

Second Regular Session  
Seventy-fifth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 26-0465.03 Jed Franklin x5484

HOUSE BILL 26-1289

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HOUSE SPONSORSHIP

Garcia and Brown,

SENATE SPONSORSHIP

Weissman,

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House Committees  
Finance

Senate Committees

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A BILL FOR AN ACT

101 CONCERNING MODIFICATION OF CERTAIN TAX EXPENDITURES.

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 adjusts several state tax expenditures as follows:

- **Section 2** of the bill prohibits certain local use tax ordinances, resolutions, or proposals from applying to construction and building materials used by a common rail carrier pursuant to a contract with the state, a political subdivision of the state, or a special district allows the contracting government to use the carrier's property or tracks for the provision of public passenger rail service;

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.

- **Section 3**, for income tax years commencing on and after January 1, 2027, requires a taxpayer to add to the taxpayer's federal taxable income the excess of any gain excluded from federal gross income pursuant to section 1400Z-2 (a)(1)(A) of the internal revenue code over the gain invested by the taxpayer in a Colorado-qualified opportunity fund in a manner that qualifies for exclusion from federal gross income pursuant to the same section of the internal revenue code;
- **Section 4**, for income tax years commencing on and after January 1, 2027, creates an income tax credit for certain individuals who are 65 years old or older in the income tax year, or who are a surviving spouse of that individual, and who were previously eligible to receive a grant for real property tax assistance and heat or fuel expenses assistance;
- **Section 5**, for income tax years commencing on or after January 1, 2027, allows a combined group to elect to make a water's-edge filing election and describes what should be taken into account in such a filing;
- **Section 6**, for income tax years commencing on or after January 1, 2027, repeals the state corporate income tax deduction for wages or salaries paid that are not allowed to be deducted at the federal level pursuant to section 280C of the internal revenue code;
- **Section 6**, for income tax years commencing on or after January 1, 2027, also eliminates the ability of corporations to deduct from their income tax liability any amount included in federal taxable income pursuant to sections 951 (a) or 951A (a) of the internal revenue code with respect to a controlled foreign corporation incorporated in a foreign jurisdiction for the purpose of tax avoidance;
- **Sections 7, 12, and 13** eliminate a potential reduction in the amount available for the innovative motor vehicle tax credit, the heat pump technology and thermal energy network tax credit, and the electric bicycle tax credit, respectively, based on an economic forecast by the office of state planning and budgeting or legislative council staff;
- **Section 7** also increases the innovative motor vehicle tax credit from \$1,000 to \$2,000 for certain vehicles sold or leased during the 2027 income tax year, and from \$500 to \$1,000 for certain vehicles sold or leased during the 2028 income tax year. Currently, an additional \$2,500 in tax credit is allowed for certain vehicles sold or leased on or after January 1, 2024, but prior to January 1, 2029, that

have a manufacturer's suggested retail price (MSRP) below \$35,000. **Section 7** provides that certain vehicles with an MSRP below \$40,000 that are sold or leased on or after January 1, 2027, but before January 1, 2029, are eligible for the additional tax credit.

- **Section 8**, for income tax years commencing on or after January 1, 2027, modifies the income tax credit for wildfire hazard mitigation expenses by adding the thinning of woody vegetation that is at risk of mountain pine beetle or spruce beetle infestation or that has been killed by mountain pine beetles or spruce beetles to the definition of "wildfire mitigation measures", modifying the amount of the credit available, and allowing the credit to be carried forward for 5 years;
- **Section 9**, for income tax years commencing on or after January 1, 2027, expands the income tax credit for the purchase of small food business recovery grant program equipment to be available for additional food distributors and producers, adjusts the amount of the tax credit that may be offered and claimed for the purchase of small food business recovery grant program equipment or participation in the supplemental food assistance benefit program, and dictates the order in which the department of agriculture shall award these tax credits;
- **Sections 10 and 16** extend the electric powered lawn equipment tax credit until January 1, 2030, and allow a retailer to receive quarterly advance payments of the credit;
- **Section 11**, for income tax years commencing on or after January 1, 2027, allows an entity not subject to income tax to be eligible for an income tax credit for developing a qualified industrial facility, allows a taxpayer to claim the credit for installing equipment used for utilization of biomethane, and requires the Colorado energy office (CEO) to review applications for the credit within 120, rather than 90, days;
- **Section 11** also creates a new tax credit for geothermal energy projects for income tax years commencing on or after January 1, 2027. The amount of the credit cannot exceed \$5 million per taxpayer aggregated across all income tax years for which the credit may be claimed. The total amount of credits cannot exceed \$35 million across all income tax years commencing on or after January 1, 2027, but before January 1, 2033.
- **Section 14** repeals the sustainable aviation fuel (SAF) production facility tax credit, effective January 1, 2027;

- **Section 15** establishes the sustainable aviation fuel purchase income tax credit for income tax years beginning on or after January 1, 2027, and before December 31, 2032. The amount of the credit is initially \$1.50, increased by \$.01 for each whole percentage of carbon intensity reduction in excess of 50%, per gallon of SAF purchased in the state by the taxpayer, and the CEO may adjust that amount annually. The total amount of credits issued cannot exceed \$3 million per tax year. Taxpayers must apply to the CEO for a tax credit certificate and CEO verifies eligibility and reports approved credits to the department of revenue. The credit is refundable but may not be carried forward.
- **Section 17** repeals the precious metal and bullion coins sales and use tax exemption, effective January 1, 2027;
- **Section 18**, for tax periods commencing on or after July 1, 2027, exempts from tax the storage, use, or consumption of construction and building materials by or on behalf of a common carrier by rail operating in interstate or foreign commerce when the storage, use, or consumption of the construction and building materials is pursuant to a contract with the state, a political subdivision of the state, or a special district that allows the contracting government to use the railroad's property or tracks for public passenger rail service;
- **Section 19** reinstates the sales and use tax exemption for wood from salvaged trees killed or infested in Colorado by mountain pine beetles or spruce beetles, which would otherwise expire on June 30, 2026, for a period beginning on July 1, 2027, and ending June 30, 2032;
- **Section 20** repeals the sales and use tax exemption for property used in space flight, effective January 1, 2027;
- **Sections 21 and 22** change from 2% to 1% the allowance to cover losses in transit and in unloading gasoline or special fuel and repeals the 0.5% allowance for the costs of collecting the gasoline or special fuel excise tax and for uncollectible bad debts for tax periods beginning on or after January 1, 2027;
- **Section 23** repeals the 3% deduction for collecting and remitting the tax on the inventory of cigarette wholesalers for tax periods beginning on or after January 1, 2027;
- **Section 24** repeals the 0.4% discount on the face value of tax stamps affixed to packages containing cigarettes for tax periods beginning on or after January 1, 2027;
- **Section 26** repeals the 1.6% discount for expenses in the collection and remittance of the tax on the sale, use,

- consumption, handling, and distribution of tobacco for tax periods beginning on or after January 1, 2027;
- **Section 27** repeals the 1.1% discount for expenses in the collection and remittance of the nicotine product distributors tax for tax periods beginning on or after January 1, 2027;
  - **Section 28** allows an income tax credit to a taxpayer who places a new renewable energy investment in service on or after January 1, 2027, and provides a 14-year carryover of any amount of the credit not used to offset the income taxes otherwise due;
  - **Section 28** also eliminates the enterprise zone commercial vehicle tax credit for tax periods beginning on or after January 1, 2027;
  - **Section 29** provides that on or after January 1, 2027, a taxpayer with more than 50 employees during an income tax year is ineligible for the new enterprise zone business employee tax credit in that same income tax year;
  - **Section 30** requires, beginning January 1, 2027, a taxpayer to make at least \$150,000 in expenditures in research and experimental activities to be eligible for the enterprise zone research and experimental activities tax credit;
  - **Section 31** modifies the enterprise zone vacant building rehabilitation income tax credit so that the credit only applies to buildings that have been unoccupied for 183 days preceding when the rehabilitation is placed in service and is available in an amount equal to 25% of the aggregate qualified expenditures per building or \$200,000 per building, whichever is less;
  - **Section 32**, beginning January 1, 2027, ends the availability of grants for real property tax assistance and heat or fuel expenses assistance; and
  - **Sections 33 through 39** make conforming amendments for the changes made in **sections 4** and **32**.

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

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

4           (1) (a) Regular evaluation and maintenance of the tax code is  
5 critical to a high-quality tax system;

1 (b) The office of the state auditor and the general assembly  
2 regularly review tax credits, deductions, and exemptions, along with other  
3 tax expenditures, and recommend streamlining implementation, assessing  
4 ongoing fit with the original purpose, and eliminating outdated or  
5 ineffective tax expenditures;

6 (c) This act is a single tax policy change that makes changes to  
7 existing tax expenditures and eliminates others to improve the  
8 administrative efficiency of the tax code, reduce administrative burden,  
9 better align certain tax expenditures with the general assembly's intent in  
10 enacting the tax expenditures, and conform Colorado's tax code with  
11 provisions commonly used in other states so that Colorado is less of an  
12 outlier compared to the rest of the country in how taxpayers compute their  
13 taxes owed;

14 (d) Any net district revenue gain resulting from the tax policy  
15 change in this act is incidental and de minimis; and

16 (e) Therefore, consistent with the Colorado Supreme Court's  
17 holding in *TABOR Found. v. Reg'l Transp. Dist.*, 2018 CO 29, that a tax  
18 policy change that causes either no net district tax revenue gain or a net  
19 district tax revenue gain that is only incidental and de minimis does not  
20 require voter approval under section 20 (4)(a) of article X of the state  
21 constitution, this act is not a tax policy change that requires voter  
22 approval.

23 (2) (a) Currently, the sale and use of precious metal bullion and  
24 coins are exempt from the state sales and use tax while the sale and use  
25 of other numismatic items, such as paper money, tokens, checks, and  
26 wampum, are not.

27 (b) Eliminating the sales tax exemption for precious metal bullion

1 and coins serves the purposes of:

2 (I) Creating uniformity of taxation among the items that bullion  
3 and numismatic dealers sell; and

4 (II) Better aligning Colorado's tax code with those of local  
5 governments, since, according to the office of the state auditor's 2021  
6 evaluation of the tax expenditure, only three of Colorado's fifteen most  
7 populous home rule cities and counties have this exemption.

8 (c) Any revenue gain realized as a result of eliminating the sales  
9 tax exemption for precious metal bullion and coins is incidental and de  
10 minimis.

11 (3) (a) Eliminating the administrative and bad debt allowance for  
12 fuel tax distributors serves the purposes of:

13 (I) Reducing a duplicative benefit; and

14 (II) Better aligning Colorado's tax code with those of other states.

15 (b) According to the office of the state auditor's 2019 evaluation  
16 of the tax expenditure, the internal revenue service already provides a tax  
17 offset for bad debt, and most surrounding states don't have a similar tax  
18 expenditure.

19 (c) Any revenue gain realized as a result of eliminating the  
20 administrative and bad debt allowance for fuel tax distributors is  
21 incidental and de minimis.

22 (4) (a) Eliminating the vendor allowances for the cigarette tax,  
23 cigarette inventory tax, tobacco products tax, and nicotine products tax  
24 serves the purpose of:

25 (I) Better aligning Colorado's tax code with most other tax codes,  
26 which don't have similar allowances to reimburse the cost of tax  
27 collection; and

1 (II) Removes a redundancy in Colorado's tax code, since  
2 businesses are already able to deduct these costs from their taxable  
3 income.

4 (b) Any revenue gain realized as a result of eliminating the vendor  
5 allowances for the cigarette tax, cigarette inventory tax, tobacco products  
6 tax, and nicotine products tax is incidental and de minimis.

7 (5) (a) Eliminating the sales tax exemption for property used in  
8 space flight better serves the purposes of:

9 (I) Aligning the Colorado tax code with those of the vast majority  
10 of states that don't have a similar tax expenditure; and

11 (II) Modernizes Colorado's tax code, since the department of  
12 revenue's biannual Tax Profile and Expenditure Report shows that  
13 virtually no taxpayers claim the tax expenditure.

14 (b) Any revenue gain realized as a result of eliminating the sales  
15 tax exemption for property used in space flight is incidental and de  
16 minimis.

17 (6) (a) Eliminating the income tax deduction for wages and  
18 salaries because of section 280C of the internal revenue code serves the  
19 purpose of making Colorado's tax code more neutral between taxpayers.  
20 According to the office of the state auditor's 2019 and 2024 evaluations  
21 of the tax expenditure, only certain types of expenses and businesses  
22 qualify for the tax expenditure, which results in Colorado's tax code  
23 favoring certain types of business activity over others.

24 (b) Any revenue gain realized as a result of eliminating the  
25 income tax deduction for wages and salaries because of section 280C of  
26 the internal revenue code is incidental and de minimis.

27 (7) (a) Reducing the fuel loss deduction tax expenditure from 2%

1 to 1% serves the purposes of:

2 (I) Better aligning the tax expenditure with how much fuel  
3 distributors lose in transit; and

4 (II) Removes a redundancy in Colorado's tax code, since  
5 distributors are already able to deduct these losses from their taxable  
6 income.

7 (b) Any revenue gain realized as a result of reducing the fuel loss  
8 deduction tax expenditure is incidental and de minimis.

9 (8) (a) Restricting the enterprise zone new employee health  
10 insurance tax expenditure so that it is only available to those businesses  
11 with fewer than fifty employees serves the purposes of eliminating  
12 redundancy and better aligning the tax expenditure with the 56th general  
13 assembly's intent in creating the tax expenditure. The 56th general  
14 assembly created the tax expenditure to incentivize businesses in  
15 enterprise zones to offer health insurance to their employees, but, as a  
16 result of the 2010 passage of the federal "Affordable Care Act", these  
17 businesses are already required to offer their employees insurance. Any  
18 revenue gain realized as a result of restricting this tax expenditure is  
19 incidental and de minimis.

20 (9) Restricting the enterprise zone research and experimental  
21 income tax credit serves the purpose of better aligning the tax expenditure  
22 with the 56th general assembly's intent in creating the tax expenditure by  
23 limiting the tax expenditure to businesses that make the largest and most  
24 impactful increases in their research and developing spending. Any  
25 revenue gain realized as a result of restricting this tax expenditure is  
26 incidental and de minimis.

27 (10) (a) The purpose of updating the method for water's-edge

1 combined reporting for future tax years is to better reflect the original  
2 intent for water's-edge combined reporting, close loopholes, and better  
3 align Colorado's system of unitary apportionment with federal reporting  
4 requirements, while fairly apportioning to Colorado its share of  
5 corporations' income attributable to operations in the state.

6 (b) The updates to the method for water's-edge combined  
7 reporting reflect and strengthens the state's tax policy of water's-edge  
8 combined reporting. The updates do not change the state's tax policy, is  
9 not a new tax, and any revenue gain realized as a result of the updates is  
10 incidental and de minimis.

11 (11) The purpose of eliminating the enterprise zone commercial  
12 vehicle investment tax expenditure is to promote efficiency by removing  
13 a tax credit that the office of the state auditor's 2020 evaluation of the tax  
14 expenditure and the department of revenue's biannual review show very  
15 few taxpayers claim. Any revenue gain realized as a result of eliminating  
16 this tax expenditure is incidental and de minimis.

17 **SECTION 2.** In Colorado Revised Statutes, 29-2-109, **amend**  
18 (1)(j); and **add** (1)(k) as follows:

19 **29-2-109. Contents of use tax ordinances and proposals -**  
20 **repeal.**

21 (1) The use tax ordinance, resolution, or proposal of any town,  
22 city, or county adopted pursuant to this article 2 shall be imposed only for  
23 the privilege of using or consuming in the town, city, or county any  
24 construction and building materials purchased at retail or for the privilege  
25 of storing, using, or consuming in the town, city, or county any motor and  
26 other vehicles, purchased at retail on which registration is required, or  
27 both. For the purposes of this subsection (1), the term "construction and

1 building materials" shall not include parts or materials utilized in the  
2 fabrication, construction, assembly, or installation of passenger tramways,  
3 as defined in section 12-150-103 (5), by any ski area operator, as defined  
4 in section 33-44-103 (7), or any person fabricating, constructing,  
5 assembling, or installing a passenger tramway for a ski area operator. The  
6 ordinance, resolution, or proposal may recite that the use tax shall not  
7 apply to the storage and use of wood from salvaged trees killed or  
8 infested in Colorado by mountain pine beetles or spruce beetles as  
9 exempted from the state use tax pursuant to section 39-26-723. The  
10 ordinance, resolution, or proposal may recite that the use tax shall not  
11 apply to the storage and use of components used in the production of  
12 energy, including but not limited to alternating current electricity, from  
13 a renewable energy source, as exempted from the state use tax pursuant  
14 to section 39-26-724. The ordinance, resolution, or proposal may recite  
15 that the use tax shall not apply to the storage and use of eligible  
16 decarbonizing building materials, as exempted from the state use tax  
17 pursuant to section 39-26-731. The ordinance, resolution, or proposal  
18 shall recite that the use tax shall not apply:

19 (j) To the storage, use, or consumption of any construction and  
20 building materials required or made necessary in the performance of any  
21 construction contract bid, let, or entered into at any time prior to the  
22 effective date of such use tax ordinance, resolution, or proposal; AND

23 (k) TO THE STORAGE, USE, OR CONSUMPTION OF CONSTRUCTION  
24 AND BUILDING MATERIALS BY OR ON BEHALF OF A COMMON CARRIER BY  
25 RAIL OPERATING IN INTERSTATE OR FOREIGN COMMERCE WHEN THE  
26 STORAGE, USE, OR CONSUMPTION OF THE CONSTRUCTION AND BUILDING  
27 MATERIALS IS PURSUANT TO A CONTRACT WITH THE STATE, A DEPARTMENT

1 OR INSTITUTION OF THE STATE, A POLITICAL SUBDIVISION OF THE STATE,  
2 OR A SPECIAL DISTRICT THAT ALLOWS THE STATE, A DEPARTMENT OR  
3 INSTITUTION OF THE STATE, A POLITICAL SUBDIVISION OF THE STATE, OR  
4 A SPECIAL DISTRICT TO USE THE RAILROAD'S PROPERTY OR TRACKS FOR  
5 THE PROVISION OF PUBLIC PASSENGER RAIL SERVICE.

