED APPLICANT MAKES A LOAN TO THE COMPANY AND

1 THAT, EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (12)(c) OF THIS
2 SECTION, HAD AN ANNUAL REVENUE OF LESS THAN ONE HUNDRED MILLION
3 DOLLARS IN THE YEAR PRIOR TO THE YEAR IN WHICH A QUALIFIED
4 APPLICANT MADE A LOAN TO THE COMPANY.

5 (c) "DEPARTMENT" MEANS THE COLORADO DEPARTMENT OF
6 REVENUE.

7 (d) "ELIGIBLE LOAN" MEANS A LOAN MADE BY A QUALIFIED
8 APPLICANT TO A BORROWER.

9 (e) "OFFICE" MEANS THE COLORADO OFFICE OF ECONOMIC
10 DEVELOPMENT CREATED IN SECTION 24-48.5-101.

11 (f) "QUALIFIED APPLICANT" MEANS A COMMERCIAL BANK,
12 DEPOSITORY INSTITUTION, PRIVATE LENDING FUND, OR OTHER ENTITY
13 THAT MAKES LOANS FOR COMMERCIAL PURPOSES AND MAKES A LOAN TO
14 A BORROWER.

15 (g) "QUANTUM COMPANY" MEANS A PRIVATE FOR-PROFIT OR
16 NONPROFIT ORGANIZATION THAT HAS QUANTUM TECHNOLOGY AS A KEY
17 PART OF ITS BUSINESS MODEL, INCLUDING BUT NOT LIMITED TO
18 MANUFACTURING, TESTING, PRODUCTION, RESEARCH AND DEVELOPMENT,
19 OR ENHANCEMENT OF HARDWARE OR SOFTWARE TO PERFORM OR USE
20 QUANTUM TECHNOLOGY AS A KEY INPUT OR OUTPUT OF ITS BUSINESS
21 MODEL, AND COMPANIES THAT PRODUCE GOODS OR SERVICES THAT ARE
22 KEY INPUTS FOR OTHER QUANTUM COMPANIES.

23 (h) "REGISTERED LOAN" MEANS AN ELIGIBLE LOAN MADE TO A
24 BORROWER THAT IS REGISTERED WITH THE ADMINISTRATOR PURSUANT TO
25 SUBSECTION (7)(a) OF THIS SECTION.

26 (3) **Credit allowed.** (a) SUBJECT TO THE PROVISIONS OF
27 SUBSECTION (3)(c) OF THIS SECTION, FOR INCOME TAX YEARS

1 COMMENCING ON OR AFTER JANUARY 1, 2026, BUT PRIOR TO JANUARY 1,
2 2046, A QUALIFIED APPLICANT IS ALLOWED A CREDIT AGAINST THE INCOME
3 TAXES IMPOSED BY THIS ARTICLE 22 TO OFFSET LOSSES INCURRED IN
4 CONNECTION WITH ONE OR MORE REGISTERED LOANS IN AN AMOUNT
5 SPECIFIED ON THE REGISTERED LOAN LOSS CERTIFICATE ISSUED BY THE
6 ADMINISTRATOR PURSUANT TO SUBSECTION (8) OF THIS SECTION; EXCEPT
7 THAT, IF A QUALIFIED TAXPAYER CLAIMS MORE THAN ONE REGISTERED
8 LOAN LOSS, IN NO EVENT MAY THE AGGREGATE REGISTERED LOAN LOSSES
9 CLAIMED BY THE QUALIFIED TAXPAYER EXCEED THE TOTAL AMOUNT
10 SPECIFIED ON THE TAX CREDIT CERTIFICATES ISSUED PURSUANT TO
11 SUBSECTION (7) OF THIS SECTION.

12 (b) TO CLAIM THE CREDIT ALLOWED PURSUANT TO THIS SECTION,
13 THE QUALIFIED APPLICANT MUST SUBMIT AN APPLICATION AS SPECIFIED IN
14 SUBSECTION (5) OF THIS SECTION, MAKE AN ELIGIBLE LOAN AND REGISTER
15 THE ELIGIBLE LOAN PRIOR TO JUNE 30, 2036, OBTAIN A TAX CREDIT
16 CERTIFICATE FROM THE ADMINISTRATOR AS SPECIFIED IN SUBSECTION (7)
17 OF THIS SECTION, INCUR A LOSS IN CONNECTION WITH A REGISTERED LOAN
18 AND OBTAIN A REGISTERED LOAN LOSS CERTIFICATE FROM THE
19 ADMINISTRATOR AS SPECIFIED IN SUBSECTION (8) OF THIS SECTION PRIOR
20 TO JANUARY 1, 2045, AND, ONCE ISSUED BY THE ADMINISTRATOR, FILE THE
21 TAX CREDIT CERTIFICATE AND THE REGISTERED LOAN LOSS CERTIFICATE
22 WITH THE QUALIFIED APPLICANT'S INCOME TAX RETURN AS SPECIFIED IN
23 SUBSECTION (9) OF THIS SECTION.

24 (c) THE ADMINISTRATOR SHALL DETERMINE THE METHOD IT WILL
25 USE TO DISTRIBUTE TAX CREDIT CERTIFICATES TO QUALIFIED APPLICANTS
26 PURSUANT TO SUBSECTION (7) OF THIS SECTION. IN SELECTING THE
27 DISTRIBUTION METHOD USED TO DISTRIBUTE THE TAX CREDIT

1 CERTIFICATES, THE ADMINISTRATOR MAY CONSULT WITH QUANTUM
2 INDUSTRY PARTICIPANTS. THE DISTRIBUTION METHOD MAY BE:

3 (I) ON A FIRST-COME, FIRST-SERVED BASIS TO QUALIFIED
4 APPLICANTS WHO APPLY TO THE ADMINISTRATOR FOR A TAX CREDIT
5 PURSUANT TO SUBSECTION (5) OF THIS SECTION FOR ONE OR MORE
6 ELIGIBLE LOANS EACH, AFTER THE QUALIFIED APPLICANT HAS MADE THE
7 LOAN;

