

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

**REREVISED**

*This Version Includes All Amendments  
Adopted in the Second House*

LLS NO. 26-0465.03 Jed Franklin x5484

**HOUSE BILL 26-1289**

**HOUSE SPONSORSHIP**

**Garcia and Brown**, Bacon, Boesenecker, Lindsay, Mabrey, McCluskie, McCormick, Nguyen, Rutinel, Sirota, Smith, Story, Willford, Woodrow, Zokaie

**SENATE SPONSORSHIP**

**Weissman**, Benavidez, Coleman, Cutter, Gonzales J., Jodeh, Kipp, Snyder

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**House Committees**

Finance  
Appropriations

**Senate Committees**

Finance  
Appropriations

SENATE  
Amended 3rd Reading  
May 13, 2026

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**A BILL FOR AN ACT**

101    **CONCERNING MODIFICATION OF CERTAIN TAX EXPENDITURES, AND, IN**  
102        **CONNECTION THEREWITH, MAKING AND REDUCING AN**  
103        **APPROPRIATION.**

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SENATE  
Amended 2nd Reading  
May 12, 2026

**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>.)*

HOUSE  
3rd Reading Unamended  
May 4, 2026

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

HOUSE  
Amended 2nd Reading  
May 1, 2026

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.*

- 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;
- **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

1 critical to a high-quality tax system;

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5 ongoing fit with the original purpose, and eliminating outdated or  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

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

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

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

24 ■ ■

25 (2) (a) Eliminating the administrative and bad debt allowance for  
26 fuel tax distributors serves the purposes of:

27 (I) Reducing a duplicative benefit; and

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

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

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

9 (3) (a) Eliminating the vendor allowances for the cigarette tax,  
10 cigarette inventory tax, tobacco products tax, and nicotine products tax  
11 serves the purpose of:

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

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

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

21 (4) (a) Eliminating the sales tax exemption for property used in  
22 space flight better serves the purposes of:

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

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

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

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

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

14 (6) (a) Reducing the fuel loss deduction tax expenditure from 2%  
15 to 1% serves the purposes of:

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

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

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

23 (7) (a) Restricting the enterprise zone new employee health  
24 insurance tax expenditure so that it is only available to those businesses  
25 with fewer than fifty employees serves the purposes of eliminating  
26 redundancy and better aligning the tax expenditure with the 56th general  
27 assembly's intent in creating the tax expenditure. The 56th general

1 assembly created the tax expenditure to incentivize businesses in  
2 enterprise zones to offer health insurance to their employees, but, as a  
3 result of the 2010 passage of the federal "Affordable Care Act", these  
4 businesses are already required to offer their employees insurance. Any  
5 revenue gain realized as a result of restricting this tax expenditure is  
6 incidental and de minimis.

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

14 (9) (a) The purpose of updating the method for water's-edge  
15 combined reporting for future tax years is to better reflect the original  
16 intent for water's-edge combined reporting, close loopholes, and better  
17 align Colorado's system of unitary apportionment with federal reporting  
18 requirements, while fairly apportioning to Colorado its share of  
19 corporations' income attributable to operations in the state.

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

25 (10) The purpose of eliminating the enterprise zone commercial  
26 vehicle investment tax expenditure is to promote efficiency by removing  
27 a tax credit that the office of the state auditor's 2020 evaluation of the tax

1 expenditure and the department of revenue's biannual review show very  
2 few taxpayers claim. Any revenue gain realized as a result of eliminating  
3 this tax expenditure is incidental and de minimis.

4 **SECTION 2.** In Colorado Revised Statutes, 24-75-219, **amend**  
5 **(7)(d)(II) and (7)(d)(III) as follows:**

6 **24-75-219. Transfers - transportation - capital construction -**  
7 **definitions.**

8 **(7) In addition to any other transfers required by this section:**

9 **(d) (II) On July 1, 2026, the state treasurer shall transfer fifty**  
10 **million five hundred thousand FORTY-FIVE MILLION SIX HUNDRED**  
11 **THOUSAND dollars from the general fund to the state highway fund;**

12 **(III) On each July 1 from July 1, 2027, through July 1, 2031, the**  
13 **state treasurer shall transfer one hundred million NINETY-SIX MILLION**  
14 **FOUR HUNDRED THOUSAND dollars from the general fund to the state**  
15 **highway fund; and**

16 **SECTION 3.** In Colorado Revised Statutes, 29-2-109, **amend**  
17 **(1)(j); and add (1)(k) as follows:**

18 **29-2-109. Contents of use tax ordinances and proposals -**  
19 **repeal.**

20 (1) The use tax ordinance, resolution, or proposal of any town,  
21 city, or county adopted pursuant to this article 2 shall be imposed only for  
22 the privilege of using or consuming in the town, city, or county any  
23 construction and building materials purchased at retail or for the privilege  
24 of storing, using, or consuming in the town, city, or county any motor and  
25 other vehicles, purchased at retail on which registration is required, or  
26 both. For the purposes of this subsection (1), the term "construction and  
27 building materials" shall not include parts or materials utilized in the

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

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

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

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

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

7 **39-22-104. Income tax imposed on individuals, estates, and**  
8 **trusts - single rate - report - tax preference performance statement**  
9 **- legislative declaration - definitions - repeal.**

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

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

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

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

27 (B) FOR AMOUNTS INVESTED IN A QUALIFIED OPPORTUNITY FUND

1 AFTER DECEMBER 31, 2026, OTHER THAN A COLORADO QUALIFIED  
2 OPPORTUNITY FUND, THE AMOUNT OF GAIN EXCLUDED FROM FEDERAL  
3 GROSS INCOME AS A RESULT OF AN ELECTION MADE BY THE TAXPAYER  
4 PURSUANT TO SECTION 1400Z-2(c) OF THE INTERNAL REVENUE CODE.

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

10 (A) QUALIFIED OPPORTUNITY ZONE BUSINESS PROPERTY  
11 SUBSTANTIALLY ALL OF THE USE OF WHICH, DURING SUBSTANTIALLY ALL  
12 OF THE FUND'S HOLDING PERIOD FOR THE PROPERTY, WAS IN A QUALIFIED  
13 OPPORTUNITY ZONE WITHIN COLORADO; OR

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

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

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

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

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

1 (ff) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
2 1, 2027, THE AMOUNT OF ANY GAIN INCLUDED IN FEDERAL GROSS INCOME  
3 PURSUANT TO SECTION 1400Z-2 (b) OF THE INTERNAL REVENUE CODE TO  
4 THE EXTENT THAT SUCH GAIN WAS ADDED TO FEDERAL TAXABLE INCOME  
5 PURSUANT TO SECTION 39-22-104 (3)(v) FOR A PRIOR TAX YEAR.

6 ■ ■ ■

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

10 **39-22-303. Dividends in a combined report - foreign source**  
11 **income - affiliated groups - definitions - rules - repeal.**

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

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

24 (c) THIS SUBSECTION (8) IS REPEALED, EFFECTIVE DECEMBER 31,  
25 2031.

26 (8.5) (a) FOR INCOME TAX YEARS BEGINNING ON OR AFTER  
27 JANUARY 1, 2027, THE MEMBERS OF AN AFFILIATED GROUP OF C

1 CORPORATIONS REQUIRED TO FILE A COMBINED REPORT PURSUANT TO  
2 SUBSECTION (11.5)(b)(I) OF THIS SECTION MAY MAKE A WATER'S-EDGE  
3 ELECTION AS SET FORTH IN SUBSECTION (8.5)(c) OF THIS SECTION.  
4 PURSUANT TO A WATER'S-EDGE ELECTION, THE COMBINED GROUP SHALL  
5 TAKE INTO ACCOUNT THE NET INCOME AND APPORTIONMENT FACTORS OF  
6 THE MEMBERS OF THE AFFILIATED GROUP PURSUANT TO SUBSECTION (11.5)  
7 OF THIS SECTION TO THE EXTENT SET FORTH IN SUBSECTION (8.5)(b) OF  
8 THIS SECTION.

9 (b) (I) THE COMBINED GROUP SHALL TAKE INTO ACCOUNT THE  
10 ENTIRE NET INCOME AND APPORTIONMENT FACTORS OF:

11 (A) EVERY MEMBER OF THE AFFILIATED GROUP THAT IS  
12 INCORPORATED IN THE UNITED STATES OR FORMED UNDER THE LAWS OF  
13 ANY STATE, THE DISTRICT OF COLUMBIA, OR ANY TERRITORY OR  
14 POSSESSION OF THE UNITED STATES;

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

22 (C) EVERY MEMBER OF THE AFFILIATED GROUP THAT IS A  
23 DOMESTIC INTERNATIONAL SALES CORPORATION AS DESCRIBED IN  
24 SECTIONS 991 TO 994 OF THE INTERNAL REVENUE CODE OR AN EXPORT  
25 TRADE CORPORATION AS DESCRIBED IN SECTIONS 970 AND 971 OF THE  
26 INTERNAL REVENUE CODE; AND

27 (D) EVERY MEMBER OF THE AFFILIATED GROUP THAT IS

1 INCORPORATED IN A FOREIGN JURISDICTION FOR THE PURPOSE OF TAX  
2 AVOIDANCE.

3 (II) TO THE EXTENT SUCH AMOUNTS ARE NOT ALREADY TAKEN  
4 INTO ACCOUNT PURSUANT TO SUBSECTION (8.5)(b)(I) OF THIS SECTION,  
5 THE COMBINED GROUP SHALL ALSO TAKE INTO ACCOUNT:

6 [REDACTED]  
7 (A) THE APPORTIONABLE INCOME OF A MEMBER OF THE  
8 AFFILIATED GROUP THAT IS EFFECTIVELY CONNECTED OR TREATED AS  
9 EFFECTIVELY CONNECTED PURSUANT TO THE INTERNAL REVENUE CODE  
10 WITH THE CONDUCT OF A TRADE OR BUSINESS WITHIN THE UNITED STATES  
11 AND, FOR THAT REASON, SUBJECT TO FEDERAL INCOME TAX AND THE  
12 RELATED APPORTIONMENT FACTORS; AND

13 (B) IN THE CASE OF A MEMBER OF THE AFFILIATED GROUP THAT IS  
14 A RESIDENT OF A COUNTRY THAT DOES NOT HAVE A COMPREHENSIVE  
15 INCOME TAX TREATY WITH THE UNITED STATES AND EARNS MORE THAN  
16 TWENTY PERCENT OF ITS NET INCOME, DIRECTLY OR INDIRECTLY, FROM  
17 INTANGIBLE PROPERTY OR SERVICE-RELATED ACTIVITIES THAT ARE  
18 DEDUCTIBLE FROM THE APPORTIONABLE INCOME OF ONE OR MORE  
19 MEMBERS OF THE COMBINED GROUP, THE RELATED NET INCOME AND THE  
20 APPORTIONMENT FACTORS.

21 (III) FOR PURPOSES OF THIS SUBSECTION (8.5)(b), A MEMBER OF  
22 THE AFFILIATED GROUP IS PRESUMPTIVELY INCORPORATED IN A FOREIGN  
23 JURISDICTION FOR THE PURPOSE OF TAX AVOIDANCE IF THE MEMBER IS  
24 INCORPORATED IN A LISTED JURISDICTION. A MEMBER IS NOT  
25 INCORPORATED IN A FOREIGN JURISDICTION FOR THE PURPOSE OF TAX  
26 AVOIDANCE IF THE COMBINED GROUP PROVES TO THE SATISFACTION OF  
27 THE EXECUTIVE DIRECTOR, OR IF THE EXECUTIVE DIRECTOR DETERMINES,

1 THAT THE MEMBER IS INCORPORATED IN A LISTED JURISDICTION FOR  
2 REASONS THAT MEET THE ECONOMIC SUBSTANCE DOCTRINE DESCRIBED IN  
3 SECTION 7701 (o) OF THE INTERNAL REVENUE CODE.

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

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

12 (B) UPON THE EXPIRATION OF THE PERIOD DESCRIBED IN  
13 SUBSECTION (8.5)(c)(II)(A) OF THIS SECTION, A COMBINED GROUP MAY  
14 WITHDRAW THE WATER'S-EDGE ELECTION. THE COMBINED GROUP MUST  
15 WITHDRAW THE ELECTION ON A TIMELY FILED, ORIGINAL TAX RETURN FOR  
16 THE FIRST INCOME TAX YEAR AFTER THE PERIOD DESCRIBED IN  
17 SUBSECTION (8.5)(c)(II)(A) OF THIS SECTION, OR BY OTHER WRITTEN  
18 WITHDRAWAL MADE IN THE TIME AND MANNER PRESCRIBED BY RULES  
19 PROMULGATED BY THE EXECUTIVE DIRECTOR. EXCEPT AS PROVIDED IN  
20 SUBSECTION (8.5)(c)(II)(C) OF THIS SECTION, A COMBINED GROUP'S  
21 WITHDRAWAL OF AN ELECTION IS BINDING FOR AND APPLICABLE TO THE  
22 INCOME TAX YEAR WHEN THE COMBINED GROUP WITHDRAWS THE  
23 ELECTION AND EACH OF THE NINE INCOME TAX YEARS THEREAFTER. IF THE  
24 COMBINED GROUP DOES NOT WITHDRAW THE ELECTION AS DESCRIBED IN  
25 THIS SUBSECTION (8.5)(c)(II)(B), THE ELECTION IS DEEMED RENEWED FOR  
26 AN ADDITIONAL TEN-YEAR PERIOD, SUBJECT TO THE SAME CONDITIONS AS  
27 APPLIED TO THE ORIGINAL ELECTION.