6 **SECTION 3.** In Colorado Revised Statutes, 39-22-104, **amend**  
7 (3)(t) and (3)(u); and **add** (3)(v) and (4)(ff) as follows:

8 **39-22-104. Income tax imposed on individuals, estates, and**  
9 **trusts - single rate - report - tax preference performance statement**  
10 **- legislative declaration - definitions - repeal.**

11 (3) There shall be added to the federal taxable income:

12 (t) For income tax years commencing on or after January 1, 2025,  
13 an amount equal to the amount of employer contribution that an employee  
14 forfeits pursuant to section 39-22-558 (3)(c) and that the taxpayer had  
15 previously subtracted from the taxpayer's federal taxable income pursuant  
16 to subsection (4)(bb) of this section; ~~and~~

17 (u) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,  
18 2026, the amount of any overtime compensation excluded or deducted  
19 from federal gross ~~income~~ INCOME; AND

20 (v) (I) FOR INCOME TAX YEARS BEGINNING ON AND AFTER  
21 JANUARY 1, 2027, THE EXCESS OF ANY GAIN EXCLUDED FROM FEDERAL  
22 GROSS INCOME PURSUANT TO SECTION 1400Z-2 (a)(1)(A) OF THE  
23 INTERNAL REVENUE CODE OVER THE AMOUNT OF THAT GAIN INVESTED BY  
24 THE TAXPAYER IN A COLORADO QUALIFIED OPPORTUNITY FUND IN A  
25 MANNER THAT QUALIFIES FOR EXCLUSION FROM FEDERAL GROSS INCOME  
26 PURSUANT TO SECTION 1400Z-2 (a)(I)(A) OF THE INTERNAL REVENUE  
27 CODE.

1 (II) FOR PURPOSES OF THIS SUBSECTION (3)(v), "COLORADO  
2 QUALIFIED OPPORTUNITY FUND" MEANS A QUALIFIED OPPORTUNITY FUND  
3 THAT HOLDS AT LEAST NINETY PERCENT OF ITS ASSETS IN QUALIFIED  
4 OPPORTUNITY ZONE PROPERTY. QUALIFIED OPPORTUNITY ZONE PROPERTY  
5 IS:

6 (A) QUALIFIED OPPORTUNITY ZONE BUSINESS PROPERTY  
7 SUBSTANTIALLY ALL OF THE USE OF WHICH, DURING SUBSTANTIALLY ALL  
8 OF THE FUND'S HOLDING PERIOD FOR THE PROPERTY, WAS IN A QUALIFIED  
9 OPPORTUNITY ZONE WITHIN COLORADO; OR

10 (B) QUALIFIED OPPORTUNITY ZONE STOCK, OR A QUALIFIED  
11 OPPORTUNITY ZONE PARTNERSHIP INTEREST, IN A QUALIFIED OPPORTUNITY  
12 ZONE BUSINESS IN WHICH SUBSTANTIALLY ALL OF THE TANGIBLE  
13 PROPERTY OWNED OR LEASED IS QUALIFIED OPPORTUNITY ZONE BUSINESS  
14 PROPERTY AS DESCRIBED IN SECTION 1400Z-2 (d)(3)(A)(i) OF THE  
15 INTERNAL REVENUE CODE AND SUBSTANTIALLY ALL THE USE OF WHICH IS  
16 IN A QUALIFIED OPPORTUNITY ZONE WITHIN COLORADO.

17 (III) FOR PURPOSES OF SUBSECTION (3)(v)(II) OF THIS SECTION:

18 (A) PROPERTY HELD IN THE FUND SHALL BE MEASURED UNDER  
19 RULES SIMILAR TO THE RULES OF SECTION 1400Z-2 (d)(1) OF THE  
20 INTERNAL REVENUE CODE; AND

21 (B) THE TERMS USED HAVE THE SAME MEANING AS SET FORTH IN  
22 SECTION 1400Z-2 OF THE INTERNAL REVENUE CODE.

23 (4) There shall be subtracted from federal taxable income:

24 (ff) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
25 1, 2027, THE AMOUNT OF ANY GAIN INCLUDED IN FEDERAL GROSS INCOME  
26 PURSUANT TO SECTION 1400Z-2 (b) OF THE INTERNAL REVENUE CODE TO  
27 THE EXTENT THAT SUCH GAIN WAS ADDED TO FEDERAL TAXABLE INCOME

1 PURSUANT TO SECTION 39-22-104 (3)(v) FOR A PRIOR TAX YEAR.

2 **SECTION 4.** In Colorado Revised Statutes, **add with amended**  
3 **and relocated provisions** 39-22-131 as follows:

4 **39-22-131. [Formerly 39-31-104.5] Tax credit for assistance**  
5 **for elderly individuals and individuals with disabilities - tax**  
6 **preference performance statement - legislative declaration -**  
7 **definitions.**

8 (1) (a) The general assembly finds and declares that in accordance  
9 with section 39-21-304, the tax expenditure created in this section is  
10 intended to reduce net taxes paid by certain individuals. Specifically, the  
11 tax expenditure is intended to provide assistance through an income tax  
12 credit for individuals ~~with~~ WHO DO NOT HAVE AN INCOME ABOVE A  
13 CERTAIN THRESHOLD AMOUNT AND WHO ARE OF A CERTAIN AGE OR HAVE  
14 a disability. ~~who do not have income above a certain threshold amount~~

15 (b) The general assembly and the state auditor shall measure the  
16 effectiveness of the tax expenditure in achieving the purpose specified in  
17 subsection (1)(a) of this section based on the number of taxpayers who  
18 have claimed the credit and the total amount of credits claimed.

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

20 (a) "Credit" means the credit against income tax that is created in  
21 this section.

22 (b) "Inflation" means the annual percentage change in the United  
23 States department of labor, bureau of labor statistics, consumer price  
24 index for Denver-Aurora-Lakewood for all items and all urban  
25 consumers, or its successor index.

26 (c) (I) "Qualified individual" means a resident individual who has  
27 a disability during the entire income tax year to a degree sufficient to

1 qualify for the payment to the individual of full benefits from any bona  
2 fide public or private plan or source based solely upon ~~such~~ THEIR  
3 disability AND, FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1,  
4 2027, A RESIDENT INDIVIDUAL WHO IS SIXTY-FIVE YEARS OLD OR OLDER  
5 DURING THE INCOME TAX YEAR.

6 (II) An individual has a disability for purposes of subsection  
7 (2)(c)(I) of this section if the individual is unable to engage in any  
8 substantial gainful activity by reason of any medically determinable  
9 physical or mental impairment that can be expected to result in death or  
10 that has lasted for a continuous period of not less than twelve months.

11 (d) "SURVIVING SPOUSE" MEANS A RESIDENT INDIVIDUAL:

12 (I) WHO IS FIFTY-EIGHT YEARS OLD OR OLDER;

13 (II) WHOSE SPOUSE IS DECEASED; OR

14 (III) WHOSE SPOUSE WAS A QUALIFIED INDIVIDUAL AS A RESULT OF  
15 BEING SIXTY-FIVE YEARS OLD OR OLDER DURING THE INCOME TAX YEAR.

16 (3) For income tax years commencing on or after January 1, 2025,  
17 a qualified individual OR, FOR TAX YEARS COMMENCING ON OR AFTER  
18 JANUARY 1, 2027, A QUALIFIED INDIVIDUAL OR A SURVIVING SPOUSE is  
19 allowed a credit against the tax imposed by THIS article 22 ~~of this title 39~~  
20 in an amount set forth in subsection (4) of this section.

21 (4) (a) The credit may be claimed in an amount equal to:

22 (I) One thousand two hundred dollars for:

23 (A) A qualified individual OR A SURVIVING SPOUSE filing a single  
24 return who has a federal adjusted gross income less than or equal to ten  
25 thousand dollars;

26 (B) Two qualified individuals filing a joint return with a federal  
27 adjusted gross income less than or equal to sixteen thousand dollars; or

1 (C) A qualified individual and a nonqualified individual filing a  
2 joint return with a federal adjusted gross income less than or equal to  
3 sixteen thousand dollars;

4 (II) One thousand dollars for:

5 (A) A qualified individual OR A SURVIVING SPOUSE filing a single  
6 return who has a federal adjusted gross income greater than ten thousand  
7 dollars but less than or equal to twelve thousand five hundred dollars;

8 (B) Two qualified individuals filing a joint return with a federal  
9 adjusted gross income greater than sixteen thousand dollars but less than  
10 or equal to twenty thousand dollars; or

11 (C) A qualified individual and a nonqualified individual filing a  
12 joint return with a federal adjusted gross income greater than sixteen  
13 thousand dollars but less than or equal to twenty thousand dollars;

14 (III) Eight hundred dollars for:

15 (A) A qualified individual OR A SURVIVING SPOUSE filing a single  
16 return who has a federal adjusted gross income greater than twelve  
17 thousand five hundred dollars but less than or equal to fifteen thousand  
18 dollars;

19 (B) Two qualified individuals filing a joint return with a federal  
20 adjusted gross income greater than twenty thousand dollars but less than  
21 or equal to twenty-four thousand dollars; or

22 (C) A qualified individual and a nonqualified individual filing a  
23 joint return with a federal adjusted gross income greater than twenty  
24 thousand dollars but less than or equal to twenty-four thousand dollars;

25 (IV) Six hundred dollars for:

26 (A) A qualified individual OR A SURVIVING SPOUSE filing a single  
27 return who has a federal adjusted gross income greater than fifteen

1 thousand dollars but less than or equal to seventeen thousand five  
2 hundred dollars;

3 (B) Two qualified individuals filing a joint return with a federal  
4 adjusted gross income greater than twenty-four thousand dollars but less  
5 than or equal to twenty-eight thousand dollars; or

6 (C) A qualified individual and a nonqualified individual filing a  
7 joint return with a federal adjusted gross income greater than twenty-four  
8 thousand dollars but less than or equal to twenty-eight thousand dollars;  
9 and

10 (V) Four hundred dollars for:

11 (A) A qualified individual OR A SURVIVING SPOUSE filing a single  
12 return who has a federal adjusted gross income greater than seventeen  
13 thousand five hundred dollars but less than or equal to twenty thousand  
14 dollars;

15 (B) Two qualified individuals filing a joint return with a federal  
16 adjusted gross income greater than twenty-eight thousand dollars but less  
17 than or equal to thirty-two thousand dollars; or

18 (C) A qualified individual and a nonqualified individual filing a  
19 joint return with a federal adjusted gross income greater than twenty-eight  
20 thousand dollars but less than or equal to thirty-two thousand dollars.

21 (b) (I) A qualified individual OR A SURVIVING SPOUSE who files a  
22 single return and has a federal adjusted gross income greater than twenty  
23 thousand dollars is not allowed a credit under this section.

24 (II) Two qualified individuals, or a qualified individual and a  
25 nonqualified individual, who file a joint return with a federal adjusted  
26 gross income greater than thirty-two thousand dollars are not allowed a  
27 credit under this section.

1 (c) (I) The department of revenue shall annually adjust for  
2 inflation the credit amounts set forth in subsection (4)(a) of this section  
3 if cumulative inflation since the last adjustment, when applied to the  
4 current credit amounts, results in an increase of at least ten dollars when  
5 the adjusted credit amounts are rounded to the nearest ten dollars.

6 (II) The department of revenue shall annually adjust for inflation  
7 the adjusted gross income amounts set forth in subsections (4)(a) and  
8 (4)(b) of this section if cumulative inflation since the last adjustment,  
9 when applied to the current adjusted gross income amounts, results in an  
10 increase of at least one hundred dollars when the adjusted gross income  
11 amounts, as adjusted, are rounded to the nearest one hundred dollars.

12 (5) (a) If the credit exceeds the income taxes due on the qualified  
13 individual's OR SURVIVING SPOUSE'S income, the amount of the credit not  
14 used to offset income taxes is not carried forward and must be refunded  
15 to the qualified individual OR SURVIVING SPOUSE.

16 (b) A QUALIFIED INDIVIDUAL OR SURVIVING SPOUSE IS ALLOWED  
17 ONE CREDIT PURSUANT TO THIS SECTION PER INCOME TAX YEAR.

18 ~~(6) A qualified individual who claims the credit cannot in the~~  
19 ~~same tax year also claim the grant allowed pursuant to section 39-31-101.~~

20 ~~(7)~~ (6) The credit received pursuant to this section is not treated  
21 as income for purposes of determining the eligibility of any individual for  
22 old age pension benefits under article 2 of title 26.

23 ~~(8)~~ (7) Notwithstanding section 39-21-304 (4), the credit  
24 continues indefinitely.

25 ~~(9) The credit allowed by this section is administered in the same~~  
26 ~~manner as other credits against the tax imposed by article 22 of this title~~  
27 ~~39.~~

1 (8) IN THE CASE OF A PART-YEAR RESIDENT, THE CREDIT ALLOWED  
2 UNDER THIS SECTION IS APPORTIONED IN THE RATIO DETERMINED UNDER  
3 SECTION 39-22-110 (1).

4 **SECTION 5.** In Colorado Revised Statutes, 39-22-303, **amend**  
5 (8)(a), (8)(b)(I), (11.5)(b)(I), and (11.5)(b)(II); and **add** (8)(c), (8.5),  
6 (12)(c.3), and (12)(c.5) as follows:

7 **39-22-303. Dividends in a combined report - foreign source**  
8 **income - affiliated groups - definitions - rules - repeal.**

9 (8) (a) Except as provided in subsection (8)(b) of this section, FOR  
10 TAX YEARS BEGINNING BEFORE JANUARY 1, 2027, neither the taxpayer nor  
11 the executive director shall include in a combined report any C  
12 corporation that conducts business outside the United States if eighty  
13 percent or more of the C corporation's property and payroll, as determined  
14 by factoring pursuant to section 24-60-1301, is assigned to locations  
15 outside the United States. For the purpose of this subsection (8), "United  
16 States" is restricted to the fifty states and the District of Columbia.

17 (b) (I) For tax years beginning on or after January 1, 2022, BUT  
18 BEFORE JANUARY 1, 2027, a taxpayer shall include in the combined group  
19 any member of an affiliated group of C corporations that is incorporated  
20 in a foreign jurisdiction for the purpose of tax avoidance.

21 (c) THIS SUBSECTION (8) IS REPEALED, EFFECTIVE DECEMBER 31,  
22 2031.

23 (8.5) (a) FOR INCOME TAX YEARS BEGINNING ON OR AFTER  
24 JANUARY 1, 2027, THE MEMBERS OF AN AFFILIATED GROUP OF C  
25 CORPORATIONS REQUIRED TO FILE A COMBINED REPORT PURSUANT TO  
26 SUBSECTION (11.5)(b)(I) OF THIS SECTION MAY MAKE A WATER'S-EDGE  
27 ELECTION AS SET FORTH IN SUBSECTION (8.5)(c) OF THIS SECTION.

1 (b) (I) THE COMBINED GROUP SHALL INCLUDE THE ENTIRE NET  
2 INCOME AND APPORTIONMENT FACTORS OF:

3 (A) EVERY MEMBER OF THE AFFILIATED GROUP THAT IS  
4 INCORPORATED IN THE UNITED STATES OR FORMED UNDER THE LAWS OF  
5 ANY STATE, THE DISTRICT OF COLUMBIA, OR ANY TERRITORY OR  
6 POSSESSION OF THE UNITED STATES;

7 (B) EVERY MEMBER OF THE AFFILIATED GROUP, REGARDLESS OF  
8 THE PLACE WHERE THE MEMBER WAS INCORPORATED OR FORMED, IF  
9 TWENTY PERCENT OR MORE OF THE MEMBER'S PROPERTY AND PAYROLL,  
10 AS DETERMINED BY FACTORING PURSUANT TO SECTION 24-60-1301, IS  
11 ASSIGNED TO LOCATIONS WITHIN THE UNITED STATES. FOR THE PURPOSE  
12 OF THIS SUBSECTION (8.5)(b)(I)(B), "UNITED STATES" IS RESTRICTED TO  
13 THE FIFTY STATES AND THE DISTRICT OF COLUMBIA.

14 (C) EVERY MEMBER OF THE AFFILIATED GROUP THAT IS A  
15 DOMESTIC INTERNATIONAL SALES CORPORATION AS DESCRIBED IN  
16 SECTIONS 991 TO 994 OF THE INTERNAL REVENUE CODE OR AN EXPORT  
17 TRADE CORPORATION AS DESCRIBED IN SECTIONS 970 AND 971 OF THE  
18 INTERNAL REVENUE CODE; AND

19 (D) EVERY MEMBER OF THE AFFILIATED GROUP THAT IS  
20 INCORPORATED IN A FOREIGN JURISDICTION FOR THE PURPOSE OF TAX  
21 AVOIDANCE.