8 (II) BASED ON A COMPETITIVE LENDER SELECTION PROCESS WHERE
9 THE ADMINISTRATOR CHOOSES WHICH LENDERS ARE ELIGIBLE TO APPLY
10 FOR THE TAX CREDIT ALLOWED BY THIS SECTION IN ADVANCE OF
11 ACCEPTING APPLICATIONS AND REQUESTS TO REGISTER LOANS AND IN
12 ADVANCE OF ISSUING TAX CREDITS. IN SELECTING LENDERS TO BE
13 ALLOWED A TAX CREDIT PURSUANT TO THIS SECTION, THE ADMINISTRATOR
14 MAY ALLOCATE SOME OR ALL OF THE CREDITS SOLELY TO SELECTED
15 LENDERS. IF THE ADMINISTRATOR USES THIS DISTRIBUTION METHOD, THE
16 SELECTED LENDERS ARE THE ONLY QUALIFIED APPLICANTS THAT ARE
17 ALLOWED TO APPLY TO THE ADMINISTRATOR, REQUEST REGISTRATION OF
18 THE LOAN, AND BE ISSUED A TAX CREDIT CERTIFICATE AND REGISTERED
19 LOAN LOSS CERTIFICATE PURSUANT TO THIS SECTION.

20 (III) A COMBINATION OF THE METHODS DESCRIBED IN
21 SUBSECTIONS (3)(c)(I) AND (3)(c)(II) OF THIS SECTION.

22 (d) THE TAX CREDIT CREATED IN THIS SECTION IS NOT ALLOWED TO
23 ANY QUALIFIED APPLICANT UNLESS A COLORADO-BASED ENTITY RECEIVES
24 A MULTI-MILLION DOLLAR FEDERAL GRANT FROM THE ECONOMIC
25 DEVELOPMENT ADMINISTRATION FOR THE REGIONAL TECHNOLOGY AND
26 INNOVATION PROGRAM OR A COMPARABLE FEDERAL GRANT PROGRAM.

27 (4) **Credit administration.** (a) EXCEPT AS OTHERWISE PROVIDED

1 IN SUBSECTION (4)(b) OF THIS SECTION, THE OFFICE IS THE ADMINISTRATOR
2 OF THE CREDIT ALLOWED PURSUANT TO THIS SECTION. THE OFFICE MAY
3 WORK WITH A THIRD-PARTY PROGRAM ADMINISTRATOR SELECTED BY THE
4 OFFICE TO ASSIST IN ADMINISTERING THE CREDIT.

5 (b) IN LIEU OF THE OFFICE SERVING AS THE ADMINISTRATOR
6 PURSUANT TO SUBSECTION (4)(a) OF THIS SECTION, THE OFFICE MAY
7 CONTRACT WITH THE COLORADO HOUSING AND FINANCE AUTHORITY
8 CREATED IN SECTION 29-4-704 WITHOUT RECOURSE TO A COMPETITIVE
9 PROCESS TO SERVE AS THE CREDIT ADMINISTRATOR. THE OFFICE MAY ALSO
10 CONTRACT WITH ANOTHER ENTITY TO BE THE ADMINISTRATOR, HOWEVER,
11 IF THE OFFICE CONTRACTS WITH ANOTHER ENTITY TO BE THE
12 ADMINISTRATOR, THEN THE OFFICE MUST SELECT THE THIRD-PARTY
13 ADMINISTRATOR USING A COMPETITIVE SELECTION PROCESS.

14 (5) **Application submission and request for loan registration.**

15 (a) AN APPLICANT THAT HAS MADE A LOAN FOR THE PURPOSES OF THE
16 TAX CREDIT ALLOWED PURSUANT TO THIS SECTION MAY SUBMIT AN
17 APPLICATION FOR A TAX CREDIT CERTIFICATE DESCRIBED IN SUBSECTION
18 (7) OF THIS SECTION AND REQUEST THAT THE ADMINISTRATOR REGISTER
19 THE LOAN PURSUANT TO THIS SUBSECTION (5) ON OR AFTER JANUARY 1,
20 2025, BUT NO LATER THAN JUNE 30, 2036.

21 (b) (I) THE ADMINISTRATOR SHALL REVIEW ALL SUBMITTED
22 APPLICATIONS TO:

23 (A) DETERMINE WHETHER THE APPLICANT IS A QUALIFIED
24 APPLICANT;

25 (B) DETERMINE WHETHER THE QUANTUM COMPANY THAT IS THE
26 LOAN RECIPIENT IS A BORROWER;

27 (C) DETERMINE WHETHER THE APPLICATION IS COMPLETE AND

1 INCLUDES A DESCRIPTION OF THE LOAN THAT THE QUALIFIED APPLICANT
2 MADE OR WILL MAKE TO A BORROWER AND A DESCRIPTION OF THE
3 PURPOSES FOR WHICH THE BORROWER WILL USE THE LOAN;

4 (D) MAKE A DETERMINATION OF WHETHER THE LOAN IS AN
5 ELIGIBLE LOAN AND WHETHER THE ADMINISTRATOR MAY REGISTER THE
6 LOAN PURSUANT TO SUBSECTION (5)(c) OF THIS SECTION; AND

7 (E) DETERMINE WHETHER, BASED ON THE ELIGIBLE LOAN, THE
8 QUALIFIED APPLICANT IS ENTITLED TO A TAX CREDIT CERTIFICATE AS
9 SPECIFIED IN SUBSECTION (7) OF THIS SECTION.

10 (II) IF THE ADMINISTRATOR DETERMINES THAT AN APPLICATION IS
11 INCOMPLETE OR THAT IT IS UNABLE TO MAKE THE DETERMINATIONS
12 SPECIFIED IN SUBSECTION (5)(b)(I) OF THIS SECTION, THE ADMINISTRATOR
13 SHALL NOTIFY THE APPLICANT IN WRITING OF THE ADMINISTRATOR'S
14 DECISION AND SHALL NOT REVIEW ANY LOAN TO DETERMINE WHETHER
15 THE LOAN MAY BE REGISTERED PURSUANT TO SUBSECTION (5)(c) OF THIS
16 SECTION.