1 (C) A COMBINED GROUP MAY PETITION THE EXECUTIVE DIRECTOR  
2 TO WITHDRAW A WATER'S-EDGE ELECTION PRIOR TO THE EXPIRATION OF  
3 THE PERIOD SET FORTH IN SUBSECTION (8.5)(c)(II)(A) OF THIS SECTION, OR  
4 TO REINSTATE A WITHDRAWN ELECTION, UPON A SHOWING OF  
5 REASONABLE CAUSE BASED UPON EXTRAORDINARY HARDSHIP DUE TO  
6 UNFORESEEN CHANGES IN STATE TAX STATUTES, LAW, OR POLICY. IF THE  
7 EXECUTIVE DIRECTOR GRANTS A WITHDRAWAL OF AN ELECTION, THE  
8 EXECUTIVE DIRECTOR MAY IMPOSE REASONABLE CONDITIONS AS  
9 NECESSARY TO PREVENT THE EVASION OF TAX OR TO CLEARLY REFLECT  
10 NET INCOME FOR THE ELECTION PERIOD PRIOR TO OR AFTER THE  
11 WITHDRAWAL.

12 (III) THE EXECUTIVE DIRECTOR MAY PROMULGATE RULES  
13 GOVERNING THE EFFECT, IF ANY, ON THE SCOPE OR APPLICATION OF A  
14 WATER'S-EDGE ELECTION, INCLUDING THE PROCEDURES FOR ELECTION AND  
15 TERMINATION OR DEEMED ELECTION, RESULTING FROM A CHANGE IN THE  
16 COMPOSITION OF THE UNITARY GROUP, THE COMBINED GROUP, THE  
17 MEMBERS, AND ANY OTHER SIMILAR CHANGE.

18 (d) THE EXECUTIVE DIRECTOR MAY DISREGARD A WATER'S-EDGE  
19 ELECTION IN PART OR IN WHOLE, AND THE NET INCOME AND  
20 APPORTIONMENT FACTORS OF ANY MEMBER OF THE UNITARY GROUP MAY  
21 BE INCLUDED IN THE COMBINED REPORT, WITHOUT REGARD TO  
22 SUBSECTIONS (8.5)(a) TO (8.5)(c) OF THIS SECTION, IF:

23 (I) ANY MEMBER OF THE UNITARY GROUP KNOWINGLY FAILS TO  
24 COMPLY WITH OR RECKLESSLY DISREGARDS ANY PROVISION OF THIS  
25 ARTICLE 22 OR ANY PROVISION OF ARTICLE 21 OF THIS TITLE 39; OR

26 (II) A PERSON OTHERWISE NOT INCLUDED IN THE WATER'S-EDGE  
27 COMBINED GROUP IS USED FOR A SUBSTANTIAL STATE INCOME TAX

1 AVOIDANCE PURPOSE.

2 (e) A COMBINED GROUP'S WATER'S-EDGE ELECTION PURSUANT TO  
3 THIS SUBSECTION (8.5) HAS NO EFFECT ON WHETHER A PERSON EXCLUDED  
4 FROM THE WATER'S-EDGE COMBINED GROUP MAY BE SEPARATELY LIABLE  
5 FOR THE TAX IMPOSED BY THIS ARTICLE 22. A PERSON EXCLUDED FROM A  
6 WATER'S-EDGE COMBINED GROUP AND SUBJECT TO THE TAX IMPOSED BY  
7 THIS ARTICLE 22 SHALL SEPARATELY FILE AND PAY SUCH TAX AS  
8 PROVIDED IN THIS ARTICLE 22.

9 (11.5) (b) For tax years beginning on and after January 1, 2026:

10 (I) Except as provided in ~~subsection~~ SUBSECTION (8) OR (8.5) of  
11 this section, all of the members of an affiliated group of C corporations,  
12 wherever incorporated or domiciled, that are members of a unitary  
13 business shall file a combined report as a combined group.

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

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

24 (C) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,  
25 2027, TO THE EXTENT THE NET INCOME OF A MEMBER OF A COMBINED  
26 GROUP INCLUDES SUBPART F INCOME OR NET CFC TESTED INCOME WITH  
27 RESPECT TO ANOTHER MEMBER OF THE COMBINED GROUP OF WHICH THE

1 MEMBER IS A UNITED STATES SHAREHOLDER, THE COMBINED GROUP  
2 SHALL ELIMINATE SUCH SUBPART F OR NET CFC TESTED INCOME FROM A  
3 COMBINED REPORT.

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

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

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

11 **SECTION 6.** In Colorado Revised Statutes, 39-22-304, **amend**  
12 (1)(b)(I), (3)(i), and (3)(q); and **add** (2)(l) and (3)(u) as follows:

13 **39-22-304. Net income of corporation - legislative declaration**  
14 **- definitions - repeal.**

15 (1) (b) (I) (A) For income tax years commencing on or after  
16 January 1, 2022, BUT BEFORE JANUARY 1, 2027, in the case of a C  
17 corporation that is not incorporated in the United States, or included in a  
18 consolidated federal corporate income tax return, "federal taxable  
19 income" means the C corporation's income or loss as determined from a  
20 profit and loss statement prepared for that C corporation on a separate  
21 entity basis in the currency in which its books of account are regularly  
22 maintained, provided this profit and loss statement is subject to an  
23 independent audit, adjusted to conform to the accounting principles  
24 generally accepted in the United States for the preparation of such  
25 statements and further modified to take into account any book-tax  
26 adjustments necessary to reflect federal and state tax law. Income or loss  
27 so computed includes all income wherever derived and is not limited to

1 items of income from sources within the United States or effectively  
2 connected income within the meaning of the internal revenue code. Items  
3 of income, expense, gain or loss, and related apportionment factors that  
4 are denominated in a foreign currency must also be translated into United  
5 States dollars on a reasonable basis consistently applied year-to-year and  
6 entity-by-entity. Unrealized foreign currency gains and losses are not  
7 recognized. Income apportioned to this state is to be expressed in United  
8 States dollars.

9 (B) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
10 1, 2027, IN THE CASE OF A C CORPORATION THAT IS INCLUDED IN A  
11 COMBINED GROUP PURSUANT TO SECTION 39-22-303, AND THAT IS NOT  
12 INCORPORATED IN THE UNITED STATES, OR INCLUDED IN A CONSOLIDATED  
13 FEDERAL CORPORATE INCOME TAX RETURN, "FEDERAL TAXABLE INCOME"  
14 MEANS THE C CORPORATION'S INCOME OR LOSS AS DETERMINED FROM A  
15 PROFIT AND LOSS STATEMENT PREPARED FOR THAT C CORPORATION ON A  
16 SEPARATE ENTITY BASIS IN THE CURRENCY IN WHICH ITS BOOKS OF  
17 ACCOUNT ARE REGULARLY MAINTAINED, PROVIDED THIS PROFIT AND LOSS  
18 STATEMENT IS SUBJECT TO AN INDEPENDENT AUDIT, ADJUSTED TO  
19 CONFORM TO THE ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE  
20 UNITED STATES FOR THE PREPARATION OF SUCH STATEMENTS, AND  
21 FURTHER MODIFIED TO TAKE INTO ACCOUNT ANY BOOK-TAX ADJUSTMENTS  
22 NECESSARY TO REFLECT FEDERAL AND STATE TAX LAW. INCOME OR LOSS  
23 SO COMPUTED INCLUDES ALL INCOME WHEREVER DERIVED AND IS NOT  
24 LIMITED TO ITEMS OF INCOME FROM SOURCES WITHIN THE UNITED STATES  
25 OR EFFECTIVELY CONNECTED INCOME WITHIN THE MEANING OF THE  
26 INTERNAL REVENUE CODE. ITEMS OF INCOME, EXPENSE, GAIN OR LOSS,  
27 AND RELATED APPORTIONMENT FACTORS THAT ARE DENOMINATED IN A

1 FOREIGN CURRENCY MUST ALSO BE TRANSLATED INTO UNITED STATES  
2 DOLLARS ON A REASONABLE BASIS CONSISTENTLY APPLIED YEAR-TO-YEAR  
3 AND ENTITY-BY-ENTITY. UNREALIZED FOREIGN CURRENCY GAINS AND  
4 LOSSES ARE NOT RECOGNIZED. INCOME APPORTIONED TO THE STATE IS TO  
5 BE EXPRESSED IN UNITED STATES DOLLARS.

6 (C) SUBSECTION (1)(b)(I)(A) OF THIS SECTION AND THIS  
7 SUBSECTION (1)(b)(I)(C) ARE REPEALED, EFFECTIVE DECEMBER 31, 2031.

8 (2) There shall be added to federal taxable income:

9 (1) (I) (A) FOR INCOME TAX YEARS BEGINNING ON AND AFTER  
10 JANUARY 1, 2027, THE EXCESS OF ANY GAIN EXCLUDED FROM FEDERAL  
11 GROSS INCOME PURSUANT TO SECTION 1400Z-2 (a)(I)(A) OF THE INTERNAL  
12 REVENUE CODE OVER THE AMOUNT OF THAT GAIN INVESTED BY THE  
13 TAXPAYER IN A COLORADO QUALIFIED OPPORTUNITY FUND IN A MANNER  
14 THAT QUALIFIES FOR EXCLUSION FROM FEDERAL GROSS INCOME PURSUANT  
15 TO SECTION 1400Z-2 (a)(I)(A) OF THE INTERNAL REVENUE CODE.

16 (B) FOR AMOUNTS INVESTED IN A QUALIFIED OPPORTUNITY FUND  
17 AFTER DECEMBER 31, 2026, OTHER THAN A COLORADO QUALIFIED  
18 OPPORTUNITY FUND, THE AMOUNT OF GAIN EXCLUDED FROM FEDERAL  
19 GROSS INCOME AS A RESULT OF AN ELECTION MADE BY THE TAXPAYER  
20 PURSUANT TO SECTION 1400Z-2(c) OF THE INTERNAL REVENUE CODE.

21 (II) FOR PURPOSES OF THIS SUBSECTION (2)(I), "COLORADO  
22 QUALIFIED OPPORTUNITY FUND" MEANS A QUALIFIED OPPORTUNITY FUND  
23 THAT HOLDS AT LEAST NINETY PERCENT OF ITS ASSETS IN COLORADO  
24 QUALIFIED OPPORTUNITY ZONE PROPERTY. COLORADO QUALIFIED  
25 OPPORTUNITY ZONE PROPERTY IS:

26 (A) QUALIFIED OPPORTUNITY ZONE BUSINESS PROPERTY,  
27 SUBSTANTIALLY ALL OF THE USE OF WHICH, DURING SUBSTANTIALLY ALL

1 OF THE FUND'S HOLDING PERIOD FOR THE PROPERTY, WAS IN A QUALIFIED  
2 OPPORTUNITY ZONE WITHIN COLORADO; OR

3 (B) QUALIFIED OPPORTUNITY ZONE STOCK OR A QUALIFIED  
4 OPPORTUNITY ZONE PARTNERSHIP INTEREST IN A QUALIFIED OPPORTUNITY  
5 ZONE BUSINESS, IN WHICH SUBSTANTIALLY ALL OF THE TANGIBLE  
6 PROPERTY OWNED OR LEASED IS QUALIFIED OPPORTUNITY ZONE BUSINESS  
7 PROPERTY AS DESCRIBED IN SECTION 1400Z-2 (d)(3)(A)(i) OF THE  
8 INTERNAL REVENUE CODE AND SUBSTANTIALLY ALL OF THE USE OF WHICH  
9 IS IN A QUALIFIED OPPORTUNITY ZONE WITHIN COLORADO.

10 (III) FOR PURPOSES OF SUBSECTION (2)(I)(II) OF THIS SECTION:

11 (A) PROPERTY HELD IN THE FUND SHALL BE MEASURED UNDER  
12 RULES SIMILAR TO THE RULES OF SECTION 1400Z-2 (d)(I) OF THE  
13 INTERNAL REVENUE CODE; AND

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

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

17 (i) (I) FOR INCOME TAX YEARS BEGINNING BEFORE JANUARY 1,  
18 2027, that portion of wages or salaries paid or incurred for the taxable  
19 year, the deduction for which is disallowed by section 280C of the  
20 internal revenue code.

21 (II) THIS SUBSECTION (3)(i) IS REPEALED, EFFECTIVE DECEMBER  
22 31, 2031.

23 (q) (I) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY  
24 1, 2022, BUT BEFORE JANUARY 1, 2027:

25 (†) (A) Any amount included in federal taxable income pursuant  
26 to section 951 (a) of the internal revenue code with respect to a controlled  
27 foreign corporation that is a C corporation incorporated in a foreign

1 jurisdiction for the purpose of tax avoidance pursuant to section  
2 39-22-303 (8)(b)(II); and

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

10 (II) THIS SUBSECTION (3)(q) IS REPEALED, EFFECTIVE DECEMBER  
11 31, 2031.

12 (u) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
13 1, 2027, THE AMOUNT OF GAIN INCLUDED IN FEDERAL GROSS INCOME  
14 PURSUANT TO SECTION 1400Z-2 (b) OF THE INTERNAL REVENUE CODE TO  
15 THE EXTENT THAT SUCH GAIN WAS ADDED TO FEDERAL TAXABLE INCOME  
16 PURSUANT TO SECTION 39-22-304 (2)(1) FOR A PRIOR TAX YEAR.

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

19 **39-22-516.7. Tax credit for innovative motor vehicles - tax**  
20 **preference performance statement - legislative declaration -**  
21 **definitions - repeal.**

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

24 (a) **Category 1.**

25 (IX) Except as otherwise provided in subsection (4)(a.7) of this  
26 section, with respect to the purchase or lease of a category 1 vehicle sold  
27 or leased in tax years commencing on or after January 1, 2027, but before

1 January 1, 2028, ~~one~~ TWO thousand dollars;

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

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

7 (I) No credit is allowed for a purchase or lease made on or after  
8 July 1, 2023, but before ~~January 1, 2029~~ JANUARY 1, 2027, of a Category  
9 1 vehicle that exceeds a manufacturer's suggested retail price of  
10 eighty-thousand dollars.

