

CHAPTER 476

TAXATION

SENATE BILL 24-016

BY SENATOR(S) Zenzinger and Smallwood, Buckner, Cutter, Exum, Ginal, Gonzales, Hinrichsen, Marchman, Michaelson Jenet, Priola, Sullivan, Winter F.;
also REPRESENTATIVE(S) Snyder and Taggart, Bird, Daugherty, Lieder, Ortiz, Ricks, Soper, Woodrow.

AN ACT

CONCERNING QUALIFICATION FOR STATE INCOME TAX CREDITS FOR CHARITABLE CONTRIBUTIONS TO NONPROFIT ORGANIZATIONS, AND, IN CONNECTION THEREWITH, AUTHORIZING A TAXPAYER TO MAKE A CHARITABLE CONTRIBUTION FOR WHICH THE TAXPAYER MAY CLAIM A STATE INCOME TAX CREDIT TO A CHARITABLE RECIPIENT ORGANIZATION THROUGH A QUALIFIED INTERMEDIARY THAT FORWARDS THE CONTRIBUTION TO THE CHARITABLE RECIPIENT ORGANIZATION, ALLOWING A TAX CREDIT CERTIFICATE FOR THE COLORADO HOMELESS CONTRIBUTION TAX CREDIT TO INCLUDE ONLY THE LAST FOUR DIGITS, RATHER THAN ALL DIGITS, OF A TAXPAYER'S SOCIAL SECURITY NUMBER, AND MAKING AN APPROPRIATION.

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

SECTION 1. In Colorado Revised Statutes, 39-22-548, **amend** (3)(c) and (5)(f)(I) as follows:

39-22-548. Colorado homeless contribution tax credit - legislative declaration - definitions - repeal. (3) (c) The approved nonprofit organization that receives the allowable contribution shall issue a tax credit certificate to each taxpayer that makes an allowable contribution pursuant to subsections (3)(a) or (3)(b) of this section; except that the approved nonprofit organization shall not issue tax credit certificates that total more than seven hundred fifty thousand dollars per income tax year, and if the approved nonprofit organization administers one or more approved projects, in addition to providing a qualifying service, then the approved nonprofit organization shall not issue tax credit certificates for allowable contributions to one or more approved projects that total more than an additional seven hundred fifty thousand dollars per income tax year. The tax credit certificate must state A UNIQUE CERTIFICATE IDENTIFICATION NUMBER, the amount of the allowable contribution, the taxpayer's name, the LAST FOUR DIGITS OF THE taxpayer's social security number or THE TAXPAYER'S FULL federal employer identification number, the type of the contribution, the date the taxpayer made the contribution,

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

the amount of the tax credit that is authorized for that taxpayer, and any other information that the executive director of the department of revenue may require. Tax credit certificates shall be issued in the order of received allowable contributions.

(5) (f) (I) No later than ~~February 15, 2023~~ JUNE 30, 2025, the division shall complete a review of every organization and project deemed approved under subsection (5)(a)(II) of this section, and no later than ~~February 15, 2024~~ JUNE 30, 2026, and ~~February 15~~ JUNE 30 of each year thereafter, the division shall complete a review of every other approved nonprofit organization and approved project to evaluate performance and compliance with the requirements of this section. The division must review the qualifying activities being provided and determine how the activities are addressing current and emerging needs of individuals and families experiencing homelessness in each approved nonprofit organization's community, or, if applicable, each approved project's community.

SECTION 2. In Colorado Revised Statutes, **add** 39-22-630 as follows:

39-22-630. Charitable contributions made through qualified intermediaries - eligibility for income tax credits maintained - definitions. (1) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2024, A TAXPAYER MAY CLAIM A CREDIT FOR MAKING A CONTRIBUTION TO A QUALIFIED INTERMEDIARY TO THE SAME EXTENT THAT THE TAXPAYER COULD CLAIM A CREDIT FOR MAKING THE CONTRIBUTION DIRECTLY TO A RECIPIENT ORGANIZATION SO LONG AS THE RECIPIENT ORGANIZATION IS APPROVED OR CERTIFIED, TO THE EXTENT REQUIRED AND IN ACCORDANCE WITH THE PROCESS REQUIRED BY THE LAW AUTHORIZING THE CREDIT, AS MEETING THE CRITERIA REQUIRED TO RECEIVE SUCH A DIRECT CONTRIBUTION. NOTHING IN THIS SUBSECTION (1) MODIFIES OR ELIMINATES ANY OBLIGATION OF A RECIPIENT ORGANIZATION, AS SET FORTH IN A STATE LAW, RULE, OR AGENCY GUIDELINE, TO ISSUE TAX CREDIT CERTIFICATES, COLLECT INFORMATION FROM DONORS, PROVIDE INFORMATION TO THE DEPARTMENT OF REVENUE OR ANY OTHER STATE AGENCY, OR TAKE ANY OTHER ACTION NECESSARY FOR THE PROPER ADMINISTRATION OF A CREDIT.

(2) AS USED IN THIS SECTION:

(a) "CREDIT" MEANS ANY CREDIT AGAINST THE TAXES IMPOSED PURSUANT TO THIS ARTICLE 22 OR ARTICLE 30 OF THIS TITLE THAT IS AUTHORIZED BY LAW.

(b) "QUALIFIED INTERMEDIARY" MEANS AN ORGANIZATION THAT HAS ATTAINED TAX EXEMPT STATUS UNDER SECTION 501 (c)(3) OF THE INTERNAL REVENUE CODE IF THE ORGANIZATION IS OBLIGATED, EXCEPT WHEN EXERCISING VARIANCE POWER AS REQUIRED OR AUTHORIZED BY LAW OR FEDERAL REGULATIONS, TO DISBURSE CONTRIBUTIONS RECEIVED FROM A TAXPAYER TO A RECIPIENT ORGANIZATION AS DIRECTED BY THE TAXPAYER.

(c) "RECIPIENT ORGANIZATION" MEANS AN ORGANIZATION THAT HAS ATTAINED TAX EXEMPT STATUS UNDER SECTION 501 (c)(3) OF THE INTERNAL REVENUE CODE AND INCLUDES ANY PROGRAM OR PROJECT OF THE ORGANIZATION TO WHICH A TAXPAYER MAY MAKE A CONTRIBUTION FOR WHICH THE TAXPAYER MAY CLAIM A CREDIT.

SECTION 3. In Colorado Revised Statutes, 39-30-103.5, **repeal** (5)(b) as follows:

39-30-103.5. Credit against tax - contributions to enterprise zone administrators to implement economic development plans - repeal. (5) (b) For income tax years commencing on and after January 1, 2013, contributions pursuant to this section may be made directly to an organization that has attained tax exempt status under section 501 (c)(3) of the federal "Internal Revenue Code of 1986", as amended, if such organization is obligated to disburse the contribution as directed by the taxpayer to a recipient organization that has attained tax exempt status under section 501 (c)(3) of the federal "Internal Revenue Code of 1986", as amended, or to such recipient organization's program or project, so long as either the recipient organization, program, or project is certified by the enterprise zone administrator as meeting the criteria set forth in this section for the purpose of receiving direct contributions as allowed in paragraph (a) of this subsection (5):

SECTION 4. Appropriation. (1) For the 2024-25 state fiscal year, \$41,769 is appropriated to the department of revenue. This appropriation is from the general fund. To implement this act, the department may use this appropriation as follows:

(a) \$22,029 for use by the taxation business group for personal services related to taxation services, which amount is based on an assumption that the division will require an additional 0.4 FTE;

(b) \$7,182 for use by the taxation business group for operating expenses related to taxation services;

(c) \$7,416 for tax administration IT system (GenTax) support;

(d) \$2,590 for use by the executive director's office for personal services related to administration and support; and

(e) \$2,552 for the purchase of document management.

(2) For the 2024-25 state fiscal year, \$2,552 is appropriated to the department of personnel. This appropriation is from reappropriated funds received from the department of revenue under subsection (1)(e) of this section. To implement this act, the department of personnel may use this appropriation to provide document management services for the department of revenue.

(3) For the 2024-25 state fiscal year, \$5,000 is appropriated to the department of local affairs. This appropriation is from the general fund. To implement this act, the department may use this appropriation for payments to OIT.

SECTION 5. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be

held in November 2024 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: June 7, 2024