17 (c) (I) TO BE ELIGIBLE TO RECEIVE A TAX CREDIT CERTIFICATE
18 PURSUANT TO SUBSECTION (7) OF THIS SECTION, A QUALIFIED APPLICANT
19 MUST REQUEST THAT THE ADMINISTRATOR REGISTER THE LOAN FOR WHICH
20 THE TAX CREDIT APPLICATION WAS SUBMITTED PURSUANT TO THIS
21 SUBSECTION (5). TO REGISTER A LOAN, A QUALIFIED APPLICANT MUST
22 PROVIDE THE FOLLOWING INFORMATION TO THE ADMINISTRATOR:

23 (A) THE NAME OF THE BORROWER AND THE LOCATION WHERE THE
24 BORROWER IS DOING BUSINESS;

25 (B) THE AMOUNT AND TERMS OF THE LOAN ISSUED TO THE
26 BORROWER BY THE QUALIFIED APPLICANT;

27 (C) THE PURPOSES FOR WHICH THE BORROWER WILL USE THE

1 LOAN;

2 (D) AN AFFIDAVIT REGARDING HOW THE TAX CREDIT ALLOWED
3 PURSUANT TO THIS SECTION INDUCED THE QUALIFIED APPLICANT TO MAKE
4 THE LOAN TO THE BORROWER OR IMPROVE THE TERMS OF THE LOAN
5 BEYOND WHAT NORMAL MARKET CONDITIONS WOULD PROVIDE;

6 (E) CERTIFICATION FROM THE BORROWER THAT THE BORROWER
7 WILL PRIMARILY USE THE PROCEEDS OF THE LOAN FROM THE QUALIFIED
8 APPLICANT TO CONTINUE OR EXPAND THE BORROWER'S QUANTUM
9 BUSINESS OPERATIONS IN COLORADO; AND

10 (F) ANY OTHER INFORMATION THAT THE ADMINISTRATOR DEEMS
11 NECESSARY.

12 (II) THE ADMINISTRATOR SHALL REVIEW THE INFORMATION
13 SUBMITTED PURSUANT TO SUBSECTION (5)(c)(I) OF THIS SECTION AND
14 DETERMINE WHETHER THE LOAN IS AN ELIGIBLE LOAN. IF THE
15 ADMINISTRATOR DETERMINES THAT THE LOAN THAT IS THE BASIS OF THE
16 APPLICATION SUBMITTED PURSUANT TO THIS SUBSECTION (5) IS AN
17 ELIGIBLE LOAN, THE ADMINISTRATOR SHALL REGISTER THE LOAN AND
18 KEEP RECORDS OF THE LOAN PURSUANT TO SUBSECTION (8)(a) OF THIS
19 SECTION. IF THE ADMINISTRATOR DETERMINES THAT THE LOAN THAT IS
20 THE BASIS OF THE APPLICATION SUBMITTED PURSUANT TO THIS
21 SUBSECTION (5) IS NOT AN ELIGIBLE LOAN, THE ADMINISTRATOR SHALL
22 NOTIFY THE QUALIFIED APPLICANT AND SHALL NOT REGISTER THE LOAN.

23 (III) THE ADMINISTRATOR MAY ESTABLISH POLICIES AND
24 PROCEDURES THAT SPECIFY ADDITIONAL REQUIREMENTS FOR LOANS TO BE
25 DESIGNATED AS ELIGIBLE LOANS AND FOR LOANS TO BE REGISTERED
26 PURSUANT TO THIS SUBSECTION (5)(c).

27 (d) THE ADMINISTRATOR SHALL MAKE THE DETERMINATIONS

1 SPECIFIED IN SUBSECTIONS (5)(b) AND (5)(c) OF THIS SECTION WITHIN
2 NINETY DAYS OF THE DATE THE ADMINISTRATOR RECEIVES THE COMPLETE
3 APPLICATION AND REQUEST FOR LOAN REGISTRATION.

4 (e) THE ADMINISTRATOR MAY DEVELOP A PROCESS THAT ALLOWS
5 A POTENTIAL APPLICANT FOR A TAX CREDIT PURSUANT TO THIS SECTION TO
6 PROVIDE INFORMATION TO THE ADMINISTRATOR REGARDING A LOAN THAT
7 IT PLANS TO MAKE TO A BORROWER AND TO REQUEST THAT THE
8 ADMINISTRATOR ADVISE THE POTENTIAL APPLICANT REGARDING WHETHER
9 THE LOAN, IF MADE, IS AN ELIGIBLE LOAN THAT CAN BE REGISTERED
10 PURSUANT TO SUBSECTION (5)(c) OF THIS SECTION. ANY POTENTIAL
11 APPLICANT THAT REQUESTS ADVICE FROM THE ADMINISTRATOR PURSUANT
12 TO THIS SUBSECTION (5)(e) AND THEN MAKES A LOAN IS REQUIRED TO
13 SUBMIT AN APPLICATION AND REQUEST THAT THE LOAN BE REGISTERED
14 PURSUANT TO THIS SUBSECTION (5) BEFORE THE ADMINISTRATOR ISSUES
15 A TAX CREDIT CERTIFICATE PURSUANT TO SUBSECTION (7) OF THIS
16 SECTION.

17 **(6) Application and issuance fees.** (a) THE ADMINISTRATOR MAY
18 IMPOSE ON A QUALIFIED APPLICANT OR ON THE BORROWER TO WHICH A
19 QUALIFIED APPLICANT MADE AN ELIGIBLE LOAN A REASONABLE
20 REGISTRATION AND ISSUANCE FEE OF UP TO EIGHT PERCENT OF THE
21 AMOUNT OF THE TAX CREDIT THAT WILL BE CLAIMED AS SPECIFIED ON THE
22 REGISTERED LOAN LOSS CERTIFICATE ISSUED BY THE ADMINISTRATOR AS
23 SPECIFIED IN SUBSECTION (8) OF THIS SECTION, WHICH MUST BE PAID
24 BEFORE THE QUALIFIED APPLICANT'S LOAN IS REGISTERED AND BEFORE A
25 TAX CREDIT CERTIFICATE IS ISSUED TO THE QUALIFIED APPLICANT.