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

15 (a.5) (I) **Category 1 for vehicles under \$35,000 threshold.** With  
16 respect to the purchase or lease of a category 1 vehicle sold or leased in  
17 tax years commencing on or after January 1, 2024, but prior to ~~January 1,~~  
18 ~~2029~~ JANUARY 1, 2027, with a manufacturer's suggested retail price  
19 below thirty-five thousand dollars there is allowed an additional two  
20 thousand five hundred dollars of credit in addition to the amount of credit  
21 allowed pursuant to subsection (4)(a) of this section.

22 (II) **CATEGORY 1 FOR VEHICLES UNDER \$40,000 THRESHOLD.**  
23 WITH RESPECT TO THE PURCHASE OR LEASE OF A CATEGORY 1 VEHICLE  
24 SOLD OR LEASED IN TAX YEARS COMMENCING ON OR AFTER JANUARY 1,  
25 2027, BUT PRIOR TO JANUARY 1, 2029, WITH A MANUFACTURER'S  
26 SUGGESTED RETAIL PRICE BELOW FORTY THOUSAND DOLLARS THERE IS  
27 ALLOWED AN ADDITIONAL TWO THOUSAND FIVE HUNDRED DOLLARS OF

1 CREDIT IN ADDITION TO THE AMOUNT OF CREDIT ALLOWED PURSUANT TO  
2 SUBSECTION (4)(a) OF THIS SECTION.

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

14 (II) THIS SUBSECTION (4)(a.7) IS REPEALED, EFFECTIVE DECEMBER  
15 31, 2031.

16 **SECTION 8.** In Colorado Revised Statutes, 39-22-516.8, **amend**  
17 (8.7)(d) as follows:

18 **39-22-516.8. Tax credit for innovative trucks - tax preference**  
19 **performance statement - legislative declaration - definitions - repeal.**

20 (8.7) (d) If the June 2025 revenue forecast, ~~and each June revenue~~  
21 ~~forecast through the June 2027 revenue forecast~~ as prepared by either  
22 legislative council staff or the office of state planning and budgeting,  
23 projects that state revenues, as defined in section 24-77-103.6 (6)(c), will  
24 not increase by at least four percent for the next fiscal year, the amount  
25 of the credit allowed pursuant to subsection (8.7)(a)(III), (8.7)(a)(IV), or  
26 (8.7)(a)(V) of this section for ~~any~~ THE INCOME tax year commencing in  
27 the calendar year that begins during said next fiscal year is reduced by

1 fifty percent; except that if the amount of reduced credit is equal to or less  
2 than five hundred dollars, then no credit is available for ~~such a~~ THE  
3 INCOME tax year.

4 **SECTION 9.** In Colorado Revised Statutes, 39-22-543, **amend**  
5 (2)(c), (2)(d), (3)(a), (4)(b), (5), and (6); and **add** (2)(a.5) and (4)(c) as  
6 follows:

7 **39-22-543. Credit for wildfire hazard mitigation expenses -**  
8 **legislative declaration - definitions - repeal.**

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

10 (a.5) "INFESTATION MITIGATION MEASURERS" MEANS THE  
11 THINNING OF WOODY VEGETATION THAT IS AT RISK OF MOUNTAIN PINE  
12 BEETLE OR SPRUCE BEETLE INFESTATION OR THAT HAS BEEN KILLED BY  
13 MOUNTAIN PINE BEETLES OR SPRUCE BEETLES, IF SUCH ACTIVITIES MEET  
14 OR EXCEED ANY COLORADO STATE FOREST SERVICE STANDARDS OR ANY  
15 OTHER APPLICABLE STATE RULES.

16 (c) "Landowner" means any INDIVIDUAL owner of record of  
17 private land located within the state, including any easement,  
18 right-of-way, or estate in the land, and includes the heirs, successors, and  
19 assigns of such land. "Landowner" shall not include any partnership, S  
20 corporation, or other similar entity that owns private land as an entity.  
21 ~~unless there is a dwelling on that land that is designed for residential~~  
22 ~~occupancy~~

23 (d) "Wildfire mitigation measures" means the creation of a  
24 defensible space around structures; the establishment of fuel breaks; the  
25 thinning of woody vegetation for the primary purpose of reducing risk to  
26 structures from wildland fire; or the secondary treatment of woody fuels  
27 by lopping and scattering, piling, chipping, removing from the site, or

1 prescribed burning; so long as such activities meet or exceed any  
2 Colorado state forest service standards or any other applicable state rules.

3

4 (3) (a) ~~In the case of two taxpayers filing a joint return, the~~  
5 ~~amount of the credit shall not exceed six hundred twenty-five dollars in~~  
6 ~~any taxable year.~~ THE AMOUNT OF THE CREDIT ALLOWED BY THIS SECTION  
7 IS THE SAME WHETHER IT IS CLAIMED BY A SINGLE TAXPAYER OR TWO  
8 TAXPAYERS WHO FILE A JOINT RETURN. In the case of two taxpayers who  
9 may legally file a joint return but actually file separate returns, only one  
10 of the taxpayers may claim the credit specified in this section.

11 (4) (b) For income tax years commencing on or after January 1,  
12 2025, but prior to ~~January 1, 2028~~ JANUARY 1, 2027, a landowner with a  
13 federal taxable income at or below one hundred twenty thousand dollars  
14 for the income tax year commencing on or after January 1, 2023, as  
15 adjusted for inflation and rounded to the nearest hundred dollars for each  
16 income tax year thereafter, is allowed a credit against the income taxes  
17 imposed by this article 22 in an amount equal to the landowner's costs  
18 incurred for wildfire mitigation measures in an amount up to one  
19 thousand dollars. The maximum total credit in a taxable year FOR A  
20 LANDOWNER is one thousand dollars.

21 (c) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,  
22 2027, BUT BEFORE JANUARY 1, 2031, A LANDOWNER WITH AN ADJUSTED  
23 GROSS INCOME AT OR BELOW THREE HUNDRED THOUSAND DOLLARS FOR  
24 THE INCOME TAX YEAR BEGINNING ON OR AFTER JANUARY 1, 2027, AS  
25 ADJUSTED FOR INFLATION AND ROUNDED TO THE NEAREST HUNDRED  
26 DOLLARS FOR EACH INCOME TAX YEAR THEREAFTER, IS ALLOWED A CREDIT  
27 AGAINST THE INCOME TAXES IMPOSED BY THIS ARTICLE 22 IN AN AMOUNT

1 EQUAL TO THE LANDOWNER'S COSTS INCURRED FOR WILDFIRE MITIGATION  
2 MEASURES, INFESTATION MITIGATION MEASURES, OR BOTH IN AN AMOUNT  
3 UP TO TWO THOUSAND DOLLARS. THE MAXIMUM TOTAL CREDIT IN A  
4 TAXABLE YEAR FOR A LANDOWNER IS TWO THOUSAND DOLLARS.

5 (5) (a) If the amount of a credit under this section exceeds a  
6 taxpayer's actual tax liability for an income tax year BEGINNING BEFORE  
7 JANUARY 1, 2027, the amount of the credit not used to offset the  
8 taxpayer's income tax liability is not refunded to the taxpayer and shall  
9 not be carried forward as a tax credit against the taxpayer's income tax  
10 liability in any subsequent tax year.

11   
12 (b) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,  
13 2027, IF THE AMOUNT OF A CREDIT ALLOWED BY THIS SECTION EXCEEDS  
14 THE TAXPAYER'S INCOME TAXES DUE, THE EXCESS MAY NOT BE CARRIED  
15 FORWARD AND IS REFUNDED TO THE TAXPAYER.

16 (6) This section is repealed, effective ~~January 1, 2030~~ JANUARY  
17 1, 2040.

18 **SECTION 10.** In Colorado Revised Statutes, 39-22-549, **amend**  
19 (2)(e), (2)(f), (2)(h), (3)(a)(I)(B), (3)(a)(II)(B), (4)(a) introductory portion,  
20 (5)(a)(I)(A), (5)(b), (5)(c), and (6); and **add** (2)(e.5), (2)(e.7), and  
21 (3)(a)(III) as follows:

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

26 (2) As used in this section, unless the context otherwise requires:  
27 (e) "Purchaser" means:

1 (I) FOR INCOME TAX YEARS COMMENCING BEFORE JANUARY 1,  
2 2027, a small food retailer or small family farm that purchases small food  
3 business recovery and resilience grant program equipment.

4 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
5 1, 2027, A QUALIFIED DISTRIBUTOR, SMALL FOOD RETAILER, OR SMALL  
6 FAMILY FARM THAT PURCHASES SMALL FOOD BUSINESS RECOVERY AND  
7 RESILIENCE GRANT PROGRAM EQUIPMENT.

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

10 (I) IS SUBJECT TO TAX PURSUANT TO THIS ARTICLE 22 OR THAT IS  
11 EXEMPT FROM TAX PURSUANT TO SECTION 39-22-112 (1);

12 (II) ACTIVELY MANAGES THE AGGREGATION, DISTRIBUTION, AND  
13 MARKETING OF SOURCE-IDENTIFIED RAW COLORADO AGRICULTURAL  
14 PRODUCTS;

15 (III) PRIORITIZES THE AGGREGATION, DISTRIBUTION, AND  
16 MARKETING OF SOURCE-IDENTIFIED RAW COLORADO AGRICULTURAL  
17 PRODUCTS FROM COLORADO PRODUCERS TO SATISFY WHOLESAL, RETAIL,  
18 AND INSTITUTIONAL DEMAND; AND

19 (IV) HAS MANAGED THE AGGREGATION, DISTRIBUTION, AND  
20 MARKETING OF SOURCE-IDENTIFIED RAW COLORADO AGRICULTURAL  
21 PRODUCTS TO A MEMBER OF THE CONSORTIUM IN THE INCOME TAX YEAR  
22 FOR WHICH THE BUSINESS OR ORGANIZATION IS CLAIMING A TAX CREDIT  
23 PURSUANT TO THIS SECTION.

24 (f) "Small family farm" has the same meaning as set forth in  
25 section 35-1-117 (8)(d) FOR INCOME TAX YEARS COMMENCING BEFORE  
26 JANUARY 1, 2027. FOR INCOME TAX YEARS COMMENCING ON OR AFTER  
27 JANUARY 1, 2027, "SMALL FAMILY FARM" MEANS A FARM THAT IS

1 COLORADO-OWNED AND COLORADO-OPERATED, FILES A SCHEDULE F WITH  
2 THE INTERNAL REVENUE SERVICE, AND ACTS AS A WHOLESALER OR  
3 VENDOR TO A CHARITABLE FOOD PROGRAM, SMALL FOOD RETAILER,  
4 SCHOOL, CHILD CARE CENTER, OR OLDER ADULT FACILITY THAT IS  
5 LOCATED IN OR PROVIDES FOOD TO A LOCAL, STATE, OR FEDERALLY  
6 DEFINED "LOW INCOME, LOW ACCESS NEIGHBORHOOD".

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

11 (I) AN INDEPENDENT, COLORADO-OWNED, AND  
12 COLORADO-OPERATED SMALL FOOD RETAIL BUSINESS, DEFINED AS A FOOD  
13 RETAILER THAT:

14 (A) IS SUBJECT TO TAX PURSUANT TO THIS ARTICLE 22 OR IS  
15 EXEMPT FROM TAX PURSUANT TO SECTION 39-22-112 (1);

16 (B) HAS FIVE OR FEWER SEPARATE COLORADO RETAIL LOCATIONS  
17 WITH LESS THAN TWENTY-TWO THOUSAND SQUARE FEET OF RETAIL SPACE  
18 PER LOCATION;

19 (C) CARRIES AT LEAST THREE CATEGORIES OF FEDERALLY DEFINED  
20 STAPLE FOODS, AS DESCRIBED IN THE FEDERAL "FOOD AND NUTRITION  
21 ACT OF 2008", SECS. 3 AND 9; THE FEDERAL "CONSOLIDATED  
22 APPROPRIATIONS ACT OF 2017", SEC. 76; AND THE FEDERAL "ENHANCING  
23 RETAILER STANDARDS IN THE SUPPLEMENTAL NUTRITION ASSISTANCE  
24 PROGRAM", 81 FED. REG. 90675; AND

25 (D) IS LOCATED IN OR PROVIDES FOOD TO LOCAL, STATE, OR  
26 FEDERALLY DEFINED LOW-INCOME, LOW-ACCESS NEIGHBORHOODS; OR

27 (II) IS A FARMER'S MARKET OR FARM-DIRECT OPERATION THAT IS

1 ALREADY OR DEMONSTRATES AN INTENT TO BECOME SNAP AND WIC  
2 AUTHORIZED WHERE ALLOWED.

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

4 (I) (B) For income tax years commencing on or after January 1,  
5 2025, but before January 1, 2031, any member of the food consortium is  
6 allowed a credit against the tax imposed by this article 22 in an amount  
7 equal to seventy-five percent of the amount certain spent by the member  
8 of the consortium on completing its duties and responsibilities minus any  
9 amount awarded to the member of the consortium pursuant to section  
10 35-1-117 (2) for the completion of its duties and responsibilities; ~~and~~

11 (II) (B) For income tax years commencing on or after January 1,  
12 2025, but before January 1, 2031, any purchaser of small food business  
13 recovery and resilience grant program equipment is allowed a credit  
14 against the tax imposed by this article 22 in an amount equal to  
15 seventy-five percent of the purchase price of the relevant small food  
16 business recovery and resilience grant program equipment minus the  
17 amount of any grant awarded under the small food business recovery and  
18 resilience grant program for the purchase of the same small food business  
19 recovery and resilience grant program equipment; AND