22 (II) TO THE EXTENT SUCH AMOUNTS ARE NOT ALREADY INCLUDED  
23 PURSUANT TO SUBSECTION (8.5)(b)(I) OF THIS SECTION, THE COMBINED  
24 GROUP SHALL ALSO INCLUDE:

25 (A) THE PORTION OF THE NET INCOME OF A MEMBER OF THE  
26 AFFILIATED GROUP DERIVED FROM OR ATTRIBUTABLE TO SOURCES WITHIN  
27 THE UNITED STATES, AS DETERMINED PURSUANT TO THE INTERNAL

1 REVENUE CODE WITHOUT REGARD TO FEDERAL TREATIES, AND THE  
2 RELATED APPORTIONMENT FACTORS; AND

3 (B) IN THE CASE OF A MEMBER OF THE AFFILIATED GROUP THAT  
4 EARNS MORE THAN TWENTY PERCENT OF ITS NET INCOME, DIRECTLY OR  
5 INDIRECTLY, FROM INTANGIBLE PROPERTY OR SERVICE-RELATED  
6 ACTIVITIES THAT ARE DEDUCTIBLE FROM THE APPORTIONABLE INCOME OF  
7 ONE OR MORE MEMBERS OF THE COMBINED GROUP, THE RELATED NET  
8 INCOME AND THE APPORTIONMENT FACTORS.

9 (III) FOR PURPOSES OF THIS SUBSECTION (8.5)(b), A MEMBER OF  
10 THE AFFILIATED GROUP IS PRESUMPTIVELY INCORPORATED IN A FOREIGN  
11 JURISDICTION FOR THE PURPOSE OF TAX AVOIDANCE IF THE MEMBER IS  
12 INCORPORATED IN A LISTED JURISDICTION. A MEMBER IS NOT  
13 INCORPORATED IN A FOREIGN JURISDICTION FOR THE PURPOSE OF TAX  
14 AVOIDANCE IF THE COMBINED GROUP PROVES TO THE SATISFACTION OF  
15 THE EXECUTIVE DIRECTOR, OR IF THE EXECUTIVE DIRECTOR DETERMINES,  
16 THAT THE MEMBER IS INCORPORATED IN A LISTED JURISDICTION FOR  
17 REASONS THAT MEET THE ECONOMIC SUBSTANCE DOCTRINE DESCRIBED IN  
18 SECTION 7701 (o) OF THE INTERNAL REVENUE CODE.

19 (c) (I) THE COMBINED GROUP MUST MAKE A WATER'S-EDGE  
20 ELECTION ON A TIMELY FILED, ORIGINAL RETURN FOR AN INCOME TAX  
21 YEAR.

22 (II) (A) EXCEPT AS PROVIDED IN SUBSECTION (8.5)(c)(II)(C) OF  
23 THIS SECTION, A COMBINED GROUP'S WATER'S-EDGE ELECTION IS BINDING  
24 FOR AND APPLICABLE TO THE INCOME TAX YEAR WHEN THE COMBINED  
25 GROUP MAKES THE ELECTION AND EACH OF THE NINE INCOME TAX YEARS  
26 THEREAFTER.

27 (B) UPON THE EXPIRATION OF THE PERIOD DESCRIBED IN

1 SUBSECTION (8.5)(c)(II)(A) OF THIS SECTION, A COMBINED GROUP MAY  
2 WITHDRAW THE WATER'S-EDGE ELECTION. THE COMBINED GROUP MUST  
3 WITHDRAW THE ELECTION ON A TIMELY FILED, ORIGINAL TAX RETURN FOR  
4 THE FIRST INCOME TAX YEAR AFTER THE PERIOD DESCRIBED IN  
5 SUBSECTION (8.5)(c)(II)(A) OF THIS SECTION, OR BY OTHER WRITTEN  
6 WITHDRAWAL MADE IN THE TIME AND MANNER PRESCRIBED BY RULES  
7 PROMULGATED BY THE EXECUTIVE DIRECTOR. EXCEPT AS PROVIDED IN  
8 SUBSECTION (8.5)(c)(II)(C) OF THIS SECTION, A COMBINED GROUP'S  
9 WITHDRAWAL OF AN ELECTION IS BINDING FOR AND APPLICABLE TO THE  
10 INCOME TAX YEAR WHEN THE COMBINED GROUP WITHDRAWS THE  
11 ELECTION AND EACH OF THE NINE INCOME TAX YEARS THEREAFTER. IF THE  
12 COMBINED GROUP DOES NOT WITHDRAW THE ELECTION AS DESCRIBED IN  
13 THIS SUBSECTION (8.5)(c)(II)(B), THE ELECTION IS DEEMED RENEWED FOR  
14 AN ADDITIONAL TEN-YEAR PERIOD, SUBJECT TO THE SAME CONDITIONS AS  
15 APPLIED TO THE ORIGINAL ELECTION.

16 (C) A COMBINED GROUP MAY PETITION THE EXECUTIVE DIRECTOR  
17 TO WITHDRAW A WATER'S-EDGE ELECTION PRIOR TO THE EXPIRATION OF  
18 THE PERIOD SET FORTH IN SUBSECTION (8.5)(c)(II)(A) OF THIS SECTION, OR  
19 TO REINSTATE A WITHDRAWN ELECTION, UPON A SHOWING OF  
20 REASONABLE CAUSE BASED UPON EXTRAORDINARY HARDSHIP DUE TO  
21 UNFORESEEN CHANGES IN STATE TAX STATUTES, LAW, OR POLICY. IF THE  
22 EXECUTIVE DIRECTOR GRANTS A WITHDRAWAL OF AN ELECTION, THE  
23 EXECUTIVE DIRECTOR MAY IMPOSE REASONABLE CONDITIONS AS  
24 NECESSARY TO PREVENT THE EVASION OF TAX OR TO CLEARLY REFLECT  
25 NET INCOME FOR THE ELECTION PERIOD PRIOR TO OR AFTER THE  
26 WITHDRAWAL.

27 (III) THE EXECUTIVE DIRECTOR MAY PROMULGATE RULES

1 GOVERNING THE EFFECT, IF ANY, ON THE SCOPE OR APPLICATION OF A  
2 WATER'S-EDGE ELECTION, INCLUDING THE PROCEDURES FOR ELECTION AND  
3 TERMINATION OR DEEMED ELECTION, RESULTING FROM A CHANGE IN THE  
4 COMPOSITION OF THE UNITARY GROUP, THE COMBINED GROUP, THE  
5 MEMBERS, AND ANY OTHER SIMILAR CHANGE.

6 (d) THE EXECUTIVE DIRECTOR MAY DISREGARD A WATER'S-EDGE  
7 ELECTION IN PART OR IN WHOLE, AND THE NET INCOME AND  
8 APPORTIONMENT FACTORS OF ANY MEMBER OF THE UNITARY GROUP MAY  
9 BE INCLUDED IN THE COMBINED REPORT, NOTWITHSTANDING SUBSECTIONS  
10 (8.5)(a) TO (8.5)(c) OF THIS SECTION, IF:

11 (I) ANY MEMBER OF THE UNITARY GROUP FAILS TO COMPLY WITH  
12 ANY PROVISION OF THIS ARTICLE 22 OR ANY PROVISION OF ARTICLE 21 OF  
13 THIS TITLE 39; OR

14 (II) A PERSON OTHERWISE NOT INCLUDED IN THE WATER'S-EDGE  
15 COMBINED GROUP IS USED FOR A SUBSTANTIAL STATE INCOME TAX  
16 AVOIDANCE PURPOSE.

17 (e) A COMBINED GROUP'S WATER'S-EDGE ELECTION PURSUANT TO  
18 THIS SUBSECTION (8.5) HAS NO EFFECT ON WHETHER A PERSON EXCLUDED  
19 FROM THE WATER'S-EDGE COMBINED GROUP MAY BE SEPARATELY LIABLE  
20 FOR THE TAX IMPOSED BY THIS ARTICLE 22. A PERSON EXCLUDED FROM A  
21 WATER'S-EDGE COMBINED GROUP AND SUBJECT TO THE TAX IMPOSED BY  
22 THIS ARTICLE 22 SHALL SEPARATELY FILE AND PAY SUCH TAX AS  
23 PROVIDED IN THIS ARTICLE 22.

24 (11.5) (b) For tax years beginning on and after January 1, 2026:

25 (I) Except as provided in ~~subsection~~ SUBSECTION (8) OR (8.5) of  
26 this section, all of the members of an affiliated group of C corporations,  
27 wherever incorporated or domiciled, that are members of a unitary

1 business shall file a combined report as a combined group.

2 (II) (A) The net income of each member of the combined group,  
3 as determined under section 39-22-304, is combined, eliminating items  
4 of income, expense, gain, and loss from transactions between members  
5 of the combined group, applying the consolidated filing rules under the  
6 internal revenue code, and the regulations thereunder, as if the combined  
7 group was a consolidated filing group. ~~Dividends are eliminated to the~~  
8 ~~extent permitted under subsection (9) of this section.~~

9 (B) A COMBINED GROUP SHALL ELIMINATE DIVIDENDS FROM A  
10 COMBINED REPORT TO THE EXTENT PERMITTED UNDER SUBSECTION (9) OF  
11 THIS SECTION.

12 (C) TO THE EXTENT THE NET INCOME OF A MEMBER OF A  
13 COMBINED GROUP INCLUDES SUBPART F INCOME OR NET CFC TESTED  
14 INCOME WITH RESPECT TO ANOTHER MEMBER OF THE COMBINED GROUP OF  
15 WHICH THE MEMBER IS A UNITED STATES SHAREHOLDER, THE COMBINED  
16 GROUP SHALL ELIMINATE SUCH SUBPART F OR NET CFC TESTED INCOME  
17 FROM A COMBINED REPORT.

18 (12) As used in this section, unless the context otherwise requires:

19 (c.3) "NET CFC TESTED INCOME" MEANS INCOME INCLUDED AS  
20 FEDERAL GROSS INCOME PURSUANT TO SECTION 951A (a) OF THE  
21 INTERNAL REVENUE CODE.

22 (c.5) "SUBPART F INCOME" MEANS INCOME INCLUDED AS FEDERAL  
23 GROSS INCOME PURSUANT TO SECTION 951 (a) OF THE INTERNAL REVENUE  
24 CODE.

25 **SECTION 6.** In Colorado Revised Statutes, 39-22-304, **amend**  
26 (3)(i) and (3)(q) as follows:

27 **39-22-304. Net income of corporation - legislative declaration**

1     **- definitions - repeal.**

2             (3) There shall be subtracted from federal taxable income:

3             (i) (I) FOR INCOME TAX YEARS BEGINNING BEFORE JANUARY 1,  
4     2027, that portion of wages or salaries paid or incurred for the taxable  
5     year, the deduction for which is disallowed by section 280C of the  
6     internal revenue code.

7             (II) THIS SUBSECTION (3)(i) IS REPEALED, EFFECTIVE DECEMBER  
8     31, 2031.

9             (q) (I) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY  
10    1, 2022, BUT BEFORE JANUARY 1, 2027:

11            (H) (A) Any amount included in federal taxable income pursuant  
12    to section 951 (a) of the internal revenue code with respect to a controlled  
13    foreign corporation that is a C corporation incorporated in a foreign  
14    jurisdiction for the purpose of tax avoidance pursuant to section  
15    39-22-303 (8)(b)(II); and

16            (H) (B) The amount of any income included in federal taxable  
17    income pursuant to section 951A (a) of the internal revenue code with  
18    respect to a controlled foreign corporation that is a C corporation  
19    incorporated in a foreign jurisdiction for the purpose of tax avoidance  
20    pursuant to section 39-22-303 (8)(b)(II), less any amount deducted under  
21    section 250 (a)(1)(B) of the internal revenue code with respect to such  
22    income.

23            (II) THIS SUBSECTION (3)(q) IS REPEALED, EFFECTIVE DECEMBER  
24    31, 2031.

25            **SECTION 7.** In Colorado Revised Statutes, 39-22-516.7, **amend**  
26    (4)(a)(IX), (4)(a)(X), (4)(a.3), (4)(a.5), and (4)(a.7) as follows:

27            **39-22-516.7. Tax credit for innovative motor vehicles - tax**

1 **preference performance statement - legislative declaration -**  
2 **definitions - repeal.**

3 (4) The amount of the credit allowed pursuant to this section is  
4 calculated as follows:

5 (a) **Category 1.**

6 (IX) Except as otherwise provided in subsection (4)(a.7) of this  
7 section, with respect to the purchase or lease of a category 1 vehicle sold  
8 or leased in tax years commencing on or after January 1, 2027, but before  
9 January 1, 2028, ~~one~~ TWO thousand dollars;

10 (X) Except as otherwise provided in subsection (4)(a.7) of this  
11 section, with respect to the purchase or lease of a category 1 vehicle sold  
12 or leased in tax years commencing on or after January 1, 2028, but before  
13 January 1, 2029, ~~five hundred~~ ONE THOUSAND dollars; and

14 (a.3) **Limitation on credit.**

15 (I) No credit is allowed for a purchase or lease made on or after  
16 July 1, 2023, but before ~~January 1, 2029~~ JANUARY 1, 2027, of a Category  
17 1 vehicle that exceeds a manufacturer's suggested retail price of  
18 eighty-thousand dollars.

19 (II) NO CREDIT IS ALLOWED FOR A PURCHASE OR LEASE MADE ON  
20 OR AFTER JANUARY 1, 2027, BUT BEFORE JANUARY 1, 2029, OF A  
21 CATEGORY 1 VEHICLE THAT EXCEEDS A MANUFACTURER'S SUGGESTED  
22 RETAIL PRICE OF FIFTY THOUSAND DOLLARS.

23 (a.5) (I) **Category 1 for vehicles under \$35,000 threshold.** With  
24 respect to the purchase or lease of a category 1 vehicle sold or leased in  
25 tax years commencing on or after January 1, 2024, but prior to ~~January 1,~~  
26 ~~2029~~ JANUARY 1, 2027, with a manufacturer's suggested retail price  
27 below thirty-five thousand dollars there is allowed an additional two

1 thousand five hundred dollars of credit in addition to the amount of credit  
2 allowed pursuant to subsection (4)(a) of this section.

3 (II) **CATEGORY 1 FOR VEHICLES UNDER \$40,000 THRESHOLD.**  
4 WITH RESPECT TO THE PURCHASE OR LEASE OF A CATEGORY 1 VEHICLE  
5 SOLD OR LEASED IN TAX YEARS COMMENCING ON OR AFTER JANUARY 1,  
6 2027, BUT PRIOR TO JANUARY 1, 2029, WITH A MANUFACTURER'S  
7 SUGGESTED RETAIL PRICE BELOW FORTY THOUSAND DOLLARS THERE IS  
8 ALLOWED AN ADDITIONAL TWO THOUSAND FIVE HUNDRED DOLLARS OF  
9 CREDIT IN ADDITION TO THE AMOUNT OF CREDIT ALLOWED PURSUANT TO  
10 SUBSECTION (4)(a) OF THIS SECTION.

11 (a.7) (I) If the June 2025 revenue forecast, ~~and each June revenue~~  
12 ~~forecast through the June 2027 revenue forecast~~ as prepared by either  
13 legislative council staff or the office of state planning and budgeting,  
14 projects that state revenues, as defined in section 24-77-103.6 (6)(c), will  
15 not increase by at least four percent for the next fiscal year, the amount  
16 of the credit allowed pursuant to subsection (4)(a)(VIII), (4)(a)(IX), or  
17 (4)(a)(X) of this section for ~~any~~ THE INCOME tax year commencing in the  
18 calendar year that begins during said next fiscal year is reduced by fifty  
19 percent; except that if the amount of reduced credit is equal to or less than  
20 five hundred dollars, then no credit is available for ~~such a~~ THAT INCOME  
21 tax year.

22 (II) THIS SUBSECTION (4)(a.7) IS REPEALED, EFFECTIVE DECEMBER  
23 31, 2031.

24 **SECTION 8.** In Colorado Revised Statutes, 39-22-543, **amend**  
25 (2)(d), (3)(a), (4)(b), (5), and (6); and **add** (4)(c) as follows:

26 **39-22-543. Credit for wildfire hazard mitigation expenses -**  
27 **legislative declaration - definitions - repeal.**

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

2 (d) "Wildfire mitigation measures" means the creation of a  
3 defensible space around structures; the establishment of fuel breaks; the  
4 thinning of woody vegetation for the primary purpose of reducing risk to  
5 structures from wildland fire; or the secondary treatment of woody fuels  
6 by lopping and scattering, piling, chipping, removing from the site, or  
7 prescribed burning; so long as such activities meet or exceed any  
8 Colorado state forest service standards or any other applicable state rules.

9 FOR INCOME TAX YEARS BEGINNING ON AND AFTER JANUARY 1, 2027,  
10 "WILDFIRE MITIGATION MEASURES" INCLUDES THE THINNING OF WOODY  
11 VEGETATION THAT IS AT RISK OF MOUNTAIN PINE BEETLE OR SPRUCE  
12 BEETLE INFESTATION OR THAT HAS BEEN KILLED BY MOUNTAIN PINE  
13 BEETLES OR SPRUCE BEETLES, SO LONG AS SUCH ACTIVITIES MEET OR  
14 EXCEED ANY COLORADO STATE FOREST SERVICE STANDARDS OR ANY  
15 OTHER APPLICABLE STATE RULES.