26 (b) THE ADMINISTRATOR SHALL TRANSFER ANY FEE REVENUE
27 COLLECTED OR PAID TO THE OFFICE PURSUANT TO THIS SUBSECTION (6) TO

1 THE QUANTUM BUSINESS LOAN LOSS RESERVE CASH FUND CREATED IN
2 SUBSECTION (13) OF THIS SECTION.

3 (7) **Tax credit certificate - loan registration - pooled loan loss**
4 **reserve.** (a) TO RECEIVE A TAX CREDIT CERTIFICATE PURSUANT TO THIS
5 SUBSECTION (7), A QUALIFIED APPLICANT MUST FIRST APPLY TO THE
6 ADMINISTRATOR FOR THE ISSUANCE OF A TAX CREDIT CERTIFICATE AND
7 REGISTER THE LOAN FOR WHICH THE TAX CREDIT APPLICATION WAS
8 SUBMITTED PURSUANT TO SUBSECTION (5) OF THIS SECTION.

9 (b) (I) ON THE BASIS OF ANY LOAN THAT IS REGISTERED PURSUANT
10 TO SUBSECTION (5)(c) OF THIS SECTION, THE ADMINISTRATOR MAY
11 DETERMINE THAT A QUALIFIED APPLICANT IS ENTITLED TO A TAX CREDIT
12 CERTIFICATE IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION. THE
13 ADMINISTRATOR SHALL ISSUE THE TAX CREDIT CERTIFICATE SUBJECT TO
14 THE LIMITATIONS SET FORTH IN THIS SUBSECTION (7) AND IN ACCORDANCE
15 WITH THE POLICIES AND PROCEDURES ESTABLISHED PURSUANT TO
16 SUBSECTION (12) OF THIS SECTION. THE ADMINISTRATOR SHALL NOT ISSUE
17 TAX CREDIT CERTIFICATES AFTER SEPTEMBER 30, 2036.

18 (II) THE ADMINISTRATOR MAY, BEFORE ISSUING A TAX CREDIT
19 CERTIFICATE PURSUANT TO THIS SUBSECTION (7), ESTABLISH ADDITIONAL
20 POLICIES OR PROCEDURES FOR A QUALIFIED APPLICANT TO BE ELIGIBLE FOR
21 THE ISSUANCE OF A TAX CREDIT CERTIFICATE.

22 (c) IF THE ADMINISTRATOR ISSUES A TAX CREDIT CERTIFICATE TO
23 A QUALIFIED APPLICANT, THE ADMINISTRATOR SHALL NOTIFY THE
24 QUALIFIED APPLICANT IN WRITING OF THE CERTIFICATE AND THE AMOUNT
25 OF THE CERTIFICATE. THE ISSUANCE OF A TAX CREDIT CERTIFICATE BY THE
26 ADMINISTRATOR FOR A QUALIFIED APPLICANT DOES NOT ENTITLE THE
27 QUALIFIED APPLICANT TO CLAIM THE CREDIT UNTIL THE QUALIFIED

1 APPLICANT HAS BEEN ISSUED A REGISTERED LOAN LOSS CERTIFICATE
2 PURSUANT TO SUBSECTION (8) OF THIS SECTION.

3 (d) (I) SUBJECT TO THE LIMITATIONS IN THIS SUBSECTION (7)(d),
4 IF APPROVED, THE ADMINISTRATOR MAY ISSUE A TAX CREDIT CERTIFICATE
5 TO A QUALIFIED APPLICANT FOR ONE OR MORE ELIGIBLE LOANS IN AN
6 AMOUNT UP TO FIFTEEN CENTS FOR EVERY DOLLAR OF AN ELIGIBLE LOAN
7 THAT THE QUALIFIED APPLICANT HAS MADE OR WILL MAKE.

8 (II) THE AGGREGATE AMOUNT OF ALL TAX CREDIT CERTIFICATES
9 THAT THE ADMINISTRATOR MAY ISSUE PURSUANT TO THIS SECTION MUST
10 NOT EXCEED THIRTY MILLION DOLLARS.

11 (III) THE ADMINISTRATOR MAY ESTABLISH POLICIES AND
12 PROCEDURES TO SET THE AMOUNT OF THE TAX CREDIT CERTIFICATE ISSUED
13 ON THE BASIS OF A REGISTERED LOAN AT OR BELOW FIFTEEN CENTS FOR
14 EVERY DOLLAR OF THE REGISTERED LOAN OR CHANGE THE AMOUNT OF
15 THE CREDIT ALLOWED FROM TIME TO TIME FOR CREDIT CERTIFICATES THAT
16 HAVE NOT YET BEEN ISSUED. THE ADMINISTRATOR MAY ALSO CAP THE
17 TOTAL AMOUNT OF ANY TAX CREDIT CERTIFICATES ISSUED TO A QUALIFIED
18 APPLICANT PURSUANT TO THIS SUBSECTION (7), DETERMINE A CAP ON THE
19 TOTAL AMOUNT OF A TAX CREDIT CERTIFICATE ALLOWED TO A QUALIFIED
20 APPLICANT FOR A SINGLE ELIGIBLE LOAN TO A SINGLE BORROWER OR IN
21 THE AGGREGATE FOR MULTIPLE ELIGIBLE LOANS TO ONE OR MORE
22 BORROWERS, OR DETERMINE ANY OTHER CAPS DEEMED NECESSARY BY THE
23 ADMINISTRATOR. THE ADMINISTRATOR SHALL MAKE THE POLICIES AND
24 PROCEDURES SPECIFIED IN THIS SUBSECTION (7)(d)(III) BASED ON MARKET
25 CONDITIONS AND OTHER FACTORS DETERMINED TO BE RELEVANT BY THE
26 ADMINISTRATOR. IF THE OFFICE IS NOT THE ADMINISTRATOR, THE OFFICE
27 SHALL APPROVE THE ADMINISTRATOR'S FINAL DECISIONS ON POLICIES AND

1 PROCEDURES.

2 (e) THE ADMINISTRATOR SHALL DISTRIBUTE THE TAX CREDIT
3 CERTIFICATES IN THE MANNER THAT THE ADMINISTRATOR DETERMINES
4 PURSUANT TO SUBSECTION (3)(c) OF THIS SECTION.