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

26 (4) (a) FOR INCOME TAX YEARS COMMENCING PRIOR TO JANUARY  
27 1, 2027, a member of the consortium or a purchaser of small food

1 business recovery grant program equipment may submit an application to  
2 the department of agriculture for the issuance of a letter of eligibility for  
3 a tax credit certificate allowed in this section by the deadlines established  
4 in the rules promulgated by the department of agriculture. The application  
5 must include:

6 (5) (a) A member of the consortium or a purchaser of small food  
7 business recovery grant program equipment shall submit an application  
8 to the department of agriculture for the issuance of a tax credit certificate  
9 allowed in this section by the deadlines established in the rules  
10 promulgated by the department of agriculture. The application must  
11 include:

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

13 (A) A purchaser who is a QUALIFIED DISTRIBUTOR, ■ small food  
14 retailer, or small family farm that purchased small food business recovery  
15 and resilience grant program equipment; or

16 (b) If the department of agriculture determines that the application  
17 filed pursuant to subsection (5)(a) of this section is complete, the  
18 department of agriculture shall determine whether the applicant qualifies  
19 for the credit allowed pursuant to this section. If the department of  
20 agriculture approves the application, the department of agriculture shall  
21 issue a tax credit certificate to the applicant that indicates the amount of  
22 the tax credit that the purchaser or member of the consortium may claim  
23 for the specified income tax year; except that:

24 (I) The total amount of tax credit certificates issued by the  
25 department of agriculture in a given ~~income tax~~ CALENDAR year must not  
26 exceed a total of ten million dollars FOR CALENDAR YEARS COMMENCING  
27 BEFORE JANUARY 1, 2027, A TOTAL OF FIVE MILLION DOLLARS FOR THE ■

1 CALENDAR YEAR COMMENCING ON JANUARY 1, 2027, AND, FOR CALENDAR  
2 YEARS COMMENCING ON OR AFTER JANUARY 1, 2028, A TOTAL OF FIVE  
3 MILLION DOLLARS. ■■■

4 (II) FOR AN INCOME TAX YEAR COMMENCING ON OR AFTER  
5 JANUARY 1, 2027, THE MAXIMUM ALLOWABLE CREDIT AMOUNT FOR A  
6 SMALL FAMILY FARM THAT CLAIMS A CREDIT PURSUANT TO THIS SECTION  
7 IS THREE HUNDRED THOUSAND DOLLARS AND IS ONE MILLION DOLLARS  
8 FOR ANY OTHER TAXPAYER THAT CLAIMS A CREDIT PURSUANT TO THIS  
9 SECTION.

10 (c) (I) FOR INCOME TAX YEARS COMMENCING BEFORE JANUARY 1,  
11 2027, the department of agriculture shall issue tax credit certificates  
12 allowed in this section in an order that accords with the rules promulgated  
13 by the department of agriculture. The department of agriculture shall  
14 review and approve or disapprove an application filed pursuant to  
15 subsection (5)(a) of this section within a reasonable time, not to exceed  
16 ninety days after the filing of a completed application.

17 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
18 1, 2027, THE DEPARTMENT OF AGRICULTURE SHALL REVIEW AND APPROVE  
19 OR DISAPPROVE AN APPLICATION FILED PURSUANT TO SUBSECTION (5)(a)  
20 OF THIS SECTION WITHIN A REASONABLE TIME, NOT TO EXCEED ONE  
21 HUNDRED FIFTY DAYS AFTER THE FILING OF A COMPLETED APPLICATION.

22 (6) To claim the income tax credit allowed pursuant to this  
23 section, the purchaser or member of the consortium shall attach a copy of  
24 the tax credit certificate to its state income tax return. No tax credit is  
25 allowed pursuant to this section unless the purchaser or member of the  
26 consortium provides a copy of the tax credit certificate with its filed state  
27 income tax return. The amount of the credit that the purchaser or member

1 of the consortium may claim pursuant to this section is the amount stated  
2 on the tax credit certificate. IF THE PURCHASER IS EXEMPT FROM TAX  
3 PURSUANT TO SECTION 39-22-112 (1), THE PURCHASER SHALL FILE A  
4 RETURN PURSUANT TO SECTION 39-22-601 (7)(b).

5 **SECTION 11.** In Colorado Revised Statutes, 39-22-550, **amend**  
6 (1)(b) introductory portion, (1)(b)(I), (2)(c)(III), (2)(c)(IV), (3)(a),  
7 (3)(e)(II), (5), and (6); and **add** (2)(c)(V), (3)(e)(III), and (3)(f) as  
8 follows:

9 **39-22-550. Tax credit for reducing emissions from certain**  
10 **lawn equipment - tax preference performance statement - legislative**  
11 **declaration - definitions - report - repeal.**

12 (1) (b) In accordance with section 39-21-304 (1), which requires  
13 each bill that creates a new tax expenditure, OR EXTENDS AN EXPIRING  
14 TAX EXPENDITURE, to include a tax preference performance statement as  
15 part of a statutory legislative declaration, the general assembly further  
16 finds and declares that:

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

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

22 (c) "Qualified retailer" means a retailer that sells lawn equipment  
23 and:

24 (III) Has paid the taxes due on the monthly sales tax return; and

25 (IV) Has registered with the department of revenue pursuant to  
26 subsection (3)(e)(II) of this section; AND

27 (V) HAS NOT BEEN DISQUALIFIED BY THE DEPARTMENT PURSUANT

1 TO SUBSECTION (3)(f) OF THIS SECTION.

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

9 (e) (II) Before selling a piece of new, electric-powered lawn  
10 equipment for which a retailer intends to claim a credit pursuant to this  
11 section, the retailer shall register as a qualified retailer by filing with the  
12 department of revenue a registration statement in the form and manner  
13 that the department prescribes AND RECEIVE APPROVAL OF THEIR  
14 REGISTRATION FROM THE DEPARTMENT.

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

19 (f) (I) AFTER THE NOTICE AND HEARING HELD IN ACCORDANCE  
20 WITH SECTIONS 24-4-104 AND 24-4-105, THE DEPARTMENT MAY  
21 DISQUALIFY A QUALIFIED RETAILER IF THE DEPARTMENT DETERMINES:

22 (A) THE QUALIFIED RETAILER REQUESTED ADVANCE PAYMENT OR  
23 CLAIMED A CREDIT WITH RESPECT TO A TRANSACTION THAT DOES NOT  
24 QUALIFY FOR THE CREDIT ALLOWED BY THIS SECTION;

25 (B) THE QUALIFIED RETAILER PROVIDED FALSE OR MISLEADING  
26 INFORMATION TO THE DEPARTMENT; OR

27 (C) THE QUALIFIED RETAILER NO LONGER HOLDS A SALES TAX

1 LICENSE.

2 (II) A RETAILER THAT HAS BEEN DISQUALIFIED PURSUANT TO THIS  
3 SUBSECTION (3)(f) MAY NOT REAPPLY TO BE A QUALIFIED RETAILER. THE  
4 DEPARTMENT SHALL NOT APPROVE A REGISTRATION SUBMITTED BY A  
5 DISQUALIFIED RETAILER.

6 (5) Pursuant to section 39-21-304 (3), notwithstanding section  
7 24-1-136 (11)(a)(I), and for the purpose of providing data that allows the  
8 general assembly and the state auditor to measure the effectiveness of the  
9 tax credit created in subsection (3) of this section, the department of  
10 revenue, on or before January 1, 2025, and on or before January 1 of each  
11 year thereafter through ~~January 1, 2028~~ JANUARY 1, 2031, shall submit to  
12 the general assembly and the state auditor a report detailing the sales of  
13 new, electric-powered lawn equipment, as reported by a qualified retailer  
14 claiming the tax credit authorized under subsection (3) of this section.  
15 The tax credit established in this section meets its purpose if sales of new,  
16 gasoline-powered lawn equipment are significantly reduced within five  
17 years after the tax credit becomes effective, as determined by the general  
18 assembly and the state auditor pursuant to section 39-21-304 (3).

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

21 **SECTION 12.** In Colorado Revised Statutes, 39-22-551, **amend**  
22 (2)(e)(XI), (2)(j), and (6)(a)(I); and **add** (8)(d) as follows:

23 **39-22-551. Industrial clean energy tax credit - tax preference**  
24 **performance statement - definitions - report - repeal.**

25

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

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

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

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

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

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

27



1           **(8) Limit on aggregate amount of tax credits available to be**  
2 **reserved.**

3           (d) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (8)(a) OF  
4 THIS SECTION, FOR ANY SEMI-ANNUAL APPLICATION PERIOD COMMENCING  
5 ON OR AFTER JULY 1, 2026, THE OFFICE MAY ADJUST THE LIMITS IN  
6 SUBSECTION (8)(a) OF THIS SECTION AS SET FORTH IN SECTION 39-22-522  
7 (4)(f).

8           **SECTION 13.** In Colorado Revised Statutes, 39-22-552, **amend**  
9 **(4)(c)(I)(B) and (4)(e); and add (4)(f) as follows:**

10           **39-22-552. Tax credit for expenditures made in connection**  
11 **with a geothermal energy project - tax preference performance**  
12 **statement - legislative declaration - definitions - repeal.**

13           (4) (c) (I) (B) Based upon the totality of the factors set forth in  
14 subsection (4)(d) of this section and based on considerations required for  
15 geothermal energy projects as set forth in subsection (5) of this section,  
16 which the office may weigh equally or differently, the office shall  
17 determine an applicable amount of credit that may be reserved for the  
18 benefit of the eligible taxpayer which may be all, part, or none of the  
19 credit amount requested in the eligible taxpayer's application; except that  
20 the office shall not reserve an amount in excess of the limitations set forth  
21 in subsection (3)(b) of this section, and, EXCEPT AS PROVIDED IN  
22 SUBSECTION (4)(f) OF THIS SECTION, the aggregate amount of credits  
23 reserved for all owners must not exceed thirty-five million dollars for all  
24 taxpayers in all years the credit is allowed.

25           (e) (I) The reservation of tax credits does not entitle an eligible  
26 taxpayer to an issuance of any credits until the eligible taxpayer provides  
27 the office with any documentation required by the office and a cost

1 certification of the expenditure made in connection with an approved  
2 geothermal energy project during the tax year in which the reservation is  
3 approved. The cost certification must be audited by a licensed public  
4 accountant that is not affiliated with the eligible taxpayer. The office shall  
5 review the cost certification to verify that it satisfies the information  
6 provided in the eligible taxpayer's application. If the office determines  
7 that the eligible taxpayer made a qualified expenditure, the office shall  
8 issue a tax credit certificate in the applicable amount.

9 (II) IF THE APPLICABLE AMOUNT OF QUALIFIED EXPENDITURES  
10 MADE BY THE ELIGIBLE TAXPAYER IS LESS THAN THE AMOUNT RESERVED  
11 PURSUANT TO SUBSECTION (4)(c) OF THIS SECTION, THE OFFICE MAY  
12 RESERVE THE EXCESS CREDIT FOR THE BENEFIT OF THE ELIGIBLE TAXPAYER  
13 FOR A FUTURE TAX YEAR OR RESERVE THE EXCESS FOR THE BENEFIT OF  
14 ANOTHER APPLICANT AS SET FORTH IN SUBSECTION (4)(c) OF THIS  
15 SECTION; EXCEPT THAT THE OFFICE SHALL NOT RESERVE CREDITS FOR ANY  
16 TAX YEAR BEGINNING ON OR AFTER JANUARY 1, 2033.

17 (f) (I) BEGINNING JULY 1, 2026, THE OFFICE MAY INCREASE THE  
18 LIMIT ON THE AGGREGATE AMOUNT OF CREDITS RESERVED FOR ALL  
19 OWNERS SET FORTH IN SUBSECTION (4)(c)(I)(B) OF THIS SECTION TO THE  
20 EXTENT OF THE EXCESS OF THE AGGREGATE AMOUNT OF CREDIT  
21 AVAILABLE PURSUANT TO SECTION 39-22-551 (8)(b) OVER THE AMOUNT  
22 OF CREDITS RESERVED OR AWARDED BY THE OFFICE PURSUANT TO SECTION  
23 39-22-551 (6)(a) OR (7)(c), RESPECTIVELY. THE OFFICE SHALL DECREASE  
24 ACCORDINGLY THE AGGREGATE AMOUNT OF CREDIT AVAILABLE PURSUANT  
25 TO SECTION 39-22-551 (8)(b).

26 (II) BEGINNING JULY 1, 2026, THE OFFICE MAY INCREASE THE  
27 AGGREGATE AMOUNT OF CREDIT AVAILABLE PURSUANT TO SECTION

1 39-22-551 (8)(b) BY ANY AMOUNT NOT RESERVED OR ALLOWED PURSUANT  
2 TO SUBSECTION (4) OF THIS SECTION. THE OFFICE SHALL DECREASE  
3 ACCORDINGLY THE LIMIT ON THE AGGREGATE AMOUNT OF CREDITS  
4 RESERVED FOR ALL OWNERS SET FORTH IN SUBSECTION (4)(c)(I)(B) OF  
5 THIS SECTION.