16 (3) (a) FOR INCOME TAX YEARS BEGINNING BEFORE JANUARY 1,  
17 2027, in the case of two taxpayers filing a joint return, the amount of the  
18 credit shall not exceed six hundred twenty-five dollars in any taxable  
19 year. FOR INCOME TAX YEARS BEGINNING ON AND AFTER JANUARY 1,  
20 2027, IN THE CASE OF TWO TAXPAYERS FILING A JOINT RETURN, THE  
21 AMOUNT OF THE CREDIT SHALL NOT EXCEED TWO THOUSAND DOLLARS IN  
22 ANY TAXABLE YEAR. In the case of two taxpayers who may legally file a  
23 joint return but actually file separate returns, only one of the taxpayers  
24 may claim the credit specified in this section.

25 (4) (b) For income tax years commencing on or after January 1,  
26 2025, but prior to ~~January 1, 2028~~ JANUARY 1, 2027, a landowner with a  
27 federal taxable income at or below one hundred twenty thousand dollars

1 for the income tax year commencing on or after January 1, 2023, as  
2 adjusted for inflation and rounded to the nearest hundred dollars for each  
3 income tax year thereafter, is allowed a credit against the income taxes  
4 imposed by this article 22 in an amount equal to the landowner's costs  
5 incurred for wildfire mitigation measures in an amount up to one  
6 thousand dollars. The maximum total credit in a taxable year FOR A  
7 LANDOWNER is one thousand dollars.

8 (c) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,  
9 2027, BUT BEFORE JANUARY 1, 2031, A LANDOWNER WITH AN ADJUSTED  
10 GROSS INCOME AT OR BELOW THREE HUNDRED THOUSAND DOLLARS FOR  
11 THE INCOME TAX YEAR BEGINNING ON OR AFTER JANUARY 1, 2027, AS  
12 ADJUSTED FOR INFLATION AND ROUNDED TO THE NEAREST HUNDRED  
13 DOLLARS FOR EACH INCOME TAX YEAR THEREAFTER, IS ALLOWED A CREDIT  
14 AGAINST THE INCOME TAXES IMPOSED BY THIS ARTICLE 22 IN AN AMOUNT  
15 EQUAL TO THE LANDOWNER'S COSTS INCURRED FOR WILDFIRE MITIGATION  
16 MEASURES IN AN AMOUNT UP TO TWO THOUSAND DOLLARS. THE MAXIMUM  
17 TOTAL CREDIT IN A TAXABLE YEAR FOR A LANDOWNER IS TWO THOUSAND  
18 DOLLARS.

19 (5) (a) If the amount of a credit under this section exceeds a  
20 taxpayer's actual tax liability for an income tax year BEGINNING BEFORE  
21 JANUARY 1, 2026, the amount of the credit not used to offset the  
22 taxpayer's income tax liability is not refunded to the taxpayer and shall  
23 not be carried forward as a tax credit against the taxpayer's income tax  
24 liability in any subsequent tax year.

25 (b) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,  
26 2026, IF THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION  
27 EXCEEDS THE AMOUNT OF INCOME TAXES OTHERWISE DUE ON THE

1 QUALIFIED TAXPAYER'S INCOME IN THE INCOME TAX YEAR FOR WHICH THE  
2 CREDIT IS CLAIMED, THE AMOUNT OF THE CREDIT NOT USED AS AN OFFSET  
3 AGAINST INCOME TAXES IN THE CURRENT INCOME TAX YEAR MAY BE  
4 CARRIED FORWARD AND USED AS A CREDIT AGAINST INCOME TAX  
5 LIABILITY IN SUBSEQUENT YEARS FOR A PERIOD NOT TO EXCEED FIVE  
6 YEARS AND MUST BE APPLIED FIRST TO THE EARLIEST POSSIBLE INCOME  
7 TAX YEAR. ANY CREDIT REMAINING AFTER THE PERIOD IS NOT REFUNDED  
8 OR CREDITED TO THE QUALIFIED TAXPAYER.

9 (6) This section is repealed, effective ~~January 1, 2030~~ JANUARY  
10 1, 2040.

11 **SECTION 9.** In Colorado Revised Statutes, 39-22-549, **amend**  
12 (2)(e), (2)(h), (3)(a)(I)(B), (3)(a)(II)(B), (4)(a) introductory portion,  
13 (5)(a)(I)(A), (5)(b), and (5)(c); and **add** (2)(e.5), (2)(e.7), and (3)(a)(III)  
14 as follows:

15 **39-22-549. Credit against tax - small food business recovery**  
16 **and resilience grant program equipment - community food**  
17 **consortium duties and responsibilities - tax preference performance**  
18 **statement - legislative declaration - definitions - repeal.**

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

20 (e) "Purchaser" means:

21 (I) FOR INCOME TAX YEARS COMMENCING BEFORE JANUARY 1,  
22 2027, a small food retailer or small family farm that purchases small food  
23 business recovery and resilience grant program equipment.

24 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
25 1, 2027, A QUALIFIED DISTRIBUTOR, QUALIFIED PRODUCER, SMALL FOOD  
26 RETAILER, OR SMALL FAMILY FARM THAT PURCHASES SMALL FOOD  
27 BUSINESS RECOVERY AND RESILIENCE GRANT PROGRAM EQUIPMENT.

1 (e.5) "QUALIFIED DISTRIBUTOR" MEANS A COLORADO-OWNED AND  
2 OPERATED BUSINESS OR ORGANIZATION THAT:

3 (I) ACTIVELY MANAGES THE AGGREGATION, DISTRIBUTION, AND  
4 MARKETING OF SOURCE-IDENTIFIED RAW AGRICULTURAL PRODUCTS;

5 (II) PRIORITIZES THE AGGREGATION, DISTRIBUTION, AND  
6 MARKETING OF SOURCE-IDENTIFIED RAW AGRICULTURAL PRODUCTS TO  
7 COLORADO PRODUCERS TO SATISFY WHOLESALE, RETAIL, AND  
8 INSTITUTIONAL DEMAND; AND

9 (III) HAS MANAGED THE AGGREGATION, DISTRIBUTION, AND  
10 MARKETING OF SOURCE-IDENTIFIED RAW AGRICULTURAL PRODUCTS TO A  
11 MEMBER OF THE CONSORTIUM IN THE INCOME TAX YEAR FOR WHICH THE  
12 BUSINESS OR ORGANIZATION IS CLAIMING A TAX CREDIT PURSUANT TO THIS  
13 SECTION.

14 (e.7) "QUALIFIED PRODUCER" MEANS A COLORADO-OWNED AND  
15 OPERATED FARM OR RANCH THAT FILES A SCHEDULE F WITH THE INTERNAL  
16 REVENUE SERVICE AND THAT IS SELLING ITS PRODUCT TO A CHARITABLE  
17 FOOD SYSTEM OR SCHOOL.

18 (h) "Small food retailers" has the same meaning as set forth in  
19 section 35-1-117 (8)(e) FOR INCOME TAX YEARS COMMENCING BEFORE  
20 JANUARY 1, 2027. FOR INCOME TAX YEARS COMMENCING ON OR AFTER  
21 JANUARY 1, 2027, "SMALL FOOD RETAILERS" MEANS:

22 (I) AN INDEPENDENT OR NONPROFIT-MANAGED,  
23 COLORADO-OWNED, AND COLORADO-OPERATED SMALL FOOD RETAIL  
24 BUSINESS, DEFINED AS A FOOD RETAILER THAT:

25 (A) HAS FIVE OR FEWER SEPARATE LOCATIONS WITH LESS THAN  
26 TWENTY-TWO THOUSAND SQUARE FEET OF RETAIL SPACE PER LOCATION;

27 (B) CARRIES AT LEAST THREE CATEGORIES OF FEDERALLY DEFINED

1 STAPLE FOODS, AS DESCRIBED IN THE FEDERAL "FOOD AND NUTRITION  
2 ACT OF 2008", SECS. 3 AND 9; THE FEDERAL "CONSOLIDATED  
3 APPROPRIATIONS ACT OF 2017", SEC. 76; AND THE FEDERAL "ENHANCING  
4 RETAILER STANDARDS IN THE SUPPLEMENTAL NUTRITION ASSISTANCE  
5 PROGRAM", 81 FED. REG. 90675; AND

6 (C) IS LOCATED IN OR PROVIDES FOOD TO LOCAL, STATE, OR  
7 FEDERALLY DEFINED LOW-INCOME, LOW-ACCESS NEIGHBORHOODS; OR

8 (II) IS A FARMER'S MARKET OR FARM-DIRECT OPERATION THAT IS  
9 ALREADY OR DEMONSTRATES AN INTENT TO BECOME SNAP AND WIC  
10 AUTHORIZED WHERE ALLOWED.

11 (3) (a) Subject to the provisions of subsection (4) of this section:

12 (I) (B) For income tax years commencing on or after January 1,  
13 2025, but before January 1, 2031, any member of the food consortium is  
14 allowed a credit against the tax imposed by this article 22 in an amount  
15 equal to seventy-five percent of the amount certain spent by the member  
16 of the consortium on completing its duties and responsibilities minus any  
17 amount awarded to the member of the consortium pursuant to section  
18 35-1-117 (2) for the completion of its duties and responsibilities; ~~and~~

19 (II) (B) For income tax years commencing on or after January 1,  
20 2025, but before January 1, 2031, any purchaser of small food business  
21 recovery and resilience grant program equipment is allowed a credit  
22 against the tax imposed by this article 22 in an amount equal to  
23 seventy-five percent of the purchase price of the relevant small food  
24 business recovery and resilience grant program equipment minus the  
25 amount of any grant awarded under the small food business recovery and  
26 resilience grant program for the purchase of the same small food business  
27 recovery and resilience grant program equipment; AND

1 (III) NOTWITHSTANDING SUBSECTION (3)(a)(I) AND (3)(a)(II) OF  
2 THIS SECTION, FOR INCOME TAX YEARS COMMENCING ON OR AFTER  
3 JANUARY 1, 2027, A TAXPAYER IS ONLY ALLOWED A CREDIT AGAINST THE  
4 TAX IMPOSED BY THIS ARTICLE 22 PURSUANT TO THIS SECTION IF THE  
5 CREDIT WOULD BE IN AN AMOUNT EQUAL TO OR GREATER THAN FIVE  
6 HUNDRED DOLLARS.

7 (4) (a) FOR INCOME TAX YEARS COMMENCING PRIOR TO JANUARY  
8 1, 2027, a member of the consortium or a purchaser of small food  
9 business recovery grant program equipment may submit an application to  
10 the department of agriculture for the issuance of a letter of eligibility for  
11 a tax credit certificate allowed in this section by the deadlines established  
12 in the rules promulgated by the department of agriculture. The application  
13 must include:

14 (5) (a) A member of the consortium or a purchaser of small food  
15 business recovery grant program equipment shall submit an application  
16 to the department of agriculture for the issuance of a tax credit certificate  
17 allowed in this section by the deadlines established in the rules  
18 promulgated by the department of agriculture. The application must  
19 include:

20 (I) A certification that the applicant is either:

21 (A) A purchaser who is a QUALIFIED DISTRIBUTOR, QUALIFIED  
22 PRODUCER, small food retailer, or small family farm that purchased small  
23 food business recovery and resilience grant program equipment; or

24 (b) If the department of agriculture determines that the application  
25 filed pursuant to subsection (5)(a) of this section is complete, the  
26 department of agriculture shall determine whether the applicant qualifies  
27 for the credit allowed pursuant to this section. If the department of

1 agriculture approves the application, the department of agriculture shall  
2 issue a tax credit certificate to the applicant that indicates the amount of  
3 the tax credit that the purchaser or member of the consortium may claim  
4 for the specified income tax year; except that:

5 (I) The total amount of tax credit certificates issued by the  
6 department of agriculture in a given income tax year must not exceed a  
7 total of ten million dollars FOR INCOME TAX YEARS COMMENCING BEFORE  
8 JANUARY 1, 2027, A TOTAL OF FIVE MILLION DOLLARS FOR THE INCOME  
9 TAX YEAR COMMENCING ON JANUARY 1, 2027, AND, FOR INCOME TAX  
10 YEARS COMMENCING ON OR AFTER JANUARY 1, 2028, A TOTAL OF FIVE  
11 MILLION DOLLARS, UNLESS THE DEPARTMENT OF AGRICULTURE WOULD  
12 HAVE ISSUED A TOTAL AMOUNT OF CREDIT CERTIFICATES IN EXCESS OF  
13 FIVE MILLION DOLLARS FOR AN INCOME TAX YEAR COMMENCING ON OR  
14 AFTER JANUARY 1, 2027, BUT FOR THE LIMITATION ON TAX CREDIT  
15 CERTIFICATES IN THIS SUBSECTION (5)(b)(I), IN WHICH CASE THE TOTAL  
16 AMOUNT OF TAX CREDIT CERTIFICATES ISSUED BY THE DEPARTMENT OF  
17 AGRICULTURE MUST NOT EXCEED TEN, RATHER THAN FIVE, MILLION  
18 DOLLARS FOR FUTURE INCOME TAX YEARS; AND

19 (II) FOR AN INCOME TAX YEAR COMMENCING ON OR AFTER  
20 JANUARY 1, 2027, THE MAXIMUM ALLOWABLE CREDIT AMOUNT FOR A  
21 SMALL FAMILY FARM THAT CLAIMS A CREDIT PURSUANT TO THIS SECTION  
22 IS THREE HUNDRED THOUSAND DOLLARS AND IS ONE MILLION DOLLARS  
23 FOR ANY OTHER TAXPAYER THAT CLAIMS A CREDIT PURSUANT TO THIS  
24 SECTION.

25 (c) (I) FOR INCOME TAX YEARS COMMENCING BEFORE JANUARY 1,  
26 2027, the department of agriculture shall issue tax credit certificates  
27 allowed in this section in an order that accords with the rules promulgated

1 by the department of agriculture. The department of agriculture shall  
2 review and approve or disapprove an application filed pursuant to  
3 subsection (5)(a) of this section within a reasonable time, not to exceed  
4 ninety days after the filing of a completed application.

5 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
6 1, 2027, THE DEPARTMENT OF AGRICULTURE SHALL REVIEW AND APPROVE  
7 OR DISAPPROVE AN APPLICATION FILED PURSUANT TO SUBSECTION (5)(a)  
8 OF THIS SECTION WITHIN A REASONABLE TIME, NOT TO EXCEED ONE  
9 HUNDRED FIFTY DAYS AFTER THE FILING OF A COMPLETED APPLICATION.  
10 THE DEPARTMENT OF AGRICULTURE SHALL ISSUE TAX CREDIT  
11 CERTIFICATES ALLOWED IN THIS SECTION IN THE FOLLOWING ORDER OR  
12 PRIORITY:

- 13 (A) FIRST, TO CONSORTIUM MEMBERS;
- 14 (B) SECOND, TO SMALL FOOD RETAILERS;
- 15 (C) THIRD, TO SMALL FAMILY FARMS;
- 16 (D) FOURTH, TO QUALIFIED DISTRIBUTORS; AND
- 17 (E) FIFTH, TO QUALIFIED PRODUCERS.

18 **SECTION 10.** In Colorado Revised Statutes, 39-22-550, **amend**  
19 (1)(b) introductory portion, (1)(b)(I), (3)(a), (5), and (6); and **add**  
20 (3)(e)(III) as follows:

21 **39-22-550. Tax credit for reducing emissions from certain**  
22 **lawn equipment - tax preference performance statement - legislative**  
23 **declaration - definitions - report - repeal.**

24 (1) (b) In accordance with section 39-21-304 (1), which requires  
25 each bill that creates a new tax expenditure, OR EXTENDS AN EXPIRING  
26 TAX EXPENDITURE, to include a tax preference performance statement as  
27 part of a statutory legislative declaration, the general assembly further

1 finds and declares that:

2 (I) The general legislative purpose of the tax credit allowed by  
3 subsection (3) of this section, AND THE GENERAL LEGISLATIVE PURPOSE OF  
4 ITS EXTENSION, is to induce certain designated behaviors by taxpayers,  
5 specifically the purchase of electric-powered lawn equipment; and

6 (3) (a) For income tax years commencing on or after January 1,  
7 2024, but before ~~January 1, 2027~~ JANUARY 1, 2030, a retailer qualified  
8 pursuant to subsection (3)(e)(II) of this section is allowed a tax credit  
9 against the tax imposed pursuant to this article 22 in an amount equal to  
10 thirty-three percent of the aggregate purchase price for all retail sales of  
11 new, electric-powered lawn equipment that the qualified retailer sold in  
12 the state during the tax year.

13 (e) (III) FOR INCOME TAX YEARS BEGINNING ON OR AFTER  
14 JANUARY 1, 2027, THE QUALIFIED RETAILER MAY ELECT ADVANCE  
15 PAYMENTS OF THE CREDIT ALLOWED PURSUANT TO THIS SECTION AS  
16 SPECIFIED IN SECTION 39-22-629.