5 (f) EACH QUALIFIED APPLICANT THAT IS ISSUED MORE THAN ONE
6 TAX CREDIT CERTIFICATE PURSUANT TO THIS SUBSECTION (7) SHALL HOLD
7 THE CREDIT CERTIFICATES ISSUED TO THE QUALIFIED APPLICANT IN A
8 POOLED LOAN LOSS RESERVE OF ALL TAX CREDIT CERTIFICATES ISSUED TO
9 THAT QUALIFIED APPLICANT. A QUALIFIED APPLICANT MAY USE ALL OR
10 ANY PORTION OF THE CREDIT CERTIFICATES ISSUED TO THAT QUALIFIED
11 APPLICANT TO OFFSET ANY LOSS INCURRED BY THAT QUALIFIED APPLICANT
12 IN CONNECTION WITH ONE OR MORE REGISTERED LOANS, SUBJECT TO THE
13 PROVISIONS OF SUBSECTION (8) OF THIS SECTION.

14 (g) THE ADMINISTRATOR MAY ALLOW A QUALIFIED APPLICANT TO
15 REGISTER AN ELIGIBLE LOAN PURSUANT TO SUBSECTION (5)(c) OF THIS
16 SECTION AFTER THE ADMINISTRATOR HAS ISSUED THE TOTAL AMOUNT OF
17 TAX CREDIT CERTIFICATES ALLOWED PURSUANT TO SUBSECTION (7)(d)(II)
18 OF THIS SECTION OR THE AMOUNT OF CREDITS ALLOWED PURSUANT TO
19 ANY OTHER CAP DETERMINED BY THE ADMINISTRATOR PURSUANT TO
20 SUBSECTION (7)(d)(III) OF THIS SECTION. THE ADMINISTRATOR SHALL NOT
21 ISSUE A CREDIT CERTIFICATE FOR ANY LOAN REGISTERED PURSUANT TO
22 THIS SUBSECTION (7)(g), BUT THE QUALIFIED LENDER MAY USE ANY
23 AMOUNT OF TAX CREDIT CERTIFICATES ALREADY ISSUED TO THE
24 QUALIFIED LENDER AND NOT ALREADY CLAIMED PURSUANT TO
25 SUBSECTION (9) OF THIS SECTION TO OFFSET ANY LOSS INCURRED IN
26 CONNECTION WITH THE REGISTERED LOAN PURSUANT TO SUBSECTION (8)
27 OF THIS SECTION.

1 **(8) Status of registered loans - proof of registered loan loss -**
2 **issuance of registered loan loss certificate.** (a) (I) A QUALIFIED
3 APPLICANT THAT WAS ISSUED A TAX CREDIT CERTIFICATE PURSUANT TO
4 SUBSECTION (7) OF THIS SECTION SHALL PROVIDE PERIODIC UPDATES TO
5 THE ADMINISTRATOR, IN A FORM, MANNER, AND FREQUENCY TO BE
6 DETERMINED BY THE ADMINISTRATOR, REGARDING THE STATUS OF THE
7 REGISTERED LOAN THAT IS THE BASIS OF THE CREDIT CERTIFICATE. IN
8 ADDITION TO PERIODIC UPDATES, THE QUALIFIED APPLICANT SHALL NOTIFY
9 THE ADMINISTRATOR WHEN ANY REGISTERED LOAN IS PAID OFF,
10 EXTENDED, RENEWED, RESTRUCTURED OR REFINANCED, OR HAS BECOME
11 PAST DUE OR NON-PERFORMING. A QUALIFIED APPLICANT THAT INCURS A
12 LOSS ASSOCIATED WITH A REGISTERED LOAN SHALL NOTIFY THE
13 ADMINISTRATOR AND COMPLY WITH THE REQUIREMENTS OF SUBSECTION
14 (8)(b) OF THIS SECTION BEFORE THE QUALIFIED APPLICANT IS ELIGIBLE TO
15 RECEIVE A LOAN LOSS CERTIFICATE PURSUANT TO SUBSECTION (8)(d) OF
16 THIS SECTION.

17 (II) THE ADMINISTRATOR SHALL KEEP A RECORD OF THE STATUS OF
18 ALL REGISTERED LOANS MADE BY EACH QUALIFIED APPLICANT FOR WHICH
19 THE ADMINISTRATOR ISSUED A CREDIT CERTIFICATE PURSUANT TO
20 SUBSECTION (7) OF THIS SECTION.

21 (b) (I) A QUALIFIED APPLICANT THAT INCURS A LOSS IN
22 CONNECTION WITH ONE OR MORE REGISTERED LOANS MAY APPLY TO THE
23 ADMINISTRATOR FOR ISSUANCE OF A REGISTERED LOAN LOSS CERTIFICATE
24 PURSUANT TO SUBSECTION (8)(d) OF THIS SECTION. BEFORE APPLYING FOR
25 A REGISTERED LOAN LOSS CERTIFICATE, A QUALIFIED APPLICANT THAT HAS
26 INCURRED A LOSS ASSOCIATED WITH ONE OR MORE REGISTERED LOANS
27 SHALL CHARGE OFF ALL OR A PORTION OF THE OUTSTANDING BALANCE OF

1 THE REGISTERED LOAN IN ACCORDANCE WITH THE QUALIFIED APPLICANT'S
2 CUSTOMARY POLICIES AND PROCEDURES AND IN ACCORDANCE WITH THE
3 REQUIREMENTS OF FEDERAL OR STATE REGULATORY AGENCIES. THE
4 QUALIFIED APPLICANT SHALL CEASE TO ASSESS INTEREST ON THE
5 REGISTERED LOAN IN ACCORDANCE WITH GENERALLY ACCEPTED
6 ACCOUNTING PRINCIPLES AND AS REQUIRED BY FEDERAL AND STATE
7 REGULATORY AGENCIES AND SHALL TAKE REASONABLE ACTIONS, AS
8 DETERMINED BY THE ADMINISTRATOR, TO OBTAIN PARTIAL PAYMENTS AND
9 RECOVERY, INCLUDING ACCESSING COLLATERAL AND LOAN GUARANTORS.