6 **SECTION 14.** In Colorado Revised Statutes, 39-22-554, **amend**  
7 (3)(f) as follows:

8 **39-22-554. Heat pump technology and thermal energy**  
9 **network tax credit - tax preference performance statement -**  
10 **legislative declaration - definitions - repeal.**

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

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

26 **SECTION 15.** In Colorado Revised Statutes, 39-22-555, **amend**  
27 (2)(g)(III), (2)(g)(IV), (3)(e)(III), and (6); and **add** (2)(g)(V), (3)(e)(IV),

1 and (4)(c) as follows:

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

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

6 (g) "Qualified retailer" means a retailer that sells qualified electric  
7 bicycles and:

8 (III) Has paid the taxes due on the monthly sales tax return; and

9 (IV) Has registered with the department pursuant to subsection  
10 (3)(e)(III) of this section; AND

11 (V) HAS NOT BEEN DISQUALIFIED BY THE DEPARTMENT PURSUANT  
12 TO SUBSECTION (4)(c) OF THIS SECTION.

13 (3) (e) (III) Prior to selling a qualified electric bicycle for which  
14 a retailer intends to claim a credit pursuant to this section, the retailer  
15 shall:

16 (A) Register as a qualified retailer by filing with the department  
17 a registration statement in the form and manner prescribed by the  
18 department AND RECEIVE APPROVAL OF THEIR REGISTRATION FROM THE  
19 DEPARTMENT; AND

20 (B) PROVIDE THE OFFICE DETAILED INFORMATION AS THE OFFICE  
21 MAY REQUIRE REGARDING EACH MODEL OF QUALIFIED ELECTRIC BICYCLE  
22 THE RETAILER INTENDS TO SELL FOR THE CREDIT ALLOWED BY THIS  
23 SECTION. THE OFFICE MAY REQUIRE A QUALIFIED RETAILER TO  
24 PERIODICALLY UPDATE THE INFORMATION REQUIRED BY THIS SUBSECTION  
25 (3)(e)(III)(B).

26 (IV) A QUALIFIED RETAILER MAY AUTHORIZE THE OFFICE TO  
27 PUBLICIZE THE QUALIFIED RETAILER'S INTENTION TO SELL QUALIFIED

1 ELECTRIC BICYCLES PURSUANT TO THIS SECTION ON THE OFFICE'S WEBSITE.

2 (4) (c) (I) AFTER THE NOTICE AND HEARING HELD IN ACCORDANCE  
3 WITH SECTIONS 24-4-104 AND 24-4-105, THE DEPARTMENT MAY  
4 DISQUALIFY A QUALIFIED RETAILER IF THE DEPARTMENT DETERMINES:

5 (A) THE QUALIFIED RETAILER REQUESTED ADVANCE PAYMENT OR  
6 CLAIMED A CREDIT WITH RESPECT TO A TRANSACTION THAT DOES NOT  
7 QUALIFY FOR THE CREDIT ALLOWED BY THIS SECTION;

8 (B) THE QUALIFIED RETAILER PROVIDED FALSE OR MISLEADING  
9 INFORMATION TO THE DEPARTMENT OR THE OFFICE;

10 (C) THE QUALIFIED RETAILER FAILED TO COMPLY WITH THE  
11 REQUIREMENTS SET FORTH IN SUBSECTION (3)(e)(III)(B) OF THIS SECTION;

12 OR

13 (D) THE QUALIFIED RETAILER NO LONGER HOLDS A SALES TAX  
14 LICENSE.

15 (II) THE DEPARTMENT MAY CONSULT WITH THE OFFICE FOR THE  
16 PURPOSE OF MAKING A DETERMINATION PURSUANT TO THIS SUBSECTION  
17 (4)(c).

18 (III) A RETAILER THAT HAS BEEN DISQUALIFIED PURSUANT TO THIS  
19 SUBSECTION (4)(c) MAY NOT REAPPLY TO BE A QUALIFIED RETAILER. THE  
20 DEPARTMENT SHALL NOT APPROVE A REGISTRATION SUBMITTED BY A  
21 DISQUALIFIED RETAILER.

22 (IV) UPON NOTIFICATION BY THE DEPARTMENT OF A RETAILER'S  
23 DISQUALIFICATION, THE OFFICE SHALL REMOVE THE DISQUALIFIED  
24 RETAILER FROM THE LIST PUBLISHED PURSUANT TO SUBSECTION (3)(e)(IV)  
25 OF THIS SECTION.

26 (6) (a) If the June 2025 revenue forecast, ~~and each June revenue~~  
27 ~~forecast through the June 2031 revenue forecast~~ as prepared by either

1 legislative council staff or the office of state planning and budgeting,  
2 projects that state revenues, as defined in section 24-77-103.6 (6)(c), will  
3 not increase by at least four percent for the next fiscal year, the amount  
4 of the credit allowed pursuant to this section, the discount required  
5 pursuant to subsection (3)(b) of this section, and the administrative fee  
6 allowed pursuant to subsection (3)(d) of this section for any tax year  
7 commencing in the calendar year that begins during said next fiscal year,  
8 is reduced by fifty percent.

9 (b) THIS SUBSECTION (6) IS REPEALED, EFFECTIVE DECEMBER 31,  
10 2031.

11 **SECTION 16.** In Colorado Revised Statutes, 39-21-113, **add (40)**  
12 **and (41)** as follows:

13 **39-21-113. Reports and returns - rule - repeal.**

14 (40) NOTWITHSTANDING THE PROVISIONS OF THIS SECTION, THE  
15 EXECUTIVE DIRECTOR MAY PROVIDE TO THE COLORADO ENERGY OFFICE  
16 DETAILED TAXPAYER INFORMATION PERTINENT TO A CLAIM FOR AN  
17 INCOME TAX CREDIT FOR THE RETAIL SALE OF A QUALIFIED ELECTRIC  
18 BICYCLE PURSUANT TO SECTION 39-22-555. ANY INFORMATION PROVIDED  
19 PURSUANT TO THIS SUBSECTION (40) MUST REMAIN CONFIDENTIAL, AND  
20 ALL PERSONS WHO RECEIVE THIS INFORMATION ARE SUBJECT TO THE  
21 LIMITATIONS SPECIFIED IN SUBSECTION (4) OF THIS SECTION AND THE  
22 PENALTIES SPECIFIED IN SUBSECTION (6) OF THIS SECTION.

23 (41) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION,  
24 THE EXECUTIVE DIRECTOR MAY PROVIDE TO THE COLORADO ENERGY  
25 OFFICE SUCH DETAILED TAXPAYER INFORMATION PERTINENT TO A CLAIM  
26 FOR AN INCOME TAX CREDIT FOR THE INSTALLATION OF A HEAT PUMP  
27 PURSUANT TO SECTION 39-22-554. ANY INFORMATION PROVIDED

1 PURSUANT TO THIS SUBSECTION (41) MUST REMAIN CONFIDENTIAL, AND  
2 ALL PERSONS WHO RECEIVE THIS INFORMATION ARE SUBJECT TO THE  
3 LIMITATIONS SPECIFIED IN SUBSECTION (4) OF THIS SECTION AND THE  
4 PENALTIES SPECIFIED IN SUBSECTION (6) OF THIS SECTION.

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

7 **39-22-556. Tax credit for sustainable aviation fuel production**  
8 **facility - tax preference performance statement - legislative**  
9 **declaration - definitions - repeal.**

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

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

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

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

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

23 (4) (b) The aggregate amount of all tax credit certificates issued  
24 by the office pursuant to this subsection (4) must not exceed one million  
25 dollars for the 2024 income tax year, two million dollars per year for the  
26 2025 and 2026 income tax years, ~~and three million dollars per year for~~  
27 ~~income tax years 2027 through 2032~~ YEAR.

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

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

16           **SECTION 18.** In Colorado Revised Statutes, **add** 39-22-556.5 as  
17 follows:

18           **39-22-556.5. Tax credit for the purchase of sustainable**  
19 **aviation fuel - tax preference performance statement - legislative**  
20 **declaration - definitions - repeal.**

21           (1) (a) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH  
22 REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE  
23 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY  
24 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS AND  
25 DECLARES THAT THE PURPOSE OF THIS TAX EXPENDITURE IS TO INDUCE  
26 CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS, SPECIFICALLY THE  
27 PURCHASE OF SUSTAINABLE AVIATION FUEL FOR USE IN THE STATE, BY

1 PROVIDING TAX RELIEF FOR CERTAIN BUSINESSES AND INDIVIDUALS THAT  
2 PURCHASE SUSTAINABLE AVIATION FUEL FOR USE IN THE STATE.

3 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL  
4 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSES  
5 SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE  
6 INFORMATION REQUIRED BY AND REPORTED TO THE OFFICE PURSUANT TO  
7 SUBSECTION (5) OF THIS SECTION.

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

10 (a) "CARBON INTENSITY" MEANS THE AMOUNT OF GREENHOUSE  
11 GASES GENERATED PER GALLON OF SUSTAINABLE AVIATION FUEL  
12 PRODUCED.

13 (b) "COLORADO ENERGY OFFICE" OR "OFFICE" MEANS THE  
14 COLORADO ENERGY OFFICE CREATED IN SECTION 24-38.5-101.

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

16 (d) "QUALIFIED TAXPAYER" MEANS A PERSON WHO PURCHASES  
17 SUSTAINABLE AVIATION FUEL FOR UPLIFT AND USE IN THE STATE IF THAT  
18 PERSON IS SUBJECT TO TAX PURSUANT TO THIS ARTICLE 22 OR IS A PERSON  
19 OR POLITICAL SUBDIVISION OF THE STATE THAT IS EXEMPT FROM TAXATION  
20 PURSUANT TO SECTION 39-22-112 (1); EXCEPT THAT "QUALIFIED  
21 PURCHASER" DOES NOT INCLUDE A SUSTAINABLE AVIATION FUEL  
22 PRODUCER OR BLENDER.

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

25 (3) (a) (I) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1,  
26 2027, BUT BEFORE JANUARY 1, 2033, A QUALIFIED TAXPAYER IS ALLOWED  
27 A CREDIT AGAINST THE INCOME TAX IMPOSED UNDER THIS ARTICLE 22 IN

1 AN AMOUNT NOT LESS THAN ONE DOLLAR AND FIFTY CENTS, INCREASED BY  
2 ONE CENT FOR EACH WHOLE PERCENTAGE OF CARBON INTENSITY  
3 REDUCTION IN EXCESS OF FIFTY PERCENT, BUT NO GREATER THAN ONE  
4 HUNDRED PERCENT, FOR EACH GALLON OF SUSTAINABLE AVIATION FUEL  
5 THAT THE QUALIFIED TAXPAYER PURCHASED FOR USE IN THE STATE  
6 DURING THE INCOME TAX YEAR, EXCEPT AS OTHERWISE PROVIDED IN  
7 SUBSECTION (3)(b) OF THIS SECTION.

8 (II) FOR TAX YEARS BEGINNING ON OR AFTER JANUARY 1, 2028,  
9 THE OFFICE MAY ALLOW AN ADDITIONAL CREDIT OF FIFTY CENTS FOR EACH  
10 GALLON OF SUSTAINABLE AVIATION FUEL PRODUCED IN THE STATE THAT  
11 THE QUALIFIED TAXPAYER PURCHASED FOR USE IN THE STATE DURING THE  
12 INCOME TAX YEAR, EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION  
13 (3)(b) OF THIS SECTION.

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

22 (c) FOR PURPOSES OF THIS SECTION, SUSTAINABLE AVIATION FUEL  
23 IS DEEMED TO BE PURCHASED FOR USE IN THE STATE IF IT IS DELIVERED TO  
24 AND USED FOR FUELING AIRCRAFT AT A COLORADO AIRPORT, AIRFIELD, OR  
25 AIRPARK NOTWITHSTANDING THE SUBSEQUENT OPERATION OF SUCH  
26 AIRCRAFT OUTSIDE THE STATE. EXCEPT AS PROVIDED IN THIS SUBSECTION  
27 (3)(c), FUEL LOADED INTO A CARGO TANK OR OTHERWISE EXPORTED FROM

1 THE STATE IS NOT DEEMED TO BE PURCHASED FOR USE IN THE STATE.

2 (d) IF A CREDIT IS ALLOWED PURSUANT TO THIS SECTION TO A  
3 QUALIFIED PURCHASER THAT IS AN AIRPORT, AIRFIELD, OR AIRPARK, NO  
4 ADDITIONAL CREDIT IS ALLOWED TO A QUALIFIED PURCHASER THAT  
5 PURCHASES THE SUSTAINABLE AVIATION FUEL, DIRECTLY OR INDIRECTLY,  
6 FROM THE QUALIFIED PURCHASER TO WHICH THE CREDIT WAS ALLOWED.  
7 THE QUALIFIED PURCHASER FOR WHICH A CREDIT WAS RESERVED SHALL  
8 DISCLOSE TO ANY PURCHASER THAT IT HAS RESERVED A CREDIT WITH  
9 RESPECT TO THE SUSTAINABLE AVIATION FUEL SOLD.

10 (4) (a) PRIOR TO PURCHASING SUSTAINABLE AVIATION FUEL FOR  
11 USE IN THE STATE, A QUALIFIED TAXPAYER SHALL SUBMIT AN APPLICATION  
12 TO THE OFFICE FOR A TAX CREDIT CERTIFICATE TO RESERVE THE CREDIT  
13 ALLOWED BY THIS SECTION ON A FORM AND IN A MANNER PRESCRIBED BY  
14 THE OFFICE. THE APPLICATION MUST INCLUDE INFORMATION TO ALLOW  
15 THE OFFICE TO MAKE A DETERMINATION THAT THE APPLICANT IS A  
16 QUALIFIED TAXPAYER, DOCUMENTATION REGARDING THE CARBON  
17 INTENSITY OF THE SUSTAINABLE AVIATION FUEL THAT WILL BE  
18 PURCHASED, AND AN ESTIMATE OF THE AMOUNT OF SUSTAINABLE  
19 AVIATION FUEL THE QUALIFIED TAXPAYER PLANS TO PURCHASE FOR USE  
20 IN THE STATE DURING THE INCOME TAX YEAR.