17 (5) Pursuant to section 39-21-304 (3), notwithstanding section  
18 24-1-136 (11)(a)(I), and for the purpose of providing data that allows the  
19 general assembly and the state auditor to measure the effectiveness of the  
20 tax credit created in subsection (3) of this section, the department of  
21 revenue, on or before January 1, 2025, and on or before January 1 of each  
22 year thereafter through ~~January 1, 2028~~ JANUARY 1, 2031, shall submit to  
23 the general assembly and the state auditor a report detailing the sales of  
24 new, electric-powered lawn equipment, as reported by a qualified retailer  
25 claiming the tax credit authorized under subsection (3) of this section.  
26 The tax credit established in this section meets its purpose if sales of new,  
27 gasoline-powered lawn equipment are significantly reduced within five

1 years after the tax credit becomes effective, as determined by the general  
2 assembly and the state auditor pursuant to section 39-21-304 (3).

3 (6) This section is repealed, effective ~~December 31, 2033~~  
4 DECEMBER 31, 2036.

5 **SECTION 11.** In Colorado Revised Statutes, 39-22-551, **amend**  
6 (1)(a), (2)(e)(XI), (2)(j), (6)(a)(I), (9) introductory portion, (11), and (13);  
7 and **add** (6.5) as follows:

8 **39-22-551. Industrial clean energy tax credit - tax preference**  
9 **performance statement - definitions - report - repeal.**

10 (1) (a) In accordance with section 39-21-304 (1), which requires  
11 each bill that creates a new tax expenditure to include a tax preference  
12 performance statement as part of a statutory legislative declaration, the  
13 general assembly finds and declares that the purpose of the tax credit  
14 provided for in this section is to induce certain designated behavior by  
15 taxpayers and to provide a reduction in income tax liability for certain  
16 businesses or individuals by allowing an owner of an industrial facility to  
17 receive a credit against income tax for the costs associated with  
18 conducting industrial studies or for implementing a plan to put into  
19 service greenhouse gas emissions reduction improvements AND, FOR  
20 INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2026, BY  
21 PROVIDING A FINANCIAL INCENTIVE FOR THE DEVELOPMENT OF THERMAL  
22 ENERGY NETWORKS AND ELECTRICITY GENERATION FROM GEOTHERMAL  
23 SOURCES AND BY PROVIDING A FINANCIAL INCENTIVE FOR PRODUCTION OF  
24 GEOTHERMAL ELECTRICITY GENERATION AND RELATED INFRASTRUCTURE.

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

27 (e) "Greenhouse gas emissions reduction improvements" means

1 improvements that help to measurably reduce greenhouse gas emissions.  
2 "Greenhouse gas emissions reduction improvements" may include one or  
3 more of the following equipment purchases, improvements, retrofits, or  
4 investments:

5 (XI) Installing equipment used for collection of biomethane, AND,  
6 FOR INCOME TAX YEARS COMMENCING ON AND AFTER JANUARY 1, 2027,  
7 INSTALLING EQUIPMENT USED FOR UTILIZATION OF BIOMETHANE;

8 (j) "Owner" means a person or developer of a project to be  
9 implemented at a qualified industrial facility subject to tax under this  
10 article 22 who applies for and claims the credit allowed by this section.  
11 FOR INCOME TAX YEARS COMMENCING ON AND AFTER JANUARY 1, 2027,  
12 "OWNER" ALSO INCLUDES A PERSON OR POLITICAL SUBDIVISION OF THE  
13 STATE THAT IS A DEVELOPER OF A PROJECT TO BE IMPLEMENTED AT A  
14 QUALIFIED INDUSTRIAL FACILITY AND THAT IS EXEMPT FROM TAXATION  
15 UNDER SECTION 39-22-112 (1).

16 (6) **Merit-based review and reservation of credits.**

17 (a) (I) For each application period, the office shall conduct a  
18 merit-based evaluation of the applications that have been placed in the  
19 evaluation pool pursuant to subsection (5)(c)(II)(B) of this section.  
20 BEFORE TAX YEARS BEGINNING JANUARY 1, 2027, the office shall  
21 complete its review, and award reservations, within ninety days after the  
22 end of the application period. FOR INCOME TAX YEARS COMMENCING ON  
23 OR AFTER JANUARY 1, 2027, THE OFFICE SHALL COMPLETE ITS REVIEW,  
24 AND AWARD RESERVATIONS, WITHIN ONE HUNDRED TWENTY DAYS AFTER  
25 THE END OF THE APPLICATION PERIOD.

26 (6.5) **Geothermal energy project tax credits.**

27 (a) (I) (A) FOR INCOME TAX YEARS COMMENCING ON OR AFTER

1 JANUARY 1, 2026, BUT BEFORE JANUARY 1, 2033, AN ELIGIBLE  
2 GEOTHERMAL ENERGY PROJECT TAXPAYER THAT MAKES A QUALIFIED  
3 GEOTHERMAL ENERGY PROJECT EXPENDITURE IS ALLOWED A CREDIT  
4 AGAINST THE TAX IMPOSED UNDER THIS ARTICLE 22 IN AN APPLICABLE  
5 AMOUNT AND SUBJECT TO THE LIMITATIONS SET FORTH IN SUBSECTION  
6 (6.5)(a)(I)(B) OF THIS SECTION.

7 (B) AN ELIGIBLE GEOTHERMAL ENERGY PROJECT TAXPAYER IS NOT  
8 ALLOWED A TAX CREDIT PURSUANT TO THIS SUBSECTION (6.5) IN AN  
9 AGGREGATE AMOUNT OF MORE THAN FIVE MILLION DOLLARS IN TAX  
10 CREDITS FOR ALL INCOME TAX YEARS FOR WHICH THE TAX CREDIT MAY BE  
11 CLAIMED PURSUANT TO THIS SECTION PER APPROVED GEOTHERMAL  
12 ENERGY PROJECT.

13 (II) AN ELIGIBLE GEOTHERMAL ENERGY PROJECT TAXPAYER MAY  
14 SUBMIT AN APPLICATION TO THE OFFICE FOR A CREDIT IN AN APPLICABLE  
15 AMOUNT AGAINST THE TAX IMPOSED UNDER THIS ARTICLE 22. THE  
16 APPLICATION MUST BE IN THE SAME FORM AND SUBMITTED IN THE SAME  
17 MANNER AS DESCRIBED IN SECTION 39-22-522 (4), AND THE OFFICE SHALL  
18 DETERMINE WHETHER TO RESERVE THE CREDIT AND THE AMOUNT OF THE  
19 CREDIT TO RESERVE IN THE SAME MANNER AS DESCRIBED FOR A TAX  
20 CREDIT IN SECTION 39-22-522.

21 (b) (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER  
22 JANUARY 1, 2026, AND BEFORE JANUARY 1, 2033, A QUALIFIED  
23 GEOTHERMAL ENERGY PRODUCING ENTITY IS ALLOWED A CREDIT AGAINST  
24 THE INCOME TAXES IMPOSED BY THIS ARTICLE 22 IN AN AMOUNT EQUAL TO  
25 THREE ONE-THOUSANDTHS OF A DOLLAR PER KILOWATT HOUR OF  
26 GEOTHERMAL ELECTRICITY THAT IS PRODUCED BY THE QUALIFIED  
27 GEOTHERMAL ENERGY PRODUCING ENTITY IN THE STATE IN THE TAX YEAR,

1 EXCEPT AS MODIFIED BY THE OFFICE PURSUANT TO SUBSECTION  
2 (6.5)(b)(II) OF THIS SECTION.

3 (II) THE OFFICE SHALL ANNUALLY REVIEW AND EVALUATE THE  
4 EFFECTIVENESS OF THE TAX CREDIT DESCRIBED IN THIS SUBSECTION  
5 (6.5)(b) AND MAY MODIFY THE AMOUNTS SET FORTH IN SUBSECTION  
6 (6.5)(b)(I) OF THIS SECTION. THE OFFICE SHALL MAINTAIN THE CURRENT  
7 APPLICABLE TAX CREDIT ON ITS WEBSITE AND SHALL PROVIDE THE  
8 APPLICABLE TAX CREDIT IN WRITING TO THE DEPARTMENT NO LATER THAN  
9 DECEMBER 31, 2026, AND EACH DECEMBER 31 THEREAFTER THROUGH  
10 DECEMBER 31, 2031.

11 (III) TO CLAIM THE CREDIT DESCRIBED IN THIS SUBSECTION  
12 (6.5)(b), THE QUALIFIED GEOTHERMAL ENERGY PRODUCING ENTITY MUST  
13 APPLY FOR A TAX CREDIT CERTIFICATE TO RECEIVE A TAX CREDIT  
14 CERTIFICATE FROM THE OFFICE IN THE FORM AND MANNER DESCRIBED IN  
15 SECTION 39-22-553 (4).

16 (IV) A QUALIFIED ENTITY THAT CLAIMS THE CREDIT ALLOWED BY  
17 THIS SECTION MAY NOT CLAIM THE CREDIT ALLOWED BY SECTION  
18 39-30-104 FOR THE SAME PROJECT.

19 (c) NOTWITHSTANDING ANY LAW TO THE CONTRARY:

20 (I) THE OFFICE MUST INCLUDE THE RESERVATION OF A CREDIT  
21 PURSUANT TO THIS SUBSECTION (6.5) IN DETERMINING THE LIMIT ON THE  
22 AGGREGATE AMOUNT OF TAX CREDITS AVAILABLE TO BE RESERVED  
23 PURSUANT TO SUBSECTION (8) OF THIS SECTION;

24 (II) SUBSECTIONS (1) TO (6) OF THIS SECTION AND SUBSECTIONS (7)  
25 AND (12) OF THIS SECTION DO NOT APPLY IN CONNECTION WITH THE  
26 RESERVATION OF A CREDIT PURSUANT TO THIS SUBSECTION (6.5).

27 (d) THE TOTAL AMOUNT OF CREDITS RESERVED AND AWARDED BY

1 THE OFFICE PURSUANT TO THIS SUBSECTION (6.5) MUST NOT EXCEED  
2 THIRTY-FIVE MILLION DOLLARS ACROSS INCOME TAX YEARS COMMENCING  
3 ON OR AFTER JANUARY 1, 2026, BUT BEFORE JANUARY 1, 2033.

4 (e) AS USED IN THIS SUBSECTION (6.5), UNLESS THE CONTEXT  
5 OTHERWISE REQUIRES:

6 (I) "APPLICABLE AMOUNT" HAS THE SAME MEANING AS IN SECTION  
7 39-22-552 (2)(a).

8 (II) "APPROVED GEOTHERMAL ENERGY PROJECT" HAS THE SAME  
9 MEANING AS IN SECTION 39-22-552 (2)(b).

10 (III) "ELIGIBLE GEOTHERMAL ENERGY PROJECT TAXPAYER" HAS  
11 THE SAME MEANING AS "ELIGIBLE TAXPAYER", AS DEFINED IN SECTION  
12 39-22-552 (2)(e).

13 (IV) "QUALIFIED GEOTHERMAL ENERGY PRODUCING ENTITY" HAS  
14 THE SAME MEANING AS "QUALIFIED ENTITY", AS DEFINED IN SECTION  
15 39-22-553 (2)(c).

16 (V) "QUALIFIED GEOTHERMAL ENERGY PROJECT EXPENDITURE"  
17 HAS THE SAME MEANING AS "QUALIFIED EXPENDITURE", AS DEFINED IN  
18 SECTION 39-22-552 (2)(g).

19 (9) The office shall, in a sufficiently timely manner to allow the  
20 department to process returns claiming the income tax credit allowed in  
21 this section, provide the department with an electronic report of each  
22 ~~owner~~ TAXPAYER to which the office has issued a tax credit certificate, as  
23 allowed in ~~subsection~~ SUBSECTIONS (6.5) AND (7) of this section, for the  
24 preceding tax year that includes the following information:

25 (11) ~~In order~~ To claim the credit authorized by this section, the  
26 ~~owner~~ TAXPAYER shall file the tax credit certificate with the ~~owner's~~  
27 TAXPAYER'S state income tax return. The amount of the credit that the

1 ~~owner~~ TAXPAYER may claim under this section is the amount stated on the  
2 tax credit certificate.

3 (13) If a credit authorized by this section exceeds the income tax  
4 due on the income of the ~~owner~~ TAXPAYER for the taxable year, the  
5 excess credit may not be carried forward and must be refunded to the  
6 ~~owner~~ TAXPAYER.

7 **SECTION 12.** In Colorado Revised Statutes, 39-22-554, **amend**  
8 (3)(f) as follows:

9 **39-22-554. Heat pump technology and thermal energy**  
10 **network tax credit - tax preference performance statement -**  
11 **legislative declaration - definitions - repeal.**

12 (3) (f) (I) If the June 2025 revenue forecast, ~~and each June~~  
13 ~~revenue forecast through the June 2031 revenue forecast~~ as prepared by  
14 either legislative council staff or the office of state planning and  
15 budgeting, projects that state revenues, as defined in section 24-77-103.6  
16 (6)(c), will not increase by at least four percent for the next fiscal year,  
17 the amount of the credit allowed pursuant to subsection (3)(c)(I)(B),  
18 (3)(c)(I)(C), (3)(c)(II)(B), (3)(c)(II)(C), or (3)(c)(III)(B) of this section,  
19 as may be modified by subsections (3)(d) and (3)(e) of this section, for  
20 any tax year commencing in the calendar year that begins during said next  
21 fiscal year is reduced by fifty percent if the heat pump technology is  
22 installed at an existing residential or nonresidential building; except that  
23 if the amount of the reduced credit is equal to or less than two hundred  
24 fifty dollars, then no credit is available for ~~such a~~ THAT INCOME tax year.

25 (II) THIS SUBSECTION (3)(f) IS REPEALED, EFFECTIVE DECEMBER  
26 31, 2031.

27 **SECTION 13.** In Colorado Revised Statutes, 39-22-555, **amend**

1 (6) as follows:

2 **39-22-555. Electric bicycle tax credit - tax preference**  
3 **performance statement - legislative declaration - definitions - repeal.**

4 (6) (a) If the June 2025 revenue forecast, ~~and each June revenue~~  
5 ~~forecast through the June 2031 revenue forecast~~ as prepared by either  
6 legislative council staff or the office of state planning and budgeting,  
7 projects that state revenues, as defined in section 24-77-103.6 (6)(c), will  
8 not increase by at least four percent for the next fiscal year, the amount  
9 of the credit allowed pursuant to this section, the discount required  
10 pursuant to subsection (3)(b) of this section, and the administrative fee  
11 allowed pursuant to subsection (3)(d) of this section for any tax year  
12 commencing in the calendar year that begins during said next fiscal year,  
13 is reduced by fifty percent.

14 (b) THIS SUBSECTION (6) IS REPEALED, EFFECTIVE DECEMBER 31,  
15 2031.

16 **SECTION 14.** In Colorado Revised Statutes, 39-22-556, **amend**  
17 (3)(a), (4)(b), (7), and (9) as follows:

18 **39-22-556. Tax credit for sustainable aviation fuel production**  
19 **facility - tax preference performance statement - legislative**  
20 **declaration - definitions - repeal.**

21 (3) (a) For tax years commencing on or after January 1, 2024, but  
22 before ~~January 1, 2033~~ JANUARY 1, 2027, a qualified taxpayer is allowed  
23 a credit against the income tax imposed under this article 22 for an  
24 amount of the actual cost paid to construct, reconstruct, or erect a  
25 sustainable aviation fuel production facility in the state equal to:

26 (I) Thirty percent for a facility for which construction begins on  
27 or after January 1, 2024, but before January 1, 2027;

1           (II) ~~Twenty-four percent for a facility for which construction~~  
2 ~~begins on or after January 1, 2027, but before January 1, 2028;~~

3           (III) ~~Eighteen percent for a facility for which construction begins~~  
4 ~~on or after January 1, 2028, but before January 1, 2029; and~~

5           (IV) ~~Twelve percent for a facility for which construction begins~~  
6 ~~on or after January 1, 2029, but before January 1, 2033.~~

7           (4) (b) The aggregate amount of all tax credit certificates issued  
8 by the office pursuant to this subsection (4) must not exceed one million  
9 dollars for the 2024 income tax year, two million dollars per year for the  
10 2025 and 2026 income tax years, ~~and three million dollars per year for~~  
11 ~~income tax years 2027 through 2032 YEAR.~~

12           (7) Notwithstanding the requirement in section 24-1-136  
13 (11)(a)(I), for the purpose of providing data that allows the general  
14 assembly and the state auditor to measure the effectiveness of the credit  
15 created in subsection (3) of this section pursuant to section 39-21-304 (3),  
16 the office on or before January 1, 2026, and on or before January 1 of  
17 each year thereafter until ~~January 1, 2034~~ JANUARY 1, 2027, shall submit  
18 to the general assembly and the state auditor a report detailing the  
19 construction, reconstruction, and erection of sustainable aviation fuel  
20 production facilities as reported by qualified taxpayers claiming the credit  
21 in this section. The tax credit meets its purpose if the construction,  
22 reconstruction, and erection of sustainable aviation fuel production  
23 facilities in the state increase significantly in tax years for which the  
24 credit is allowed.

25           (9) This section is repealed, effective ~~December 31, 2038~~  
26 DECEMBER 31, 2033.

27           **SECTION 15.** In Colorado Revised Statutes, **add** 39-22-556.5 as

1 follows:

2 **39-22-556.5. Tax credit for the purchase of sustainable**  
3 **aviation fuel - tax preference performance statement - legislative**  
4 **declaration - definitions - repeal.**

5 (1) (a) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH  
6 REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE  
7 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY  
8 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS AND  
9 DECLARES THAT THE PURPOSE OF THIS TAX EXPENDITURE IS TO INDUCE  
10 CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS, SPECIFICALLY THE  
11 PURCHASE OF SUSTAINABLE AVIATION FUEL IN THE STATE, BY PROVIDING  
12 TAX RELIEF FOR CERTAIN BUSINESSES AND INDIVIDUALS THAT PURCHASE  
13 SUSTAINABLE AVIATION FUEL IN THE STATE.