10 (II) A QUALIFIED APPLICANT SHALL SUBMIT TO THE
11 ADMINISTRATOR, WITH THE QUALIFIED APPLICANT'S APPLICATION FOR A
12 REGISTERED LOAN LOSS CERTIFICATE, EVIDENCE OF THE QUALIFIED
13 APPLICANT'S COMPLIANCE WITH THE PROVISIONS OF SUBSECTION (8)(b)(I)
14 OF THIS SECTION AND EVIDENCE OF THE AMOUNT OF THE LOSS INCURRED
15 IN CONNECTION WITH ONE OR MORE REGISTERED LOANS, INCLUDING
16 OUT-OF-POCKET EXPENSES INCURRED BY THE QUALIFIED APPLICANT IN
17 PURSUING RECOVERY OF THE REGISTERED LOAN. THE APPLICANT SHALL
18 ALSO PROVIDE DOCUMENTS TO THE ADMINISTRATOR DEMONSTRATING
19 THAT THE QUALIFIED APPLICANT SATISFIED ANY ADDITIONAL
20 REQUIREMENTS IMPOSED BY THE ADMINISTRATOR PURSUANT TO
21 SUBSECTION (12) OF THIS SECTION.

22 (c) (I) WITHIN NINETY DAYS AFTER RECEIPT OF THE COMPLETE
23 APPLICATION FROM THE QUALIFIED APPLICANT SUBMITTED PURSUANT TO
24 SUBSECTION (8)(b) OF THIS SECTION, THE ADMINISTRATOR SHALL REVIEW
25 THE QUALIFIED APPLICANT'S DOCUMENTATION OF THE LOSS INCURRED IN
26 CONNECTION WITH A REGISTERED LOAN AND DETERMINE WHETHER THE
27 DOCUMENTATION SATISFIES THE REQUIREMENTS OF SUBSECTION (8)(b) OF

1 THIS SECTION. IF THE ADMINISTRATOR DETERMINES THAT A QUALIFIED
2 APPLICANT HAS FAILED TO COMPLY WITH THE REQUIREMENTS OF
3 SUBSECTION (8)(b) OF THIS SECTION, THE ADMINISTRATOR SHALL
4 PROMPTLY NOTIFY THE QUALIFIED APPLICANT IN WRITING AND SHALL NOT
5 ISSUE A REGISTERED LOAN LOSS CERTIFICATE TO THE QUALIFIED
6 APPLICANT.

7 (II) IF THE ADMINISTRATOR DETERMINES THAT THE
8 DOCUMENTATION PROVIDED BY THE QUALIFIED APPLICANT SATISFIES THE
9 REQUIREMENTS OF SUBSECTION (8)(b) OF THIS SECTION, THE
10 ADMINISTRATOR SHALL DETERMINE THE TOTAL AMOUNT OF THE LOSS
11 INCURRED IN CONNECTION WITH THE REGISTERED LOAN AND CERTIFY THE
12 AMOUNT OF THE REGISTERED LOAN LOSS. THE AMOUNT OF THE CERTIFIED
13 LOAN LOSS DETERMINED BY THE ADMINISTRATOR SHALL BE AN AMOUNT
14 EQUAL TO THE TOTAL OF THE OUTSTANDING AND UNRECOVERED
15 PRINCIPAL AND ACCRUED INTEREST ON THE REGISTERED LOAN OR LOANS
16 AND THE AMOUNT OF REASONABLE OUT-OF-POCKET EXPENSES INCURRED
17 BY THE QUALIFIED APPLICANT IN PURSUING RECOVERY UNDER THE
18 REGISTERED LOAN OR LOANS; EXCEPT THAT THE AMOUNT OF THE
19 CERTIFIED LOAN LOSS DETERMINED BY THE ADMINISTRATOR SHALL NOT
20 EXCEED THE ORIGINAL PRINCIPAL AMOUNT OF THE REGISTERED LOAN AS
21 STATED IN THE DOCUMENTATION PROVIDED WHEN THE QUALIFIED
22 APPLICANT REGISTERED THE ELIGIBLE LOAN. THE AMOUNT OF THE
23 CERTIFIED LOAN LOSS SHALL NOT INCLUDE ANY AMOUNT ATTRIBUTABLE
24 TO DAMAGES PAID BY THE QUALIFIED APPLICANT AS A RESULT OF A LEGAL
25 CLAIM AGAINST THE QUALIFIED APPLICANT FOR NEGLIGENCE,
26 MISCONDUCT, OR ANY OTHER ALLEGATION OF WRONGDOING OR ANY
27 AMOUNT OF LATE CHARGES OR UNPAID DEFAULT INTEREST CHARGES

1 IMPOSED ON THE BORROWER BY THE QUALIFIED APPLICANT.

2 (d) THE ADMINISTRATOR SHALL ISSUE A REGISTERED LOAN LOSS
3 CERTIFICATE TO ANY QUALIFIED APPLICANT THAT HAS SATISFIED THE
4 REQUIREMENTS OF SUBSECTION (8)(b) OF THIS SECTION IN THE AMOUNT OF
5 THE CERTIFIED LOAN LOSS CALCULATED PURSUANT TO SUBSECTION (8)(c)
6 OF THIS SECTION; EXCEPT THAT THE ADMINISTRATOR SHALL NOT ISSUE A
7 REGISTERED LOAN LOSS CERTIFICATE THAT EXCEEDS THE TOTAL AMOUNT
8 OF UNCLAIMED TAX CREDIT CERTIFICATES ISSUED TO THE QUALIFIED
9 APPLICANT PURSUANT TO SUBSECTION (7) OF THIS SECTION. THE
10 ADMINISTRATOR SHALL NOT ISSUE A REGISTERED LOAN LOSS CERTIFICATE
11 BEFORE JANUARY 1, 2026, OR AFTER DECEMBER 31, 2045.