21 (b) AFTER REVIEWING THE APPLICATION, THE OFFICE SHALL  
22 DETERMINE WHETHER THE APPLICANT QUALIFIES FOR THE CREDIT AND THE  
23 AMOUNT OF CREDIT TO BE RESERVED FOR THE BENEFIT OF THE QUALIFIED  
24 TAXPAYER, WHICH MAY BE ALL, PART, OR NONE OF THE AMOUNT  
25 REQUESTED IN THE APPLICATION. THE OFFICE SHALL NOTIFY THE  
26 APPLICANT IN WRITING OF ITS DECISION AND THE AMOUNT RESERVED, IF  
27 ANY. THE AGGREGATE AMOUNT OF CREDIT THE OFFICE MAY RESERVE

1 PURSUANT TO THIS SUBSECTION (4) MUST NOT EXCEED THREE MILLION  
2 DOLLARS PER CALENDAR YEAR. IN THE CASE OF A QUALIFIED TAXPAYER  
3 WITH AN INCOME TAX YEAR OTHER THAN A CALENDAR YEAR, CREDIT  
4 RESERVED PURSUANT TO THIS SUBSECTION (4) MAY BE CLAIMED FOR THE  
5 TAX YEAR THAT BEGINS DURING THE CALENDAR YEAR.

6 (c) FOLLOWING THE CLOSE OF THE TAX YEAR, IN ACCORDANCE  
7 WITH THE STANDARDS DEVELOPED BY THE OFFICE PURSUANT TO  
8 SUBSECTION (4)(e) OF THIS SECTION, THE QUALIFIED TAXPAYER SHALL  
9 SUBMIT DOCUMENTATION SUBSTANTIATING THE QUALIFIED TAXPAYER'S  
10 PURCHASES OF SUSTAINABLE AVIATION FUEL FOR USE IN THE STATE  
11 DURING THE TAX YEAR. UPON A DETERMINATION BY THE OFFICE THAT THE  
12 PURCHASES QUALIFY FOR THE CREDIT ALLOWED BY THIS SECTION, THE  
13 OFFICE SHALL ISSUE THE TAXPAYER A TAX CREDIT CERTIFICATE FOR THE  
14 LESSER OF THE CREDIT ALLOWED PURSUANT TO SUBSECTION (3)(a) OF THIS  
15 SECTION WITH RESPECT TO THE AMOUNT OF SUSTAINABLE AVIATION FUEL  
16 ACTUALLY PURCHASED FOR USE IN THE STATE OR THE AMOUNT OF CREDIT  
17 RESERVED FOR THE BENEFIT OF THE QUALIFIED TAXPAYER PURSUANT TO  
18 THIS SUBSECTION (4).

19 (d) THE OFFICE SHALL, IN A SUFFICIENTLY TIMELY MANNER TO  
20 ALLOW THE DEPARTMENT TO PROCESS RETURNS CLAIMING THE INCOME  
21 TAX CREDIT ALLOWED IN THIS SECTION, PROVIDE THE DEPARTMENT WITH  
22 AN ELECTRONIC REPORT OF EACH QUALIFIED TAXPAYER THAT THE OFFICE  
23 APPROVED FOR THE INCOME TAX CREDIT ALLOWED IN THIS SECTION FOR  
24 THE PRECEDING CALENDAR YEAR THAT INCLUDES THE FOLLOWING  
25 INFORMATION:

- 26 (I) THE TAXPAYER'S NAME;
- 27 (II) THE TAXPAYER'S SOCIAL SECURITY NUMBER OR THE

1 TAXPAYER'S COLORADO ACCOUNT NUMBER AND FEDERAL EMPLOYER  
2 IDENTIFICATION NUMBER; AND

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

4 (e) THE OFFICE SHALL DEVELOP STANDARDS FOR THE APPROVAL  
5 OF QUALIFIED TAXPAYERS FOR WHOM A TAX CREDIT UNDER THIS SECTION  
6 IS ALLOWED AND THE AWARDING OF TAX CREDIT CERTIFICATES PURSUANT  
7 TO THIS SUBSECTION (4) AND SHALL POST THOSE STANDARDS ON ITS  
8 WEBSITE.

9 (5) NOTWITHSTANDING THE REQUIREMENT IN SECTION 24-1-136  
10 (11)(a)(I), FOR THE PURPOSE OF PROVIDING DATA THAT ALLOWS THE  
11 GENERAL ASSEMBLY AND THE STATE AUDITOR TO MEASURE THE  
12 EFFECTIVENESS OF THE CREDIT CREATED IN SUBSECTION (3) OF THIS  
13 SECTION PURSUANT TO SECTION 39-21-304 (3), THE OFFICE, ON OR BEFORE  
14 JANUARY 1, 2028, AND ON OR BEFORE JANUARY 1 OF EACH YEAR  
15 THEREAFTER UNTIL JANUARY 1, 2034, SHALL SUBMIT TO THE GENERAL  
16 ASSEMBLY AND THE STATE AUDITOR A REPORT DETAILING THE PURCHASE  
17 OF SUSTAINABLE AVIATION FUEL BY TAXPAYERS CLAIMING THE CREDIT IN  
18 THIS SECTION. THE TAX CREDIT MEETS ITS PURPOSE IF THE PURCHASE OF  
19 SUSTAINABLE AVIATION FUEL IN THE STATE INCREASES SIGNIFICANTLY  
20 IN TAX YEARS FOR WHICH THE CREDIT IS ALLOWED.

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

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

26 **SECTION 19.** In Colorado Revised Statutes, 39-22-629, **amend**  
27 (1)(a) as follows:

1           **39-22-629. Advance payments of income tax credits -**  
2 **definitions.**

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

4           (a) "Applicable credit" means:

5           (I) FOR INCOME TAX YEARS COMMENCING BEFORE JANUARY 1,  
6 2027, the credits allowed in sections 39-22-516.7, 39-22-516.8, and  
7 39-22-555; AND

8           (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
9 1, 2027, THE CREDITS ALLOWED IN SECTIONS 39-22-516.7, 39-22-516.8,    
10 39-22-550, AND 39-22-555.

11              

12           **SECTION 20.** 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~~ ARTICLE 26 and any use tax imposed pursuant to article 2 of title  
25 ~~29, C.R.S.~~   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. THE DEPARTMENT OF  
20 TRANSPORTATION SHALL NOTIFY THE DEPARTMENT OF REVENUE OF THE  
21 IDENTITY OF ANY COMMON CARRIER ELIGIBLE FOR THE EXEMPTION  
22 ALLOWED BY THIS SUBSECTION (2)(c).

23 

24 **SECTION 21.** In Colorado Revised Statutes, 39-26-723, **amend**  
25 (1) and (3); and **add** (2.5) as follows:

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

1 (1) For STATE fiscal years commencing on or after July 1, 2008,  
2 but prior to the STATE fiscal year commencing on July 1, 2020, and for  
3 STATE fiscal years commencing on or after July 1, 2021, but prior to the  
4 ~~fiscal year commencing on July 1, 2026~~, CALENDAR YEAR COMMENCING  
5 ON JANUARY 1, 2031, all sales, storage, and use of wood from salvaged  
6 trees killed or infested in Colorado by mountain pine beetles or spruce  
7 beetles, including but not limited to products such as lumber, furniture  
8 built from the salvaged trees, and wood chips or wood pellets generated  
9 from the salvaged trees, are exempt from taxation under the provisions of  
10 parts 1 and 2 of this article 26.

11 (2.5) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH  
12 REQUIRES ANY BILL THAT EXTENDS AN EXPIRING TAX EXPENDITURE TO  
13 INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A  
14 STATUTORY LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS  
15 AND DECLARES THAT THE PURPOSE OF THE TAX CREDIT PROVIDED IN  
16 SUBSECTION (1)(a) OF THIS SECTION IS TO INDUCE CERTAIN DESIGNATED  
17 BEHAVIOR BY TAXPAYERS BY CONTINUING TO ENCOURAGE THE SALE,  
18 STORAGE, AND USE OF WOOD FROM SALVAGED TREES KILLED OR INFESTED  
19 IN COLORADO BY MOUNTAIN PINE BEETLES OR SPRUCE BEETLES. THE  
20 GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL MEASURE THE  
21 EFFECTIVENESS OF THE CREDIT IN ACHIEVING THIS PURPOSE BASED ON THE  
22 VALUE OF EXEMPT SALES.

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

24 **SECTION 22.** In Colorado Revised Statutes, 39-26-728, **amend**  
25 (1) as follows:

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

1 (1) (a) ~~For the state fiscal years commencing on or after July 1,~~  
2 ~~2014,~~ EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (1)(b) OF THIS  
3 SECTION, all sales, storage, and use of qualified property, ON OR AFTER  
4 JULY 1, 2024, BUT BEFORE JANUARY 1, 2027, for use in space flight is  
5 exempt from taxation under parts 1 and 2 of this ~~article~~ ARTICLE 26.

6 (b) ON OR AFTER JANUARY 1, 2030, ALL SALES, STORAGE, AND USE  
7 OF QUALIFIED PROPERTY FOR USE IN SPACE FLIGHT IS EXEMPT FROM  
8 TAXATION UNDER PARTS 1 AND 2 OF THIS ARTICLE 26.

9 (c) SUBSECTION (1)(a) OF THIS SECTION AND THIS SUBSECTION  
10 (1)(c) ARE REPEALED, EFFECTIVE DECEMBER 31, 2029.

11 **SECTION 23.** In Colorado Revised Statutes, 39-27-102, **amend**  
12 (1)(b)(I) as follows:

13 **39-27-102. Tax imposed on gasoline and special fuel - deposits**  
14 **- penalties.**

15 (1) (b) (I) In the case of gasoline or special fuel removed from a  
16 terminal, the tax is imposed upon the person first receiving the gasoline  
17 or special fuel at the terminal even if such person is also the supplier. In  
18 the case of gasoline or special fuel removed from a terminal by a common  
19 carrier, the consignor who owns the gasoline or special fuel removed by  
20 the common carrier is deemed to be the remover and first recipient  
21 thereof. The amount of gasoline or special fuel removed is deemed to be  
22 the amount shipped from the terminal, measured in gallons, as shown by  
23 the terminal manifest; except that, FOR TAX PERIODS BEGINNING BEFORE  
24 JANUARY 1, 2027, THE LICENSED DISTRIBUTOR SHALL DEDUCT an  
25 allowance of two percent of the total amount of gasoline or special fuel  
26 acquired during any calendar month, as shown by terminal manifests, is  
27 ~~deducted by the licensed distributor~~ to cover losses in transit and in

1 unloading the gasoline or special fuel but there is no allowance for  
2 liquefied petroleum gas or removal by bulk transfer, AND, FOR TAX  
3 PERIODS BEGINNING ON OR AFTER JANUARY 1, 2027, THE LICENSED  
4 DISTRIBUTOR SHALL DEDUCT AN ALLOWANCE OF ONE AND ONE-HALF  
5 PERCENT OF THE TOTAL AMOUNT OF GASOLINE OR SPECIAL FUEL ACQUIRED  
6 DURING ANY CALENDAR MONTH, AS SHOWN BY TERMINAL MANIFESTS, TO  
7 COVER LOSSES IN TRANSIT AND IN UNLOADING THE GASOLINE OR SPECIAL  
8 FUEL, BUT THERE IS NO ALLOWANCE FOR LIQUEFIED PETROLEUM GAS OR  
9 REMOVAL BY BULK TRANSFER. The ~~two percent~~ allowance provided under  
10 this subsection (1)(b)(I) is allowed whether the terminal is within or  
11 ~~without this~~ OUTSIDE OF THE state.

12 **SECTION 24.** In Colorado Revised Statutes, 39-27-105, **amend**  
13 (2)(a)(I) and (2)(b) as follows:

14 **39-27-105. Collection of tax on gasoline and special fuel - rules**  
15 **- repeal.**

16 (2) (a) (I) It is the duty of every distributor of gasoline or special  
17 fuel other than liquefied petroleum gas to compute the amount of tax  
18 payable on all gasoline or special fuel imported, removed from a terminal,  
19 or otherwise acquired during the preceding calendar month at the rate of  
20 tax per gallon imposed thereon in section 39-27-102 (1). ~~and~~ In  
21 computing the amount of tax FOR TAX PERIODS BEGINNING BEFORE  
22 JANUARY 1, 2027, the allowance of two percent provided for in ~~section~~  
23 ~~39-27-102 (1)(b)(I)(A) shall~~ SECTION 39-27-102 (1)(b)(I) MUST be taken  
24 into account. IN COMPUTING THE AMOUNT OF TAX FOR TAX PERIODS  
25 BEGINNING ON OR AFTER JANUARY 1, 2027, THE DISTRIBUTOR SHALL TAKE  
26 INTO ACCOUNT THE ALLOWANCE OF ONE PERCENT PROVIDED FOR IN  
27 SECTION 39-27-102 (1)(b)(I).

1           (b) (I) From the amount of tax computed under subsection (2)(a)  
2           of this section, the distributor shall deduct one-half of one percent to  
3           cover expenses of payment of the tax and bad debt losses and shall pay  
4           the remaining balance to the department of revenue and file the statement  
5           required by subsection (1) of this section on or before the twenty-sixth  
6           day of each calendar month. If any distributor is delinquent in remitting  
7           the tax, except in unusual circumstances shown to the satisfaction of the  
8           executive director of the department of revenue, the retailer shall not be  
9           allowed to deduct any amount under this subsection (2)(b).