14 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL  
15 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSES  
16 SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE  
17 INFORMATION REQUIRED BY AND REPORTED TO THE DEPARTMENT  
18 PURSUANT TO SUBSECTION (5) OF THIS SECTION.

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

21 (a) "COLORADO ENERGY OFFICE" OR "OFFICE" MEANS THE  
22 COLORADO ENERGY OFFICE CREATED IN SECTION 24-38.5-101.

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

24 (c) "QUALIFIED TAXPAYER" MEANS A PERSON WHO PURCHASES  
25 SUSTAINABLE AVIATION FUEL IN THE STATE IF THAT PERSON IS SUBJECT TO  
26 TAX PURSUANT TO THIS ARTICLE 22 OR IS A PERSON OR POLITICAL  
27 SUBDIVISION OF THE STATE THAT IS EXEMPT FROM TAXATION PURSUANT

1 TO SECTION 39-22-112 (1).

2 (d) "SUSTAINABLE AVIATION FUEL" HAS THE SAME MEANING AS  
3 SET FORTH IN SECTION 40B (d) OF THE INTERNAL REVENUE CODE.

4 (3) (a) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1,  
5 2027, BUT BEFORE JANUARY 1, 2033, A QUALIFIED TAXPAYER IS ALLOWED  
6 A CREDIT AGAINST THE INCOME TAX IMPOSED UNDER THIS ARTICLE 22 IN  
7 AN AMOUNT EQUAL TO ONE DOLLAR AND FIFTY CENTS, INCREASED BY ONE  
8 CENT FOR EACH WHOLE PERCENTAGE OF CARBON INTENSITY REDUCTION  
9 IN EXCESS OF FIFTY PERCENT, FOR EACH GALLON OF SUSTAINABLE  
10 AVIATION FUEL THAT THE QUALIFIED TAXPAYER PURCHASED IN THE STATE  
11 DURING THE INCOME TAX YEAR, EXCEPT AS OTHERWISE PROVIDED IN  
12 SUBSECTION (3)(b) OF THIS SECTION.

13 (b) THE OFFICE SHALL ANNUALLY REVIEW AND EVALUATE THE  
14 EFFECTIVENESS OF THE TAX CREDIT ALLOWED PURSUANT TO THIS SECTION  
15 AND MAY, NOTWITHSTANDING SUBSECTION (3)(a) OF THIS SECTION, FOR  
16 THE SUBSEQUENT TAX YEAR, MODIFY THE AMOUNT PER GALLON,  
17 INCLUDING THE INCREASE AS A RESULT OF CARBON INTENSITY REDUCTION,  
18 THAT A QUALIFIED TAXPAYER IS ALLOWED AS A CREDIT AGAINST THE  
19 INCOME TAX IMPOSED UNDER THIS ARTICLE 22 PURSUANT TO THIS  
20 SECTION. THE OFFICE SHALL POST THE MODIFIED AMOUNT ON ITS WEBSITE.

21 (4) (a) A QUALIFIED TAXPAYER SHALL SUBMIT AN APPLICATION TO  
22 THE OFFICE FOR A TAX CREDIT CERTIFICATE TO CLAIM THE CREDIT  
23 ALLOWED BY THIS SECTION ON A FORM AND IN A MANNER PRESCRIBED BY  
24 THE OFFICE. THE APPLICATION MUST INCLUDE INFORMATION TO ALLOW  
25 THE OFFICE TO MAKE A DETERMINATION THAT THE APPLICANT IS A  
26 QUALIFIED TAXPAYER AND THAT THE AMOUNT OF SUSTAINABLE AVIATION  
27 FUEL THAT THE QUALIFIED TAXPAYER PURCHASED IN THE STATE DURING

1 THE INCOME TAX YEAR.

2 (b) THE AGGREGATE AMOUNT OF ALL TAX CREDIT CERTIFICATES  
3 ISSUED BY THE OFFICE PURSUANT TO THIS SUBSECTION (4) MUST NOT  
4 EXCEED THREE MILLION DOLLARS PER YEAR FOR ANY INCOME TAX YEAR.

5 (c) THE OFFICE SHALL, IN A SUFFICIENTLY TIMELY MANNER TO  
6 ALLOW THE DEPARTMENT TO PROCESS RETURNS CLAIMING THE INCOME  
7 TAX CREDIT ALLOWED IN THIS SECTION, PROVIDE THE DEPARTMENT WITH  
8 AN ELECTRONIC REPORT OF EACH QUALIFIED TAXPAYER THAT THE OFFICE  
9 APPROVED FOR THE INCOME TAX CREDIT ALLOWED IN THIS SECTION FOR  
10 THE PRECEDING CALENDAR YEAR THAT INCLUDES THE FOLLOWING  
11 INFORMATION:

12 (I) THE TAXPAYER'S NAME;

13 (II) THE TAXPAYER'S SOCIAL SECURITY NUMBER OR THE  
14 TAXPAYER'S COLORADO ACCOUNT NUMBER AND FEDERAL EMPLOYER  
15 IDENTIFICATION NUMBER; AND

16 (III) THE AMOUNT OF THE TAX CREDIT CERTIFICATE.

17 (d) THE OFFICE SHALL DEVELOP STANDARDS FOR THE APPROVAL  
18 OF QUALIFIED TAXPAYERS FOR WHOM A TAX CREDIT UNDER THIS SECTION  
19 IS ALLOWED AND THE AWARDING OF TAX CREDIT CERTIFICATES PURSUANT  
20 TO THIS SUBSECTION (4) AND SHALL POST THOSE STANDARDS ON ITS  
21 WEBSITE.

22 (5) NOTWITHSTANDING THE REQUIREMENT IN SECTION 24-1-136  
23 (11)(a)(I), FOR THE PURPOSE OF PROVIDING DATA THAT ALLOWS THE  
24 GENERAL ASSEMBLY AND THE STATE AUDITOR TO MEASURE THE  
25 EFFECTIVENESS OF THE CREDIT CREATED IN SUBSECTION (3) OF THIS  
26 SECTION PURSUANT TO SECTION 39-21-304 (3), THE OFFICE, ON OR BEFORE  
27 JANUARY 1, 2028, AND ON OR BEFORE JANUARY 1 OF EACH YEAR

1        THEREAFTER UNTIL JANUARY 1, 2034, SHALL SUBMIT TO THE GENERAL  
2        ASSEMBLY AND THE STATE AUDITOR A REPORT DETAILING THE PURCHASE  
3        OF SUSTAINABLE AVIATION FUEL BY TAXPAYERS CLAIMING THE CREDIT IN  
4        THIS SECTION. THE TAX CREDIT MEETS ITS PURPOSE IF THE PURCHASE OF  
5        SUSTAINABLE AVIATION FUEL PRODUCTION IN THE STATE INCREASES  
6        SIGNIFICANTLY IN TAX YEARS FOR WHICH THE CREDIT IS ALLOWED.

7            (6) IF THE CREDIT AUTHORIZED BY THIS SECTION EXCEEDS THE  
8        INCOME TAX DUE ON THE INCOME OF THE QUALIFIED TAXPAYER FOR THE  
9        TAXABLE YEAR, THE EXCESS CREDIT MAY NOT BE CARRIED FORWARD AND  
10       MUST BE REFUNDED TO THE QUALIFIED TAXPAYER.

11           (7) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2038.

12           **SECTION 16.** In Colorado Revised Statutes, 39-22-629, **amend**  
13       (1)(a) as follows:

14           **39-22-629. Advance payments of income tax credits -**  
15       **definitions.**

16           (1) As used in this section, unless the context otherwise requires:

17           (a) "Applicable credit" means:

18           (I) FOR INCOME TAX YEARS COMMENCING BEFORE JANUARY 1,  
19       2027, the credits allowed in sections 39-22-516.7, 39-22-516.8, and  
20       39-22-555; AND

21           (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
22       1, 2027, THE CREDITS ALLOWED IN SECTIONS 39-22-516.7, 39-22-516.8,  
23       39-22-549, 39-22-550, AND 39-22-555.

24           **SECTION 17.** In Colorado Revised Statutes, 39-26-706, **amend**  
25       (4) as follows:

26           **39-26-706. Miscellaneous sales and use tax exemptions -**  
27       **internet access - refractory materials - precious metal bullion and**

1     **coins - repeal.**

2           (4) (a) BEFORE JANUARY 1, 2027, all sales of precious metal  
3     bullion and coins, as defined in section 39-26-102 (2.6) and (6.5), shall  
4     be exempt from taxation under the provisions of part 1 of this ~~article~~  
5     ARTICLE 26.

6           (b) BEFORE JANUARY 1, 2027, the storage, use, or consumption of  
7     precious metal bullion and coins, as defined in section 39-26-102 (2.6)  
8     and (6.5), shall be exempt from taxation under the provisions of part 2 of  
9     this ~~article~~ ARTICLE 26.

10          (c) THIS SUBSECTION (4) IS REPEALED, EFFECTIVE DECEMBER 31,  
11     2029.

12          **SECTION 18.** In Colorado Revised Statutes, 39-26-710, **amend**  
13     (1)(a) and (2); and **add** (2.5) as follows:

14          **39-26-710. Railroads - construction and building materials -**  
15     **tangible personal property - work equipment - rolling stock - tax**  
16     **preference performance statement - legislative declaration.**

17          (1) The following shall be exempt from taxation under the  
18     provisions of part 1 of this article:

19          (a) The sale of construction and building materials to a common  
20     carrier by rail operating in interstate or foreign commerce for use by the  
21     common carrier in construction and maintenance of its railroad tracks;  
22     however, any actual use of such construction and building materials shall,  
23     at the time of the actual use, be subject to the tax imposed by part 2 of this  
24     article and any use tax imposed pursuant to article 2 of ~~title 29, C.R.S.~~;  
25     THIS TITLE 39, EXCEPT AS PROVIDED IN SUBSECTION (2)(c) OF THIS  
26     SECTION;

27          (2) The following shall be exempt from taxation under the

1 provisions of part 2 of this ~~article~~ ARTICLE 26:

2 (a) The storage, use, or consumption of any tangible personal  
3 property that is to be affixed or attached as a component part of a  
4 locomotive, a freight car, railroad work equipment, or other railroad  
5 rolling stock; ~~and~~

6 (b) The storage, use, or consumption of locomotives, freight cars,  
7 railroad work equipment, and other railroad rolling stock used or  
8 purchased for use in interstate commerce by a railroad company; AND

9 (c) FOR TAX PERIODS BEGINNING ON OR AFTER JULY 1, 2027, THE  
10 STORAGE, USE, OR CONSUMPTION OF CONSTRUCTION AND BUILDING  
11 MATERIALS BY OR ON BEHALF OF A COMMON CARRIER BY RAIL OPERATING  
12 IN INTERSTATE OR FOREIGN COMMERCE WHEN THE STORAGE, USE, OR  
13 CONSUMPTION OF THE CONSTRUCTION AND BUILDING MATERIALS IS  
14 PURSUANT TO A CONTRACT WITH THE STATE, A DEPARTMENT OR  
15 INSTITUTION OF THE STATE, A POLITICAL SUBDIVISION OF THE STATE, OR  
16 A SPECIAL DISTRICT THAT ALLOWS THE STATE, A DEPARTMENT OR  
17 INSTITUTION OF THE STATE, A POLITICAL SUBDIVISION OF THE STATE, OR  
18 A SPECIAL DISTRICT TO USE THE RAILROAD'S PROPERTY OR TRACKS FOR  
19 THE PROVISION OF PUBLIC PASSENGER RAIL SERVICE.

20 (2.5) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH  
21 REQUIRES ANY BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE  
22 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY  
23 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS AND  
24 DECLARES THAT THE PURPOSE OF THE TAX EXEMPTION PROVIDED IN  
25 SUBSECTION (2)(c) OF THIS SECTION IS TO INDUCE CERTAIN DESIGNATED  
26 BEHAVIOR BY TAXPAYERS BY ENCOURAGING A RAILROAD TO ALLOW  
27 CERTAIN PUBLIC ENTITIES TO USE THE RAILROAD'S PROPERTY OR TRACKS

1 FOR THE PROVISION OF PUBLIC PASSENGER RAIL SERVICE. THE GENERAL  
2 ASSEMBLY AND THE STATE AUDITOR SHALL MEASURE THE EFFECTIVENESS  
3 OF THE EXEMPTION IN ACHIEVING THIS PURPOSE BASED ON THE VALUE OF  
4 THE EXEMPTION AND THE NUMBER OF INSTANCES WHERE THE RAILROAD  
5 ALLOWED A PUBLIC ENTITY TO USE THE RAILROAD'S PROPERTY OR TRACKS  
6 FOR THE PROVISION OF PUBLIC PASSENGER RAIL SERVICE.

7 **SECTION 19.** In Colorado Revised Statutes, 39-26-723, **amend**  
8 (1) and (3); and **add** (2.5) as follows:

9 **39-26-723. Colorado wood products - repeal - tax preference**  
10 **performance statement - legislative declaration.**

11 (1) For STATE fiscal years commencing on or after July 1, 2008,  
12 but prior to the STATE fiscal year commencing on July 1, 2020, and for  
13 STATE fiscal years commencing on or after July 1, 2021, but prior to the  
14 STATE fiscal year commencing on July 1, 2026, AND FOR STATE FISCAL  
15 YEARS COMMENCING ON OR AFTER JULY 1, 2027, BUT PRIOR TO THE STATE  
16 FISCAL YEAR COMMENCING ON JULY 1, 2031, all sales, storage, and use of  
17 wood from salvaged trees killed or infested in Colorado by mountain pine  
18 beetles or spruce beetles, including but not limited to products such as  
19 lumber, furniture built from the salvaged trees, and wood chips or wood  
20 pellets generated from the salvaged trees, are exempt from taxation under  
21 the provisions of parts 1 and 2 of this article 26.

22 (2.5) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH  
23 REQUIRES ANY BILL THAT EXTENDS AN EXPIRING TAX EXPENDITURE TO  
24 INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A  
25 STATUTORY LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS  
26 AND DECLARES THAT THE PURPOSE OF THE TAX CREDIT PROVIDED IN  
27 SUBSECTION (1)(a) OF THIS SECTION IS TO INDUCE CERTAIN DESIGNATED

1 BEHAVIOR BY TAXPAYERS BY CONTINUING TO ENCOURAGE THE SALE,  
2 STORAGE, AND USE OF WOOD FROM SALVAGED TREES KILLED OR INFESTED  
3 IN COLORADO BY MOUNTAIN PINE BEETLES OR SPRUCE BEETLES. THE  
4 GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL MEASURE THE  
5 EFFECTIVENESS OF THE CREDIT IN ACHIEVING THIS PURPOSE BASED ON THE  
6 NUMBER AND VALUE OF CREDITS ISSUED AND THE AMOUNT OF WOOD  
7 SALVAGED.

8 (3) This section is repealed, effective ~~July 1, 2027~~ JULY 1, 2034.

9 **SECTION 20.** In Colorado Revised Statutes, 39-26-728, **amend**  
10 (1); and **add** (5) as follows:

11 **39-26-728. Property for use in space flight - definitions -**  
12 **repeal.**

13 (1) ~~For the state fiscal years commencing on or after July 1, 2014,~~  
14 All sales, storage, and use of qualified property, ON OR AFTER JULY 1,  
15 2014, BUT BEFORE JANUARY 1, 2027, for use in space flight is exempt  
16 from taxation under parts 1 and 2 of this ~~article~~ ARTICLE 26.

17 (5) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2029.

18 **SECTION 21.** In Colorado Revised Statutes, 39-27-102, **amend**  
19 (1)(b)(I) as follows:

20 **39-27-102. Tax imposed on gasoline and special fuel - deposits**  
21 **- penalties.**

22 (1) (b) (I) In the case of gasoline or special fuel removed from a  
23 terminal, the tax is imposed upon the person first receiving the gasoline  
24 or special fuel at the terminal even if such person is also the supplier. In  
25 the case of gasoline or special fuel removed from a terminal by a common  
26 carrier, the consignor who owns the gasoline or special fuel removed by  
27 the common carrier is deemed to be the remover and first recipient

1       thereof. The amount of gasoline or special fuel removed is deemed to be  
2       the amount shipped from the terminal, measured in gallons, as shown by  
3       the terminal manifest; except that, FOR TAX PERIODS BEGINNING BEFORE  
4       JANUARY 1, 2027, THE LICENSED DISTRIBUTOR SHALL DEDUCT an  
5       allowance of two percent of the total amount of gasoline or special fuel  
6       acquired during any calendar month, as shown by terminal manifests, ~~is~~  
7       ~~deducted by the licensed distributor~~ to cover losses in transit and in  
8       unloading the gasoline or special fuel but there is no allowance for  
9       liquefied petroleum gas or removal by bulk transfer, AND, FOR TAX  
10       PERIODS BEGINNING ON OR AFTER JANUARY 1, 2027, THE LICENSED  
11       DISTRIBUTOR SHALL DEDUCT AN ALLOWANCE OF ONE PERCENT OF THE  
12       TOTAL AMOUNT OF GASOLINE OR SPECIAL FUEL ACQUIRED DURING ANY  
13       CALENDAR MONTH, AS SHOWN BY TERMINAL MANIFESTS, TO COVER  
14       LOSSES IN TRANSIT AND IN UNLOADING THE GASOLINE OR SPECIAL FUEL,  
15       BUT THERE IS NO ALLOWANCE FOR LIQUEFIED PETROLEUM GAS OR  
16       REMOVAL BY BULK TRANSFER. The ~~two percent~~ allowance provided under  
17       this subsection (1)(b)(I) is allowed whether the terminal is within or  
18       ~~without this~~ OUTSIDE OF THE state.