12 (9) **Filing tax credit certificate and registered loan loss**
13 **certificate with income tax return.** (a) TO CLAIM THE CREDIT
14 AUTHORIZED BY THIS SECTION, A QUALIFIED APPLICANT SHALL FILE THE
15 TAX CREDIT CERTIFICATE ISSUED BY THE ADMINISTRATOR PURSUANT TO
16 SUBSECTION (7) OF THIS SECTION AND THE REGISTERED LOAN LOSS
17 CERTIFICATE ISSUED BY THE ADMINISTRATOR PURSUANT TO SUBSECTION
18 (8) OF THIS SECTION WITH THE QUALIFIED APPLICANT'S STATE INCOME TAX
19 RETURN FOR THE INCOME TAX YEAR IN WHICH THE REGISTERED LOAN LOSS
20 OCCURS. IF THE QUALIFIED APPLICANT IS EXEMPT FROM TAX PURSUANT TO
21 SECTION 39-22-112 (1), THE QUALIFIED APPLICANT SHALL FILE A RETURN
22 PURSUANT TO SECTION 39-22-601 (7)(b). THE AMOUNT OF THE TAX
23 CREDIT THAT A QUALIFIED APPLICANT MAY CLAIM PURSUANT TO THIS
24 SECTION IS THE AMOUNT STATED ON THE REGISTERED LOAN LOSS
25 CERTIFICATE.

26 (b) A QUALIFIED APPLICANT MAY NOT CLAIM A CREDIT PURSUANT
27 TO THIS SECTION FOR ANY INCOME TAX YEAR COMMENCING BEFORE

1 JANUARY 1, 2026, OR AFTER DECEMBER 31, 2045. ANY TAX CREDIT
2 CERTIFICATES AND REGISTERED LOAN LOSS CERTIFICATES THAT THE
3 ADMINISTRATOR ISSUED, BUT FOR WHICH A TAX CREDIT HAS NOT BEEN
4 CLAIMED PURSUANT TO SUBSECTION (9)(a) OF THIS SECTION BEFORE THE
5 TAX YEAR COMMENCING ON JANUARY 1, 2046, EXPIRE AND NO LONGER
6 HAVE VALUE.

7 (c) A QUALIFIED APPLICANT MAY CLAIM AN INCOME TAX CREDIT
8 ALLOWED PURSUANT TO THIS SECTION MORE THAN ONCE, SO LONG AS THE
9 QUALIFIED APPLICANT HAS REMAINING TAX CREDIT CERTIFICATES THAT IT
10 HAS NOT YET FILED WITH THE DEPARTMENT PURSUANT TO THIS
11 SUBSECTION (9), INCURS AN ADDITIONAL LOSS IN CONNECTION WITH A
12 REGISTERED LOAN, AND IS ISSUED A REGISTERED LOAN LOSS CERTIFICATE
13 FOR THE ADDITIONAL LOSS PURSUANT TO SUBSECTION (8) OF THIS SECTION.

14 (d) A REGISTERED LOAN LOSS CERTIFICATE ISSUED TO A
15 PARTNERSHIP, A LIMITED LIABILITY COMPANY TAXED AS A PARTNERSHIP,
16 OR MULTIPLE OWNERS OF A PROPERTY MUST BE PASSED THROUGH TO THE
17 PARTNERS, MEMBERS, OR OWNERS, INCLUDING ANY NONPROFIT ENTITY
18 THAT IS A PARTNER, MEMBER, OR OWNER, RESPECTIVELY, ON A PRO RATA
19 BASIS OR PURSUANT TO AN EXECUTED AGREEMENT AMONG THE PARTNERS,
20 MEMBERS, OR OWNERS DOCUMENTING AN ALTERNATE DISTRIBUTION
21 METHOD.

22 (10) **Refundability.** THE ENTIRE TAX CREDIT TO BE ISSUED
23 PURSUANT TO THIS SECTION MAY BE CLAIMED BY THE QUALIFIED
24 APPLICANT IN THE TAXABLE YEAR IN WHICH THE QUALIFIED APPLICANT
25 INCURS A LOSS IN CONNECTION WITH A REGISTERED LOAN. IF THE AMOUNT
26 OF THE CREDIT ALLOWED PURSUANT TO THIS SECTION EXCEEDS THE
27 AMOUNT OF INCOME TAXES OTHERWISE DUE ON THE INCOME OF THE

1 QUALIFIED APPLICANT IN THE INCOME TAX YEAR FOR WHICH THE CREDIT
2 IS BEING CLAIMED, OR THE QUALIFIED APPLICANT IS A PERSON WHO IS
3 EXEMPT FROM TAXATION PURSUANT TO SECTION 39-22-112 (1), ONE
4 HUNDRED PERCENT OF THE AMOUNT OF THE CREDIT NOT USED AS AN
5 OFFSET AGAINST INCOME TAXES IN THE INCOME TAX YEAR IS REFUNDED TO
6 THE QUALIFIED APPLICANT.

7 (11) **Reporting.** (a) NO LATER THAN NOVEMBER 1, 2027, AND,
8 NOTWITHSTANDING THE REQUIREMENT IN SECTION 24-1-136 (11)(a)(I), NO
9 LATER THAN NOVEMBER 1 OF EACH YEAR THEREAFTER THROUGH 2046,
10 THE ADMINISTRATOR SHALL PROVIDE A WRITTEN REPORT TO THE GENERAL
11 ASSEMBLY ABOUT THE ACTIVITY IN CONNECTION WITH THE TAX CREDIT
12 ALLOWED PURSUANT TO THIS SECTION IN THE PREVIOUS FISCAL YEAR AND
13 SHALL FURTHER MAKE THE REPORT AVAILABLE TO THE PUBLIC. IN
14 CONNECTION WITH TAX CREDITS ISSUED PURSUANT TO THIS SECTION, THE
15 REPORT MUST INCLUDE, BUT NEED NOT BE LIMITED TO:

16 (I) THE NUMBER OF ELIGIBLE LOANS THAT HAVE BEEN REGISTERED
17 PURSUANT TO SUBSECTION (7)(a) OF THIS SECTION;

18 (II) THE NUMBER OF REGISTERED LOANS FOR WHICH A QUALIFIED
19 APPLICANT NOTIFIED THE ADMINISTRATOR OF A LOAN LOSS PURSUANT TO
20 SUBSECTION (8)(a) OF THIS SECTION;

21 (III) A LIST OF EACH QUANTUM BUSINESS IN THE STATE THAT IS A
22 BORROWER PURSUANT TO THIS SECTION; AND

23 (IV) A SUMMARY OF THE BORROWER'S USE OR USES OF EACH
24 REGISTERED LOAN AND THE IMPACT THAT THE LOANS HAVE HAD ON THE
25 DEVELOPMENT OF QUANTUM BUSINESSES IN THIS STATE.