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

15           ==

16           **SECTION 25.** In Colorado Revised Statutes, 39-28-103.3,  
17           **amend** (4) as follows:

18           **39-28-103.3. Inventory tax - definition.**

19           (4) Every wholesaler and wholesale subcontractor shall file a  
20           report, on a form created by the department, of the inventory identified in  
21           accordance with subsection (3) of this section and pay the tax imposed  
22           under this section for the inventory. A wholesaler shall separately identify  
23           the number of packages with a Colorado tax stamp and the unaffixed  
24           Colorado tax stamps. The wholesaler or wholesale subcontractor shall  
25           remit the tax payment on or before the tenth day of the month following  
26           the required inventory. FOR TAX PERIODS BEGINNING BEFORE JANUARY 1,  
27           2027, if payment is made on or before the due date, the wholesaler or

1 wholesale subcontractor may deduct three percent of the tax imposed  
2 under this section, but, if any wholesaler or wholesale subcontractor is  
3 delinquent in remitting such payment, other than in unusual circumstances  
4 shown to the satisfaction of the executive director of the department, the  
5 wholesaler or wholesale subcontractor shall not be allowed to retain any  
6 amounts to cover the expense in collecting and remitting the ~~tax and the~~  
7 ~~TAX, AND, IN ADDITION, FOR ANY TAX PERIOD, THE~~ penalty imposed under  
8 section 39-28-108 (2) applies.

9 **SECTION 26.** In Colorado Revised Statutes, 39-28-104, **amend**  
10 (1)(a)(I) as follows:

11 **39-28-104. Evidence of payment of tax - credits - redemptions**  
12 **- repeal.**

13 (1) (a) (I) Payment of the taxes imposed by sections 39-28-103  
14 and 39-28-103.5 and section 21 of article X of the state constitution shall  
15 be evidenced by the affixing of stamps to, or by an imprint or impression  
16 by suitable metering machines approved by the department on, packages  
17 containing cigarettes. The department shall procure stamps of such design  
18 and legend as it deems necessary and suitable for the purpose. Except as  
19 provided in THIS subsection (1), ~~(b) of this section~~ the department shall  
20 sell such stamps for cash to licensed wholesalers at a discount of four  
21 percent of their face value for sales occurring after July 1, 2005, but  
22 before January 1, 2021, and four-tenths percent of their face value for  
23 sales occurring on and after January 1, 2021, BUT BEFORE JANUARY 1,  
24 2027, if payment is made on or before the tenth day of the month  
25 following the month in which the purchase is made to cover the licensed  
26 wholesaler's expense in the collection and remittance of such tax; but, if  
27 any licensed wholesaler is delinquent in remitting such payment, other

1 than in unusual circumstances shown to the satisfaction of the executive  
2 director of the department, the licensed wholesaler shall not be allowed  
3 to retain any amounts THAT MAY BE AVAILABLE FOR TAX PERIODS BEFORE  
4 JANUARY 1, 2027, to cover ~~his or her~~ THE WHOLESALER'S expense in  
5 collecting and remitting said tax, and, in addition, FOR ANY TAX PERIOD,  
6 the penalty imposed under section 39-28-108 (2) shall apply. The  
7 department shall keep accurate records of all stamps sold to each  
8 wholesaler. No wholesaler shall sell or transfer any stamps purchased  
9 pursuant to this article 28.

10 **SECTION 27.** In Colorado Revised Statutes, 39-28-108, **amend**  
11 (2)(b) as follows:

12 **39-28-108. Penalty.**

13 (2) (b) If a person fails to pay the tax in the time ~~allowed for the~~  
14 ~~discount in~~ REQUIRED PURSUANT TO section 39-28-104 (1) or  
15 39-28-103.3, a penalty equal to ten percent thereof plus one-half of one  
16 percent per month from the date when due, not to exceed eighteen percent  
17 in the aggregate, together with interest on such delinquent taxes at the rate  
18 computed under section 39-21-110.5, shall apply.

19 **SECTION 28.** In Colorado Revised Statutes, 39-28.5-106,  
20 **amend** (2) as follows:

21 **39-28.5-106. Returns and remittance of tax - civil penalty.**

22 (2) Every distributor and remote retail seller shall file a return  
23 with the department by the twentieth day of the month following the  
24 month reported and shall therewith remit the amount of tax due, less three  
25 and one-third percent of any sum so remitted that consists of tax collected  
26 after July 1, 2005, but before January 1, 2021, and less one and six-tenths  
27 percent of any sum so remitted that consists of tax collected on or after

1 January 1, 2021, BUT BEFORE JANUARY 1, 2027, to cover the distributor's  
2 or remote retail seller's expense in the collection and remittance of said  
3 tax; except that no part of the tax imposed pursuant to section  
4 39-28.5-102.5 and section 21 of article X of the state constitution shall be  
5 subject to the discount provided for in this subsection (2). If any  
6 distributor or remote retail seller is delinquent in remitting said tax, other  
7 than in unusual circumstances shown to the satisfaction of the executive  
8 director of the department, the distributor or remote retail seller shall not  
9 be allowed to retain any amounts ALLOWED FOR TAX PERIODS BEFORE  
10 JANUARY 1, 2027, to cover ~~his or her~~ THE DISTRIBUTOR'S expense in  
11 collecting and remitting said tax, and in addition, FOR ANY TAX PERIOD,  
12 the penalty imposed under section 39-28.5-110 (2)(b) shall apply.

13 **SECTION 29.** In Colorado Revised Statutes, 39-28.6-107,  
14 **amend** (2) as follows:

15 **39-28.6-107. Returns and remittance of tax - civil penalty -**  
16 **rules.**

17 (2) Every distributor shall file a return with the department by the  
18 twentieth day of the month following the month reported and shall  
19 therewith remit the amount of tax due. ~~less~~ FOR TAX PERIODS BEGINNING  
20 BEFORE JANUARY 1, 2027, A DISTRIBUTOR IS ENTITLED TO CLAIM A  
21 DISCOUNT OF one and one-tenth percent of any amount remitted to cover  
22 the distributor's expense in the collection and remittance of the tax. ~~For~~  
23 ~~tax periods beginning before January 1, 2027,~~ If any distributor is  
24 delinquent in remitting the tax, other than in unusual circumstances  
25 shown to the satisfaction of the executive director of the department, the  
26 distributor is not allowed to retain any amounts ALLOWED FOR TAX  
27 PERIODS BEFORE JANUARY 1, 2027, to cover ~~his or her~~ THE DISTRIBUTOR'S

1 expense in collecting and remitting the tax and, in addition, FOR ANY TAX  
2 PERIOD, the penalty imposed under section 39-28.6-111 (2)(b) applies.

3 **SECTION 30.** In Colorado Revised Statutes, 39-30-104, **amend**  
4 **(2)(c)(I) introductory portion and (2.6)(a) introductory portion; and add**  
5 **(1)(a)(III), (1)(b)(VIII), (4)(c), and (8) as follows:**

6 **39-30-104. Credit against tax - investment in certain property**  
7 **- definitions - repeal - tax preference performance statement -**  
8 **legislative declaration.**

9 (1) (a) (III) NOTWITHSTANDING SUBSECTION (1)(a)(I) OF THIS  
10 SECTION, FOR CREDITS ALLOWED BEGINNING IN INCOME TAX YEARS  
11 COMMENCING ON OR AFTER JANUARY 1, 2027, A TAXPAYER IS NOT  
12 ALLOWED A CREDIT WITH RESPECT TO A QUALIFIED INVESTMENT IN A  
13 COMMERCIAL TRUCK, TRUCK TRACTOR, TRACTOR, OR SEMITRAILER WITH  
14 A GROSS VEHICLE WEIGHT RATING OF FIFTY-FOUR THOUSAND POUNDS OR  
15 GREATER THAT IS DESIGNATED AS CLASS A PERSONAL PROPERTY AS  
16 SPECIFIED IN SECTION 42-3-106 (2)(a).

17 (b) (VIII) THIS SUBSECTION (1)(b) IS REPEALED, EFFECTIVE  
18 DECEMBER 31, 2026.

19 (2) (c) (I) For income tax years commencing on or after January  
20 1, 2014, except as provided in sections 24-46-104.3 and 24-46-108 and  
21 subsection (2)(c)(II) of this section, the amount OF THE CREDIT SET FORTH  
22 IN SUBSECTION (1) OF THIS SECTION that may be claimed by a taxpayer for  
23 an income tax year and that is not applied or refunded under section  
24 24-46-108 is limited to the lesser of:

25 (2.6) (a) Except as provided in section 24-46-104.3 and subsection  
26 (2.6)(b) of this section and notwithstanding any other provision in this  
27 section, in each income tax year commencing on or after January 1, 2015,

1 but before January 1, 2021, AND IN EACH INCOME TAX YEAR COMMENCING  
2 ON OR AFTER JANUARY 1, 2027, a taxpayer who places a new renewable  
3 energy investment in service on or after January 1, 2015, but before  
4 January 1, 2021, OR WHO PLACES A NEW RENEWABLE ENERGY  
5 INVESTMENT IN SERVICE ON OR AFTER JANUARY 1, 2027, that results in a  
6 credit pursuant to subsection (1) of this section may elect to receive a  
7 refund of eighty percent of the amount of such credit as specified in this  
8 subsection (2.6)(a) and forego the remaining twenty percent as a cost of  
9 such election. If eighty percent of the amount of the credit in subsection  
10 (1) of this section is:

11 (4) (c) IF THE AMOUNT OF THE CREDIT ALLOWED PURSUANT TO  
12 SUBSECTION (1) OF THIS SECTION EXCEEDS THE AMOUNT OF INCOME TAXES  
13 OTHERWISE DUE ON THE INCOME OF THE TAXPAYER IN THE INCOME TAX  
14 YEAR FOR WHICH THE CREDIT IS CLAIMED, THE AMOUNT OF THE CREDIT  
15 NOT USED AS AN OFFSET AGAINST INCOME TAXES IN THE CURRENT INCOME  
16 TAX YEAR MAY BE CARRIED FORWARD AND USED AS A CREDIT AGAINST  
17 INCOME TAX LIABILITY IN SUBSEQUENT YEARS FOR A PERIOD NOT TO  
18 EXCEED FOURTEEN YEARS AND MUST BE APPLIED FIRST TO THE EARLIEST  
19 POSSIBLE INCOME TAX YEAR. ANY CREDIT REMAINING AFTER THAT PERIOD  
20 IS NOT REFUNDED OR CREDITED TO THE TAXPAYER.

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

1 OF NEW RENEWABLE ENERGY INVESTMENTS IN ENTERPRISE ZONES. THE  
2 GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL MEASURE THE  
3 EFFECTIVENESS OF THE CREDIT IN ACHIEVING THIS PURPOSE BASED ON THE  
4 NUMBER AND VALUE OF CREDITS ISSUED AND NEW RENEWABLE ENERGY  
5 INVESTMENTS IN ENTERPRISE ZONES.

6 **SECTION 31.** In Colorado Revised Statutes, 39-30-105.1,  
7 **amend (1)(b)** as follows:

8 **39-30-105.1. Credit for new enterprise zone business**  
9 **employees - definitions.**

10 **■ ■**

11 (b) (I) EXCEPT AS PROVIDED IN SUBSECTION (1)(b)(II) OF THIS  
12 SECTION, in addition to the credit available under ~~paragraph (a) of this~~  
13 ~~subsection~~ SUBSECTION (1)(a) OF THIS SECTION, for any income tax year  
14 commencing on or after January 1, 2014, a taxpayer qualified under ~~said~~  
15 ~~paragraph (a)~~ SUBSECTION (1)(a) OF THIS SECTION is allowed for ~~the first~~  
16 ~~two~~ **ANY TWO OF THE FIRST TEN** full income tax years while located in an  
17 enterprise zone a credit in an amount equal to one thousand dollars for  
18 each business facility employee who is insured under a health insurance  
19 plan or program provided through ~~his or her~~ THE EMPLOYEE'S employer.  
20 To be eligible for the credit, the employer must contribute fifty percent or  
21 more of the total cost of a health insurance plan or program, and such  
22 plan or program must be in accordance with the provisions of article 8 of  
23 title 10 or part 1, 2, 3, or 4 of article 16 of title 10, ~~C.R.S.~~, or be a  
24 self-insurance program and include partial or complete coverage for  
25 hospital and physician services.

26 (II) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,  
27 2027, A TAXPAYER THAT HAS FIFTY OR MORE BUSINESS FACILITY

1 EMPLOYEES AT ANY TIME DURING AN INCOME TAX YEAR SHALL NOT CLAIM  
2 THE CREDIT PROVIDED FOR IN THIS SUBSECTION (1)(b) FOR THAT TAX  
3 YEAR.

4  
5 **SECTION 32.** In Colorado Revised Statutes, 39-30-105.5,  
6 **amend** (1) introductory portion; and **add** (1)(c) and (1.5) as follows:

7 **39-30-105.5. Credit against Colorado income taxes based on**  
8 **expenditures for research and experimental activities - repeal.**

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

16 (c) THIS SUBSECTION (1) IS REPEALED, EFFECTIVE DECEMBER 31,  
17 2033.

18 (1.5) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY  
19 1, 2027, ANY TAXPAYER WHO MAKES AT LEAST ONE HUNDRED FIFTY  
20 THOUSAND DOLLARS IN EXPENDITURES IN RESEARCH AND EXPERIMENTAL  
21 ACTIVITIES, AS DEFINED IN SECTION 174A OF THE FEDERAL "INTERNAL  
22 REVENUE CODE OF 1986", AS AMENDED, WHICH ACTIVITIES ARE  
23 CONDUCTED IN AN ENTERPRISE ZONE FOR THE PURPOSE OF CARRYING OUT  
24 A TRADE OR BUSINESS, SHALL BE ALLOWED A CREDIT AGAINST THE INCOME  
25 TAX IMPOSED BY ARTICLE 22 OF THIS TITLE 39 IN AN AMOUNT EQUAL TO  
26 THREE PERCENT OF THE AMOUNT BY WHICH THE AMOUNT THAT THE  
27 TAXPAYER EXPENDED FOR RESEARCH AND EXPERIMENTAL ACTIVITIES IN

1 THE ENTERPRISE ZONE IN THE INCOME TAX YEAR EXCEEDS THE AVERAGE  
2 OF THE TAXPAYER'S TOTAL EXPENDITURES FOR RESEARCH AND  
3 EXPERIMENTAL ACTIVITIES IN THE IMMEDIATELY PRECEDING TWO INCOME  
4 TAX YEARS IN THE AREA THAT COMPROMISED THE RELEVANT ENTERPRISE  
5 ZONE.