19               **SECTION 22.** In Colorado Revised Statutes, 39-27-105, **amend**  
20       (2)(a)(I) and (2)(b) as follows:

21               **39-27-105. Collection of tax on gasoline and special fuel - rules**  
22       **- repeal.**

23               (2) (a) (I) It is the duty of every distributor of gasoline or special  
24       fuel other than liquefied petroleum gas to compute the amount of tax  
25       payable on all gasoline or special fuel imported, removed from a terminal,  
26       or otherwise acquired during the preceding calendar month at the rate of  
27       tax per gallon imposed thereon in section 39-27-102 (1). ~~and~~ In

1 computing the amount of tax FOR TAX PERIODS BEGINNING BEFORE  
2 JANUARY 1, 2027, THE DISTRIBUTOR SHALL TAKE INTO ACCOUNT the  
3 allowance of two percent provided for in section 39-27-102 (1)(b)(I). ~~(A)~~  
4 ~~shall be taken into account~~, IN COMPUTING THE AMOUNT OF TAX FOR TAX  
5 PERIODS BEGINNING ON OR AFTER JANUARY 1, 2027, THE DISTRIBUTOR  
6 SHALL TAKE INTO ACCOUNT THE ALLOWANCE OF ONE PERCENT PROVIDED  
7 FOR IN SECTION 39-27-102 (1)(b)(I).

8 (b) (I) FOR TAX PERIODS BEGINNING BEFORE JANUARY 1, 2027,  
9 from the amount of tax computed under subsection (2)(a) of this section,  
10 the distributor shall deduct one-half of one percent to cover expenses of  
11 payment of the tax and bad debt losses and shall pay the remaining  
12 balance to the department of revenue and file the statement required by  
13 subsection (1) of this section on or before the twenty-sixth day of each  
14 calendar month. FOR TAX PERIODS BEGINNING BEFORE JANUARY 1, 2027,  
15 if any distributor is delinquent in remitting the tax, except in unusual  
16 circumstances shown to the satisfaction of the executive director of the  
17 department of revenue, the retailer shall not be allowed to deduct any  
18 amount under this subsection (2)(b).

19 (II) FOR TAX PERIODS BEGINNING ON OR AFTER JANUARY 1, 2027,  
20 THE DISTRIBUTOR SHALL FILE THE STATEMENT REQUIRED BY SUBSECTION  
21 (1) OF THIS SECTION AND SHALL PAY THE AMOUNT OF TAX COMPUTED  
22 UNDER SUBSECTION (2)(a) OF THIS SECTION ON OR BEFORE THE  
23 TWENTY-SIXTH DAY OF EACH CALENDAR MONTH.

24 (III) SUBSECTION (2)(b)(I) OF THIS SECTION AND THIS SUBSECTION  
25 (2)(b)(III) ARE REPEALED, EFFECTIVE DECEMBER 31, 2029.

26 **SECTION 23.** In Colorado Revised Statutes, 39-28-103.3,  
27 **amend** (4) as follows:

1           **39-28-103.3. Inventory tax - definition.**

2           (4) Every wholesaler and wholesale subcontractor shall file a  
3 report, on a form created by the department, of the inventory identified in  
4 accordance with subsection (3) of this section and pay the tax imposed  
5 under this section for the inventory. A wholesaler shall separately identify  
6 the number of packages with a Colorado tax stamp and the unaffixed  
7 Colorado tax stamps. The wholesaler or wholesale subcontractor shall  
8 remit the tax payment on or before the tenth day of the month following  
9 the required inventory. FOR TAX PERIODS BEGINNING BEFORE JANUARY 1,  
10 2027, if payment is made on or before the due date, the wholesaler or  
11 wholesale subcontractor may deduct three percent of the tax imposed  
12 under this section, but, if any wholesaler or wholesale subcontractor is  
13 delinquent in remitting such payment, other than in unusual circumstances  
14 shown to the satisfaction of the executive director of the department, the  
15 wholesaler or wholesale subcontractor shall not be allowed to retain any  
16 amounts to cover the expense in collecting and remitting the tax and the  
17 penalty imposed under section 39-28-108 (2) applies.

18           **SECTION 24.** In Colorado Revised Statutes, 39-28-104, **amend**  
19 (1)(a)(I) as follows:

20           **39-28-104. Evidence of payment of tax - credits - redemptions**  
21 **- repeal.**

22           (1) (a) (I) Payment of the taxes imposed by sections 39-28-103  
23 and 39-28-103.5 and section 21 of article X of the state constitution shall  
24 be evidenced by the affixing of stamps to, or by an imprint or impression  
25 by suitable metering machines approved by the department on, packages  
26 containing cigarettes. The department shall procure stamps of such design  
27 and legend as it deems necessary and suitable for the purpose. Except as

1 provided in THIS subsection (1), ~~(b) of this section~~ the department shall  
2 sell such stamps for cash to licensed wholesalers at a discount of four  
3 percent of their face value for sales occurring after July 1, 2005, but  
4 before January 1, 2021, and four-tenths percent of their face value for  
5 sales occurring on and after January 1, 2021, BUT BEFORE JANUARY 1,  
6 2027, if payment is made on or before the tenth day of the month  
7 following the month in which the purchase is made to cover the licensed  
8 wholesaler's expense in the collection and remittance of such tax; but, if  
9 any licensed wholesaler is delinquent in remitting such payment, other  
10 than in unusual circumstances shown to the satisfaction of the executive  
11 director of the department, the licensed wholesaler shall not be allowed  
12 to retain any amounts THAT MAY BE AVAILABLE FOR TAX PERIODS BEFORE  
13 JANUARY 1, 2027, to cover ~~his or her~~ THE WHOLESALER'S expense in  
14 collecting and remitting said tax, and, in addition, FOR ANY TAX PERIOD,  
15 the penalty imposed under section 39-28-108 (2) shall apply. The  
16 department shall keep accurate records of all stamps sold to each  
17 wholesaler. No wholesaler shall sell or transfer any stamps purchased  
18 pursuant to this article 28.

19 **SECTION 25.** In Colorado Revised Statutes, 39-28-108, **amend**  
20 (2)(b) as follows:

21 **39-28-108. Penalty.**

22 (2) (b) If a person fails to pay the tax in the time ~~allowed for the~~  
23 ~~discount in~~ REQUIRED PURSUANT TO section 39-28-104 (1) or  
24 39-28-103.3, a penalty equal to ten percent thereof plus one-half of one  
25 percent per month from the date when due, not to exceed eighteen percent  
26 in the aggregate, together with interest on such delinquent taxes at the rate  
27 computed under section 39-21-110.5, shall apply.

1           **SECTION 26.** In Colorado Revised Statutes, 39-28.5-106,  
2 **amend** (2) as follows:

3           **39-28.5-106. Returns and remittance of tax - civil penalty.**

4           (2) Every distributor and remote retail seller shall file a return  
5 with the department by the twentieth day of the month following the  
6 month reported and shall therewith remit the amount of tax due, less three  
7 and one-third percent of any sum so remitted that consists of tax collected  
8 after July 1, 2005, but before January 1, 2021, and less one and six-tenths  
9 percent of any sum so remitted that consists of tax collected on or after  
10 January 1, 2021, BUT BEFORE JANUARY 1, 2027, to cover the distributor's  
11 or remote retail seller's expense in the collection and remittance of said  
12 tax; except that no part of the tax imposed pursuant to section  
13 39-28.5-102.5 and section 21 of article X of the state constitution shall be  
14 subject to the discount provided for in this subsection (2). If any  
15 distributor or remote retail seller is delinquent in remitting said tax, other  
16 than in unusual circumstances shown to the satisfaction of the executive  
17 director of the department, the distributor or remote retail seller shall not  
18 be allowed to retain any amounts ALLOWED FOR TAX PERIODS BEFORE  
19 JANUARY 1, 2027, to cover ~~his or her~~ THE DISTRIBUTOR'S expense in  
20 collecting and remitting said tax, and in addition, FOR ANY TAX PERIOD,  
21 the penalty imposed under section 39-28.5-110 (2)(b) shall apply.

22           **SECTION 27.** In Colorado Revised Statutes, 39-28.6-107,  
23 **amend** (2) as follows:

24           **39-28.6-107. Returns and remittance of tax - civil penalty -**  
25 **rules.**

26           (2) Every distributor shall file a return with the department by the  
27 twentieth day of the month following the month reported and shall

1 therewith remit the amount of tax due. ~~less~~ FOR TAX PERIODS BEGINNING  
2 BEFORE JANUARY 1, 2027, A DISTRIBUTOR IS ENTITLED TO CLAIM A  
3 DISCOUNT OF one and one-tenth percent of any amount remitted to cover  
4 the distributor's expense in the collection and remittance of the tax. ~~For~~  
5 ~~tax periods beginning before January 1, 2027,~~ If any distributor is  
6 delinquent in remitting the tax, other than in unusual circumstances  
7 shown to the satisfaction of the executive director of the department, the  
8 distributor is not allowed to retain any amounts ALLOWED FOR TAX  
9 PERIODS BEFORE JANUARY 1, 2027, to cover ~~his or her~~ THE DISTRIBUTOR'S  
10 expense in collecting and remitting the tax and, in addition, FOR ANY TAX  
11 PERIOD, the penalty imposed under section 39-28.6-111 (2)(b) applies.

12 **SECTION 28.** In Colorado Revised Statutes, 39-30-104, **amend**  
13 (1)(b)(II), (2)(c)(I) introductory portion, and (2.6)(a) introductory portion;  
14 and **add** (4)(c) and (8) as follows:

15 **39-30-104. Credit against tax - investment in certain property**  
16 **- definitions - repeal - tax preference performance statement -**  
17 **legislative declaration.**

18 (1) (b) (II) FOR INCOME TAX YEARS BEGINNING BEFORE JANUARY  
19 1, 2027, the income tax credit for a qualified investment in a commercial  
20 truck, truck tractor, tractor, or semitrailer with a gross vehicle weight  
21 rating of fifty-four thousand pounds or greater that is model year 2010 or  
22 newer and is designated as Class A personal property as specified in  
23 section 42-3-106 (2)(a) ~~C.R.S.~~, as well as any parts associated with the  
24 vehicle at the time of purchase, shall be allowed in an amount equal to  
25 one and one-half of one percent of the total qualified investment if the  
26 model year of the commercial truck, truck tractor, tractor, or semitrailer  
27 was sold as new during such income tax year;

1           (2) (c) (I) For income tax years commencing on or after January  
2 1, 2014, except as provided in sections 24-46-104.3 and 24-46-108 and  
3 subsection (2)(c)(II) of this section, the amount OF THE CREDIT SET FORTH  
4 IN SUBSECTION (1) OF THIS SECTION that may be claimed by a taxpayer for  
5 an income tax year and that is not applied or refunded under section  
6 24-46-108 is limited to the lesser of:

7           (2.6) (a) Except as provided in section 24-46-104.3 and subsection  
8 (2.6)(b) of this section and notwithstanding any other provision in this  
9 section, in each income tax year commencing on or after January 1, 2015,  
10 but before January 1, 2021, AND IN EACH INCOME TAX YEAR COMMENCING  
11 ON OR AFTER JANUARY 1, 2027, a taxpayer who places a new renewable  
12 energy investment in service on or after January 1, 2015, but before  
13 January 1, 2021, OR WHO PLACES A NEW RENEWABLE ENERGY  
14 INVESTMENT IN SERVICE ON OR AFTER JANUARY 1, 2027, that results in a  
15 credit pursuant to subsection (1) of this section may elect to receive a  
16 refund of eighty percent of the amount of such credit as specified in this  
17 subsection (2.6)(a) and forego the remaining twenty percent as a cost of  
18 such election. If eighty percent of the amount of the credit in subsection  
19 (1) of this section is:

20           (4) (c) IF THE AMOUNT OF THE CREDIT ALLOWED PURSUANT TO  
21 SUBSECTION (1) OF THIS SECTION EXCEEDS THE AMOUNT OF INCOME TAXES  
22 OTHERWISE DUE ON THE INCOME OF THE TAXPAYER IN THE INCOME TAX  
23 YEAR FOR WHICH THE CREDIT IS CLAIMED, THE AMOUNT OF THE CREDIT  
24 NOT USED AS AN OFFSET AGAINST INCOME TAXES IN THE CURRENT INCOME  
25 TAX YEAR MAY BE CARRIED FORWARD AND USED AS A CREDIT AGAINST  
26 INCOME TAX LIABILITY IN SUBSEQUENT YEARS FOR A PERIOD NOT TO  
27 EXCEED FOURTEEN YEARS AND MUST BE APPLIED FIRST TO THE EARLIEST

1 POSSIBLE INCOME TAX YEAR. ANY CREDIT REMAINING AFTER THAT PERIOD  
2 IS NOT REFUNDED OR CREDITED TO THE TAXPAYER.

3 (8) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH  
4 REQUIRES ANY BILL THAT EXTENDS AN EXPIRING TAX EXPENDITURE TO  
5 INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A  
6 STATUTORY LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS  
7 AND DECLARES THAT THE PURPOSE OF THE TAX CREDIT PROVIDED IN  
8 SUBSECTION (1) OF THIS SECTION IS TO INDUCE CERTAIN DESIGNATED  
9 BEHAVIOR BY TAXPAYERS BY CONTINUING TO SUPPORT THE DEVELOPMENT  
10 OF NEW RENEWABLE ENERGY INVESTMENTS IN ENTERPRISE ZONES. THE  
11 GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL MEASURE THE  
12 EFFECTIVENESS OF THE CREDIT IN ACHIEVING THIS PURPOSE BASED ON THE  
13 NUMBER AND VALUE OF CREDITS ISSUED AND NEW RENEWABLE ENERGY  
14 INVESTMENTS IN ENTERPRISE ZONES.

15 **SECTION 29.** In Colorado Revised Statutes, 39-30-105.1,  
16 **amend** (1)(a)(I) and (1)(b); and **add** (6)(e.5) as follows:

17 **39-30-105.1. Credit for new enterprise zone business**  
18 **employees - definitions.**

19 (1) (a) (I) (A) For any income tax year commencing on or after  
20 January 1, 2014, BUT BEFORE JANUARY 1, 2027, any taxpayer who  
21 operates a business facility in an enterprise zone is allowed a credit  
22 against the income tax imposed by article 22 of this title in an amount  
23 equal to one thousand one hundred dollars per income tax year for each  
24 business facility employee, pursuant to subsection (5) of this section, who  
25 is working within the zone, prorated according to the number of months  
26 the employee was employed by the taxpayer during the income tax year.  
27 An employee whose primary duties consist of operating a commercial

1 motor vehicle with a commercial driver's license shall be deemed to be  
2 working one hundred percent within the zone if the employee spends no  
3 more than five percent of ~~his or her~~ THE EMPLOYEE'S total time at any  
4 business of the employer other than the business within the zone.

5 (B) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
6 1, 2027, ANY TAXPAYER WHO OPERATES A BUSINESS FACILITY IN AN  
7 ENTERPRISE ZONE IS ALLOWED A CREDIT AGAINST THE INCOME TAX  
8 IMPOSED BY ARTICLE 22 OF THIS TITLE 39 IN AN AMOUNT EQUAL TO ONE  
9 THOUSAND ONE HUNDRED DOLLARS PER INCOME TAX YEAR FOR EACH  
10 QUALIFIED NEW EMPLOYEE, PURSUANT TO SUBSECTIONS (5) AND (6) OF  
11 THIS SECTION, WHO IS WORKING WITHIN THE ZONE, PRORATED ACCORDING  
12 TO THE NUMBER OF MONTHS THE EMPLOYEE WAS EMPLOYED BY THE  
13 TAXPAYER DURING THE INCOME TAX YEAR. AN EMPLOYEE WHOSE  
14 PRIMARY DUTIES CONSIST OF OPERATING A COMMERCIAL MOTOR VEHICLE  
15 WITH A COMMERCIAL DRIVER'S LICENSE SHALL BE DEEMED TO BE WORKING  
16 ONE HUNDRED PERCENT WITHIN THE ZONE IF THE EMPLOYEE SPENDS NO  
17 MORE THAN FIVE PERCENT OF THE EMPLOYEE'S TOTAL TIME AT ANY  
18 BUSINESS OF THE EMPLOYER OTHER THAN THE BUSINESS WITHIN THE ZONE.  
19 A TAXPAYER MAY ONLY CLAIM THE CREDIT ALLOWED PURSUANT TO THIS  
20 SUBSECTION (1)(a)(I)(B) IN CONNECTION WITH A QUALIFIED NEW  
21 EMPLOYEE FOR THE INCOME TAX YEAR IN WHICH THE QUALIFIED NEW  
22 EMPLOYEE BECOMES FIRST EMPLOYED. A TAXPAYER SHALL NOT CLAIM  
23 THE CREDIT ALLOWED PURSUANT TO THIS SUBSECTION (1)(a)(I)(B) IN  
24 CONNECTION WITH AN EMPLOYEE WHO HAS BEEN PREVIOUSLY COUNTED  
25 AS A QUALIFIED NEW EMPLOYEE IN AN EARLIER INCOME TAX YEAR.