26 (b) THE ADMINISTRATOR SHALL, IN A SUFFICIENTLY TIMELY
27 MANNER TO ALLOW THE DEPARTMENT TO PROCESS RETURNS CLAIMING

1 THE INCOME TAX CREDIT ALLOWED IN THIS SECTION, PROVIDE THE
2 DEPARTMENT WITH AN ELECTRONIC REPORT OF EACH QUALIFIED
3 APPLICANT TO WHICH THE OFFICE ISSUES A TAX CREDIT CERTIFICATE AND
4 A REGISTERED LOAN LOSS CERTIFICATE FOR THE PRECEDING TAX YEAR
5 THAT INCLUDES THE FOLLOWING INFORMATION:

- 6 (I) THE QUALIFIED APPLICANT'S NAME;
- 7 (II) THE AMOUNT OF THE CREDIT AS STATED IN THE REGISTERED
8 LOAN LOSS CERTIFICATE; AND
- 9 (III) THE QUALIFIED APPLICANT'S SOCIAL SECURITY NUMBER OR
10 THE QUALIFIED APPLICANT'S COLORADO ACCOUNT NUMBER AND FEDERAL
11 EMPLOYER IDENTIFICATION NUMBER.

12 (12) **Policies and procedures.** (a) THE ADMINISTRATOR MAY
13 CREATE AND MODIFY POLICIES, PROCEDURES, AND GUIDELINES AND
14 SPECIFY ADDITIONAL REQUIREMENTS AS NECESSARY TO FURTHER
15 IMPLEMENT THE TAX CREDITS TO BE CLAIMED FOR MAKING ELIGIBLE
16 LOANS PURSUANT TO THIS SECTION AND SHALL SOLICIT ADVICE FROM THE
17 DEPARTMENT AND FROM QUANTUM INDUSTRY PARTICIPANTS IN CREATING
18 AND MODIFYING SUCH POLICIES, PROCEDURES, AND GUIDELINES.

- 19 (b) THE ADMINISTRATOR SHALL DEVELOP STANDARDS TO:
 - 20 (I) MAKE THE DETERMINATION OF WHETHER A LOAN IS AN
21 ELIGIBLE LOAN PURSUANT TO SUBSECTION (5)(c) OF THIS SECTION;
 - 22 (II) DETERMINE WHETHER AN ELIGIBLE LOAN MAY BE REGISTERED
23 WITH THE ADMINISTRATOR AND WHETHER THE ADMINISTRATOR MAY ISSUE
24 A TAX CREDIT CERTIFICATE PURSUANT TO SUBSECTION (7) OF THIS
25 SECTION; AND
 - 26 (III) DETERMINE THE AMOUNT OF A CERTIFIED LOAN LOSS
27 PURSUANT TO SUBSECTION (8)(c)(II) OF THIS SECTION.

1 (c) THE ADMINISTRATOR MAY CLARIFY THE DEFINITION OF
2 QUANTUM COMPANY WHEN NEEDED BASED ON INPUT FROM QUANTUM
3 INDUSTRY COMPANIES, RESEARCHERS, TRADE ASSOCIATIONS, AND OTHER
4 SECTOR PARTICIPANTS. IN ADDITION, THE ADMINISTRATOR MAY WAIVE
5 THE ANNUAL INCOME REQUIREMENT FOR A QUANTUM COMPANY TO BE A
6 BORROWER IF THE ADMINISTRATOR DETERMINES THAT WAIVING THAT
7 REQUIREMENT IS IN THE BEST INTEREST OF THIS STATE.

8 (13) **Quantum business loan loss reserve cash fund - creation.**

9 (a) THE QUANTUM BUSINESS LOAN LOSS RESERVE CASH FUND IS CREATED
10 IN THE STATE TREASURY. THE FUND CONSISTS OF MONEY CREDITED TO THE
11 FUND PURSUANT TO SUBSECTION (6)(b) OF THIS SECTION AND ANY OTHER
12 MONEY THAT THE GENERAL ASSEMBLY MAY APPROPRIATE OR TRANSFER
13 TO THE FUND.

14 (b) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND
15 INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE
16 QUANTUM BUSINESS LOAN LOSS RESERVE CASH FUND TO THE FUND.

17 (c) MONEY IN THE QUANTUM BUSINESS LOAN LOSS RESERVE CASH
18 FUND IS CONTINUOUSLY APPROPRIATED TO THE OFFICE FOR THE
19 ADMINISTRATION OF THE QUANTUM BUSINESS LOAN LOSS RESERVE TAX
20 CREDIT CREATED IN THIS SECTION.

21 (d) THE STATE TREASURER SHALL TRANSFER ALL UNEXPENDED
22 AND UNENCUMBERED MONEY IN THE FUND ON JANUARY 1, 2051, TO THE
23 GENERAL FUND.

24 (14) **Repeal.** THIS SECTION IS REPEALED, EFFECTIVE DECEMBER
25 31, 2050.

26 **SECTION 3.** In Colorado Revised Statutes, 24-75-402, **amend**
27 (5)(ccc) and (5)(ddd); and **add** (5)(eee) as follows:

1 **24-75-402. Cash funds - limit on uncommitted reserves -**
2 **reduction in the amount of fees - exclusions - definitions.**

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

6 (ccc) The wildfire resiliency code board cash fund created in
7 section 24-33.5-1236 (8); ~~and~~

8 (ddd) The closed landfill remediation grant program fund created
9 in section 30-20-124 (8); AND

10 (eee) THE QUANTUM BUSINESS LOAN LOSS RESERVE CASH FUND
11 CREATED IN SECTION 39-22-561 (13).

12 **SECTION 4. Safety clause.** The general assembly finds,
13 determines, and declares that this act is necessary for the immediate
14 preservation of the public peace, health, or safety or for appropriations for
15 the support and maintenance of the departments of the state and state
16 institutions.