26 (b) (I) EXCEPT AS PROVIDED IN SUBSECTION (1)(b)(II) OF THIS  
27 SECTION, in addition to the credit available under ~~paragraph (a) of this~~

1 ~~subsection~~ SUBSECTION (1)(a) OF THIS SECTION, for any income tax year  
2 commencing on or after January 1, 2014, a taxpayer qualified under ~~said~~  
3 ~~paragraph (a)~~ SUBSECTION (1)(a) OF THIS SECTION is allowed for the first  
4 two full income tax years while located in an enterprise zone a credit in  
5 an amount equal to one thousand dollars for each business facility  
6 employee who is insured under a health insurance plan or program  
7 provided through ~~his or her~~ THE EMPLOYEE'S employer. To be eligible for  
8 the credit, the employer must contribute fifty percent or more of the total  
9 cost of a health insurance plan or program, and such plan or program  
10 must be in accordance with the provisions of article 8 of title 10 or part  
11 1, 2, 3, or 4 of article 16 of title 10, ~~C.R.S.~~, or be a self-insurance program  
12 and include partial or complete coverage for hospital and physician  
13 services.

14 (II) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,  
15 2027, A TAXPAYER THAT HAS FIFTY OR MORE BUSINESS FACILITY  
16 EMPLOYEES AT ANY TIME DURING AN INCOME TAX YEAR SHALL NOT CLAIM  
17 THE CREDIT PROVIDED FOR IN THIS SECTION FOR THAT TAX YEAR.

18 (6) As used in this section, unless the context otherwise requires:

19 (e.5) "QUALIFIED NEW EMPLOYEE" MEANS A BUSINESS FACILITY  
20 EMPLOYEE WHO BEGINS EMPLOYMENT WITH THE TAXPAYER AT THE  
21 BUSINESS FACILITY WITHIN THE ENTERPRISE ZONE DURING THE INCOME  
22 TAX YEAR THAT THE TAXPAYER CLAIMS THE TAX CREDIT AND WHO WAS  
23 NOT EMPLOYED BY THE TAXPAYER IN ANY CAPACITY IN THE PRECEDING  
24 INCOME TAX YEAR.

25 **SECTION 30.** In Colorado Revised Statutes, 39-30-105.5,  
26 **amend** (1) introductory portion; and **add** (1)(c) and (1.5) as follows:

27 **39-30-105.5. Credit against Colorado income taxes based on**

1 **expenditures for research and experimental activities - repeal.**

2 (1) FOR INCOME TAX YEARS BEGINNING BEFORE JANUARY 1, 2027,  
3 any taxpayer who makes expenditures in research and experimental  
4 activities, as defined in section 174 of the federal "Internal Revenue Code  
5 of 1986", as amended, which activities are conducted in an enterprise  
6 zone for the purpose of carrying out a trade or business, shall be allowed  
7 a credit against the income tax imposed by article 22 of this ~~title~~ TITLE 39  
8 as follows:

9 (c) THIS SUBSECTION (1) IS REPEALED, EFFECTIVE DECEMBER 31,  
10 2033.

11 (1.5) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY  
12 1, 2027, ANY TAXPAYER WHO MAKES AT LEAST ONE HUNDRED FIFTY  
13 THOUSAND DOLLARS IN EXPENDITURES IN RESEARCH AND EXPERIMENTAL  
14 ACTIVITIES, AS DEFINED IN SECTION 174A OF THE FEDERAL "INTERNAL  
15 REVENUE CODE OF 1986", AS AMENDED, WHICH ACTIVITIES ARE  
16 CONDUCTED IN AN ENTERPRISE ZONE FOR THE PURPOSE OF CARRYING OUT  
17 A TRADE OR BUSINESS, SHALL BE ALLOWED A CREDIT AGAINST THE INCOME  
18 TAX IMPOSED BY ARTICLE 22 OF THIS TITLE 39 IN AN AMOUNT EQUAL TO  
19 THREE PERCENT OF THE AMOUNT BY WHICH THE AMOUNT THAT THE  
20 TAXPAYER EXPENDED FOR RESEARCH AND EXPERIMENTAL ACTIVITIES IN  
21 THE ENTERPRISE ZONE IN THE INCOME TAX YEAR EXCEEDS THE AVERAGE  
22 OF THE TAXPAYER'S TOTAL EXPENDITURES FOR RESEARCH AND  
23 EXPERIMENTAL ACTIVITIES IN THE IMMEDIATELY PRECEDING TWO INCOME  
24 TAX YEARS IN THE AREA THAT COMPROMISED THE RELEVANT ENTERPRISE  
25 ZONE.

26 **SECTION 31.** In Colorado Revised Statutes, 39-30-105.6,  
27 **amend** (1) as follows:

1           **39-30-105.6. Credit against tax - rehabilitation of vacant**  
2 **buildings - repeal.**

3           (1) (a) (I) For income tax years commencing on or after January  
4 1, 1989, BUT BEFORE JANUARY 1, 2027, any taxpayer who is the owner or  
5 tenant of a building ~~which~~ THAT is located in an enterprise zone, which  
6 is at least twenty years old, and which has been unoccupied for at least  
7 two years and who makes qualified expenditures for the purpose of  
8 rehabilitating said building shall be allowed a credit against the income  
9 tax imposed by article 22 of this ~~title~~ TITLE 39 in an amount equal to  
10 twenty-five percent of the aggregate qualified expenditures per building  
11 or fifty thousand dollars per building, whichever is less.

12           (II) THIS SUBSECTION (1)(a) IS REPEALED, EFFECTIVE DECEMBER  
13 31, 2033.

14           (b) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY  
15 1,2027, ANY TAXPAYER WHO IS THE OWNER OR TENANT OF A BUILDING  
16 THAT IS LOCATED IN AN ENTERPRISE ZONE, IS AT LEAST TWENTY YEARS  
17 OLD, AND HAS BEEN UNOCCUPIED FOR ANY ONE HUNDRED THIRTY-FIVE  
18 CALENDAR DAYS WITHIN THE ONE HUNDRED EIGHTY CALENDAR DAYS  
19 PRECEDING THE DATE THAT THE TAXPAYER PLACES A REHABILITATION IN  
20 SERVICE AND WHO MAKES QUALIFIED EXPENDITURES FOR THE PURPOSE OF  
21 REHABILITATING SAID BUILDING SHALL BE ALLOWED A CREDIT AGAINST  
22 THE INCOME TAX IMPOSED BY ARTICLE 22 OF THIS TITLE 39 IN AN AMOUNT  
23 EQUAL TO TWENTY-FIVE PERCENT OF THE AGGREGATE QUALIFIED  
24 EXPENDITURES PER BUILDING OR TWO HUNDRED THOUSAND DOLLARS PER  
25 BUILDING, WHICHEVER IS LESS.

26           **SECTION 32.** In Colorado Revised Statutes, 39-31-101, **amend**  
27 (1)(a) introductory portion, (2)(d), (2.1), (5)(a), (5)(c), (5)(d), and (5)(e)

1 as follows:

2 **39-31-101. Real property tax - tax equivalent - assistance -**  
3 **heat or fuel expenses assistance - eligibility - applicability - definitions**  
4 **- repeal.**

5 (1) (a) BEFORE JANUARY 1, 2027, individuals having resided  
6 within this state for the entire taxable year who are sixty-five years of age  
7 or older during the taxable year are eligible for a grant to be determined  
8 with respect to the income taxes imposed by article 22 of this title 39,  
9 subject to the additional qualification requirements of this section, to aid  
10 in the payment by such individuals of:

11 (2) A grant is the amount of the general property taxes actually  
12 paid on the residence or the amount of taxes actually paid on a mobile  
13 home, plus any tax-equivalent payments computed pursuant to subsection  
14 (4) of this section, with respect to the rent of a trailer space during the  
15 year for which the grant is claimed, the amount of the specific ownership  
16 tax actually paid on a trailer coach, or the amount of the tax-equivalent  
17 payments, computed pursuant to subsection (4) of this section, actually  
18 made during the year for which such grant is claimed, but in no event may  
19 it exceed:

20 (d) For a grant claimed for the 2023 calendar year, either eight  
21 hundred seventy-two dollars reduced by ten percent of the claimant's  
22 income over the phase-out amount or the property tax flat grant amount,  
23 whichever amount is greater. For a grant claimed for years commencing  
24 on or after January 1, 2024, BUT BEFORE JANUARY 1, 2027, either the  
25 maximum grant amount allowed under this subsection (2)(d) for the prior  
26 year, adjusted for inflation and reduced by ten percent of the claimant's  
27 income over the phase-out amount, or the property tax flat grant amount,

1       whichever amount is greater.

2               (2.1) For a grant claimed for the 2023 calendar year, either two  
3       hundred forty dollars reduced by ten percent of the claimant's income  
4       over the phase-out amount or the heat or fuel expenses flat grant amount,  
5       whichever amount is greater. For a grant claimed for years commencing  
6       on or after January 1, 2024, BUT BEFORE JANUARY 1, 2027, either the  
7       maximum grant amount allowed under this subsection (2.1) for the prior  
8       year, adjusted for inflation and reduced by ten percent of the claimant's  
9       income over the phase-out amount, or the heat or fuel expenses flat grant  
10      amount, whichever amount is greater.

11              (5) As used in this section:

12              (a) "Heat or fuel expenses flat grant amount" means an amount  
13      equal to ninety-two dollars for the 2023 calendar year, and for each year  
14      thereafter, UNTIL JANUARY 1, 2027, the amount for the prior year adjusted  
15      for inflation.

16              (c) "Maximum eligible income amount" means:

17              (I) For an individual, income that is less than or equal to eighteen  
18      thousand twenty-six dollars for the 2023 calendar year and for each year  
19      thereafter, UNTIL JANUARY 1, 2027, the amount for the prior year adjusted  
20      for inflation; and

21              (II) For spouses, income that is less than or equal to twenty-four  
22      thousand three hundred forty-five dollars for the 2023 calendar year and  
23      for each year thereafter, UNTIL JANUARY 1, 2027, the amount for the prior  
24      year adjusted for inflation.

25              (d) "Phase-out amount" means:

26              (I) In the case of an individual, an amount equal to nine thousand  
27      six hundred ninety-two dollars for the 2023 calendar year and for each

1 year thereafter, UNTIL JANUARY 1, 2027, the amount for the prior year  
2 adjusted for inflation; and

3 (II) In the case of spouses, an amount equal to fifteen thousand six  
4 hundred sixty-eight dollars for the 2023 calendar year and for each year  
5 thereafter, UNTIL JANUARY 1, 2027, the amount for the prior year adjusted  
6 for inflation.

7 (e) "Property tax flat grant amount" means an amount equal to two  
8 hundred eighty-two dollars for the 2023 calendar year, and for each year  
9 thereafter, UNTIL JANUARY 1, 2027, the amount for the prior year adjusted  
10 for inflation.

11 **SECTION 33.** In Colorado Revised Statutes, 39-31-102, **amend**  
12 (2) and (3) as follows:

13 **39-31-102. Procedures to obtain grant - department of revenue**  
14 **- responsibilities.**

15 (2) The executive director shall prescribe the forms to be used for  
16 the grants authorized by section 39-31-101 ~~and the credit allowed~~  
17 ~~pursuant to section 39-31-104.5~~ and prepare any instructions related to the  
18 forms. The executive director may create an electronic form to be used in  
19 addition to the paper form. If a sales tax refund is allowed for any given  
20 income tax year in accordance with section 39-22-2002, the executive  
21 director shall include provisions on the forms to allow qualified  
22 individuals to apply for the refund pursuant to section 39-22-2003 (5)(c).  
23 To receive a grant, ~~or credit~~, an individual must claim the grant ~~or credit~~  
24 on the executive director's form.

25 (3) (a) If two or more individuals, other than spouses, are entitled  
26 to a grant authorized by section 39-31-101, ~~or a credit allowed pursuant~~  
27 ~~to section 39-31-104.5~~, the grant ~~or credit~~ may be claimed by either or any

1 of the individuals. When two or more individuals claim the grant ~~or credit~~  
2 for the same residence, the executive director is authorized to determine  
3 the proper allocation of the grant. ~~or credit~~

4 (b) No grant ~~or credit~~ received pursuant to this article 31 is treated  
5 as income for purposes of determining the eligibility of any individual for  
6 old age pension benefits under article 2 of title 26.

7 **SECTION 34. Repeal of relocated provisions in this act.** In  
8 Colorado Revised Statutes, **repeal** 39-31-104.5.

9 **SECTION 35.** In Colorado Revised Statutes, **add** 39-31-106 as  
10 follows:

11 **39-31-106. Repeal of article.**

12 THIS ARTICLE 31 IS REPEALED, EFFECTIVE DECEMBER 31, 2027.

13 **SECTION 36.** In Colorado Revised Statutes, 39-22-544, **amend**  
14 (4)(c) as follows:

15 **39-22-544. Credit against tax - qualifying seniors - creation -**  
16 **legislative declaration - definitions - repeal.**

17 (4) (c) (I) For the income tax year commencing on January 1,  
18 2022, notwithstanding subsections (4)(a) and (4)(b) of this section, a  
19 taxpayer who also qualifies for a grant under article 31 of this title 39  
20 during calendar year 2022 is eligible to receive the full credit without an  
21 income-based reduction that otherwise applies for the taxpayer under  
22 subsection (4)(a) or (4)(b) of this section.

23 (II) THIS SUBSECTION (4)(c) IS REPEALED, EFFECTIVE DECEMBER  
24 31, 2027.

25 **SECTION 37.** In Colorado Revised Statutes, 39-22-2003, **amend**  
26 (5)(c)(I); and **add** (5)(c)(III) as follows:

27 **39-22-2003. State sales tax refund - offset against state income**

1 **tax - qualified individuals - definitions - repeal.**

2 (5) (c) (I) Notwithstanding any provision of subsection (5)(b) of  
3 this section to the contrary, BEFORE JANUARY 1, 2027, a qualified  
4 individual as defined in subsection (1)(a)(II) or (1)(a)(IV) of this section  
5 who claims a property tax or heat or fuel assistance grant pursuant to  
6 section 39-31-101 may claim a refund authorized by this section on the  
7 assistance grant application form described in section 39-31-102 (2).  
8 Claiming a refund on such assistance grant application form is in lieu of  
9 claiming the refund on an income tax return pursuant to subsection (5)(b)  
10 of this section. Any refund claimed pursuant to this subsection (5)(c) must  
11 be claimed on or before October 15 of the calendar year following the tax  
12 year for which the refund is being claimed.

13 (III) THIS SUBSECTION (5)(c) IS REPEALED, EFFECTIVE DECEMBER  
14 31, 2027.

15 **SECTION 38.** In Colorado Revised Statutes, 39-21-108, **amend**  
16 (5) as follows:

17 **39-21-108. Refunds.**

18 (5) (a) On and after October 1, 2002, any warrant representing a  
19 refund of income tax imposed by article 22 of this title 39 or, FOR INCOME  
20 TAX YEARS COMMENCING BEFORE JANUARY 1, 2027, a grant for property  
21 taxes, rent, or heat or fuel expenses assistance allowed by article 31 of  
22 this title 39 that is not presented for payment within six months from its  
23 date of issuance ~~shall be~~ IS void. On and after October 1, 2002, upon the  
24 cancellation of a warrant in accordance with the standard operating  
25 procedures of the department or the state controller, the department shall  
26 forward to the state treasurer the name of the taxpayer as it appears on the  
27 warrant, the taxpayer identification number, the taxpayer's last-known

1 address, the amount of the canceled warrant, and an amount of money  
2 equal to the amount specified in the warrant so that the state treasurer may  
3 make the refund pursuant to the "Revised Uniform Unclaimed Property  
4 Act", article 13 of title 38.

5 (b) The department may reclaim from the unclaimed property fund  
6 and credit to the appropriate state revenue fund any amount forwarded by  
7 the department to the state treasurer pursuant to ~~paragraph (a) of this~~  
8 ~~subsection (5)~~ SUBSECTION (5)(a) OF THIS SECTION that was based on a  
9 warrant representing an erroneous refund. ~~or grant~~ If the state treasurer  
10 issued an erroneous refund ~~or grant~~ to the person named on the warrant,  
11 the treasurer shall provide proof of that payment to the department and  
12 the department may assess that amount pursuant to section 39-21-103 (1).

13 **SECTION 39.** In Colorado Revised Statutes, 38-13-220, **amend**  
14 (1) as follows:

15 **38-13-220. Tax refunds.**

16 (1) On and after October 1, 2002, any amount due and payable as  
17 a refund of Colorado income tax or, FOR INCOME TAX YEARS BEGINNING  
18 BEFORE JANUARY 1, 2027, a grant for property taxes, rent, or heat or fuel  
19 expenses assistance represented by a warrant that has not been presented  
20 for payment within six months after the date of issuance of the warrant  
21 and that has been forwarded by the department of revenue to the  
22 administrator pursuant to section 39-21-108 (5) is presumed abandoned.

23 **SECTION 40. Safety clause.** The general assembly finds,  
24 determines, and declares that this act is necessary for the immediate  
25 preservation of the public peace, health, or safety or for appropriations for  
26 the support and maintenance of the departments of the state and state  
27 institutions.