6 **SECTION 33.** In Colorado Revised Statutes, 39-30-105.6,  
7 **amend** (1) as follows:

8 **39-30-105.6. Credit against tax - rehabilitation of vacant**  
9 **buildings - repeal.**

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

19 (II) THIS SUBSECTION (1)(a) IS REPEALED, EFFECTIVE DECEMBER  
20 31, 2033.

21 (b) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY  
22 1, 2027, ANY TAXPAYER WHO IS THE OWNER OR TENANT OF A BUILDING  
23 THAT IS LOCATED IN AN ENTERPRISE ZONE, IS AT LEAST TWENTY YEARS  
24 OLD, AND HAS BEEN UNOCCUPIED FOR ANY ONE HUNDRED THIRTY-FIVE  
25 CALENDAR DAYS WITHIN THE ONE HUNDRED EIGHTY CALENDAR DAYS  
26 PRECEDING THE DATE THAT THE TAXPAYER PLACES A REHABILITATION IN  
27 SERVICE AND WHO MAKES QUALIFIED EXPENDITURES FOR THE PURPOSE OF

1 REHABILITATING SAID BUILDING SHALL BE ALLOWED A CREDIT AGAINST  
2 THE INCOME TAX IMPOSED BY ARTICLE 22 OF THIS TITLE 39 IN AN AMOUNT  
3 EQUAL TO TWENTY-FIVE PERCENT OF THE AGGREGATE QUALIFIED  
4 EXPENDITURES PER BUILDING OR TWO HUNDRED THOUSAND DOLLARS PER  
5 BUILDING, WHICHEVER IS LESS.

6

7 **SECTION 34.** In Colorado Revised Statutes, 39-22-123.5,  
8 **amend** (3.5)(b)(I) and (3.5)(c) introductory portion; and **add** (2.7)(d) as  
9 follows:

10 **39-22-123.5. Earned income tax credit - legislative declaration**  
11 **- repeal.**

12 (2.7) (d) (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER  
13 JANUARY 1, 2028, A RESIDENT INDIVIDUAL IS ALLOWED AN EARNED  
14 INCOME TAX CREDIT AGAINST THE TAXES DUE UNDER THIS ARTICLE 22  
15 THAT IS EQUAL TO THE APPLICABLE PERCENTAGE, SET FORTH IN  
16 SUBSECTION (2.7)(d)(II) OF THIS SECTION, OF THE FEDERAL CREDIT THAT  
17 THE RESIDENT INDIVIDUAL WOULD HAVE BEEN ALLOWED UNDER SECTION  
18 32 (n)(2) OF THE INTERNAL REVENUE CODE, NOTWITHSTANDING THE DATE  
19 LIMITATION SET FORTH IN SECTION 32(n) OF THE INTERNAL REVENUE CODE  
20 AS SPECIFIED IN SECTION 9621 (a) OF THE "AMERICAN RESCUE PLAN ACT  
21 OF 2021", PUB.L. 117-2.

22 (II) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3.5) OF THIS  
23 SECTION, THE PERCENTAGE USED TO CALCULATE THE AMOUNT OF CREDIT  
24 THAT CAN BE CLAIMED PURSUANT TO SUBSECTION (2.7)(d)(I) OF THIS  
25 SECTION IS TWENTY-FIVE PERCENT.

26 (3.5) (b) (I) For the income tax year commencing on January 1,  
27 2025, the percentage of the federal earned income tax credit that the

1 resident individual claimed or could have claimed that is used to calculate  
2 the amount of earned income tax credit allowed pursuant to subsections  
3 (2)(d), (2.5)(e), ~~and~~ (2.7)(c), AND (2.7)(d) of this section is increased by  
4 fifteen percentage points if the estimated adjustment factor is equal to or  
5 greater than two percent.

6 (c) For income tax years commencing on or after January 1, 2026,  
7 the percentage of the federal earned income tax credit that the resident  
8 individual claimed or could have claimed that is used to calculate the  
9 amount of earned income tax credit allowed pursuant to subsections  
10 (2)(d), (2.5)(e), ~~and~~ (2.7)(c), AND (2.7)(d) of this section is increased as  
11 follows if the estimated adjustment factor is as follows:

12 **SECTION 35.** In Colorado Revised Statutes, 39-22-303, **amend**  
13 (12)(b)(I) and (12)(b)(II); and **add** (12)(b)(III) and (16) as follows:

14 **39-22-303. Dividends in a combined report - foreign source**  
15 **income - affiliated groups - definitions - rules - repeal.**

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

17 (b) "Listed jurisdiction" means:

18 (I) For income tax years commencing before January 1, 2026,  
19 Andorra, Anguilla, Antigua and Barbuda, Aruba, the Bahamas, Bahrain,  
20 Barbados, Belize, Bermuda, Bonaire, British Virgin Islands, Cayman  
21 Islands, Cook Islands, Curaçao, Cyprus, Dominica, Gibraltar, Grenada,  
22 Guernsey-Sark-Alderney, Isle of Man, Jersey, Liberia, Luxembourg,  
23 Malta, Marshall Islands, Mauritius, Monaco, Montserrat, Nauru, Niue,  
24 Panama, Saba, Samoa, San Marino, Seychelles, Sint Eustatius, Sint  
25 Maarten, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines,  
26 Turks and Caicos Islands, U.S. Virgin Islands, and Vanuatu; ~~and~~

27 (II) For income tax years commencing on or after January 1, 2026,

1 BUT BEFORE JANUARY 1, 2027, the jurisdictions listed in subsection  
2 (12)(b)(I) of this section and Hong Kong, Republic of Ireland,  
3 Liechtenstein, Netherlands, and Singapore; AND

4 (III) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
5 1, 2027, THE JURISDICTIONS LISTED IN SUBSECTION (12)(b)(I) OF THIS  
6 SECTION AND HONG KONG, REPUBLIC OF IRELAND, NETHERLANDS, AND  
7 SINGAPORE.

8 (16) (a) DURING THE STATE FISCAL YEAR BEGINNING JULY 1, 2027,  
9 AND EVERY FOURTH STATE FISCAL YEAR THEREAFTER, THE DEPARTMENT  
10 SHALL ENGAGE A CONTRACTOR TO EXAMINE WHETHER A COUNTRY THAT  
11 IS IDENTIFIED AS A LISTED JURISDICTION SHOULD REMAIN A LISTED  
12 JURISDICTION.

13 (b) THE DEPARTMENT SHALL REQUIRE THE CONTRACTOR TO  
14 EXAMINE EACH LISTED JURISDICTION AND TO MAKE RECOMMENDATIONS  
15 ABOUT THE STATUS OF A LISTED JURISDICTION IN A WRITTEN REPORT  
16 SUBMITTED TO THE EXECUTIVE COMMITTEE OF THE LEGISLATIVE COUNCIL  
17 AND THE GOVERNOR NO LATER THAN ONE HUNDRED EIGHTY CALENDAR  
18 DAYS AFTER THE EFFECTIVE DATE OF THE CONTRACT ENGAGING THE  
19 CONTRACTOR TO CONDUCT THE STUDY.

20 (c) WHEN EXAMINING A LISTED JURISDICTION, THE DEPARTMENT  
21 SHALL REQUIRE THE CONTRACTOR TO RECOMMEND WHETHER A LISTED  
22 JURISDICTION SHOULD CONTINUE TO BE A LISTED JURISDICTION BASED ON  
23 WHETHER THE LISTED JURISDICTION:

24 (I) ASSESSES A CORPORATE TAX RATE OF LESS THAN FIFTEEN  
25 PERCENT;

26 (II) ALLOWS TAX DEDUCTIONS, INCENTIVES, OR CREDITS THAT  
27 LOWER EFFECTIVE TAX RATES ARTIFICIALLY, WITH SPECIAL

1 CONSIDERATION GIVEN TO INTELLECTUAL PROPERTY AND  
2 FOREIGN-SOURCE ROYALTIES;

3 (III) TARGETS PROFIT-SHIFTING OF FOREIGN-CONTROLLED  
4 CORPORATIONS;

5 (IV) LACKS TRANSPARENCY AND DOES NOT ENGAGE IN DATA  
6 SHARING OR COOPERATE WITH OTHER COUNTRIES' REVENUE AGENCIES  
7 DURING AUDITS AND INVESTIGATIONS OR DOES NOT PARTICIPATE IN  
8 COUNTRY-BY-COUNTRY REPORTING;

9 (V) DOES NOT REQUIRE A CORPORATION TO ENGAGE IN  
10 SUBSTANTIAL ACTIVITY OR DELIVER ECONOMIC SUBSTANCE IN THE LISTED  
11 JURISDICTION IN ORDER TO BE INCORPORATED IN THAT JURISDICTION;

12 (VI) DOES NOT MAINTAIN A BENEFICIAL OWNERSHIP REGISTRY OR  
13 DOES NOT PROVIDE THE PUBLIC WITH ACCESS TO COMPANY INFORMATION;

14 (VII) ALLOWS HYBRID-MISMATCH RELATIONSHIPS;

15 (VIII) ALLOWS OVERLY LENIENT TRANSFER PRICING;

16 (IX) ALLOWS INCOME-SHIFTING BETWEEN CORPORATE AFFILIATES  
17 OR OTHER INDICATORS OF PROFIT-SHIFTING;

18 (X) HAS NOT UNDERTAKEN REFORMS TO ADDRESS ALLEGATIONS  
19 THAT IT IS A TAX HAVEN AND THAT IT SHOULD NOT BE A LISTED  
20 JURISDICTION;

21 (XI) PROVIDES CERTAIN TAX OR OTHER BENEFITS EXCLUSIVELY  
22 FOR FOREIGN FIRMS AND NOT TO DOMESTIC ENTITIES;

23 (XII) ENGAGES IN OTHER TAX EVASION INDICATORS; OR

24 (XIII) ISSUES CORPORATE PROFIT OR FOREIGN DIRECT INVESTMENT  
25 STATISTICS THAT ARE SIGNIFICANTLY OUT OF PROPORTION TO LOCAL  
26 ECONOMIC DEVELOPMENT OR THE LOCAL WORKFORCE.

27 (d) A COUNTRY MAY SUBMIT TO THE CONTRACTOR OR THE

1 DEPARTMENT INFORMATION ABOUT INTERNATIONAL TAX REFORM AND  
2 EVOLVING BEST PRACTICES.

3 (e) THE CONTRACTOR MAY RECOMMEND THAT A COUNTRY BE  
4 DEEMED A LISTED JURISDICTION OR RECOMMEND THAT A COUNTRY NO  
5 LONGER BE A LISTED JURISDICTION.

6 **SECTION 36.** In Colorado Revised Statutes, 42-1-225, **amend**  
7 (1)(c) and (2)(c); and **add** (3) and (4) as follows:

8 **42-1-225. Commercial vehicle enterprise tax fund - creation**  
9 **- repeal.**

10 (1) (c) On or after July 1, 2025, BUT BEFORE JULY 1, 2027, the  
11 fund consists of money collected and transmitted to the fund pursuant to  
12 section 42-4-1701 (4)(a)(II). The general assembly shall annually  
13 appropriate the money in the fund to cover the actual cost of  
14 administering section 39-30-104 (1)(b). After receiving the statement  
15 pursuant to section 39-30-104 (1)(b)(VI), the state treasurer shall credit  
16 the total cost of the amount of the tax credits stated therein to the general  
17 fund. Any money remaining in the commercial vehicle enterprise tax fund  
18 at the end of the STATE fiscal year shall not revert to the general fund,  
19 EXCEPT AS PROVIDED IN SUBSECTION (3) OF THIS SECTION.

20 (2) (c) On July 1, 2025, and ~~each July 1 thereafter~~ ON JULY 1,  
21 2026, the department shall allocate the fund balance, not including the  
22 amount appropriated to cover the actual cost of administering section  
23 39-30-104 (1)(b), to offset the income tax credit granted in section  
24 39-30-104 (1)(b).

25 (3) ON JULY 1, 2027, THE STATE TREASURER SHALL TRANSFER ALL  
26 OF THE MONEY IN THE FUND TO THE COLORADO ECONOMIC DEVELOPMENT  
27 FUND, CREATED IN SECTION 24-46-105 (1)(a).

1 (4) THIS SECTION 42-1-225 IS REPEALED, EFFECTIVE JULY 1, 2031.

2 SECTION 37. In Colorado Revised Statutes, 42-4-1701, amend

3 (4)(a)(II)(B) as follows:

4 42-4-1701. Traffic offenses and infractions classified -  
5 penalties - penalty and surcharge schedule - repeal.

6 (4) (a) (II) (B) The state, county, city, or city and county issuing  
7 a citation that results in the assessment of the penalties in  
8 sub-subparagraph (A) of this subparagraph (H) SUBSECTION (4)(a)(II)(A)  
9 OF THIS SECTION may retain and distribute the following amount of the  
10 penalty according to the law of the jurisdiction that assesses the penalty,  
11 but BEFORE JULY 1, 2027, the remainder of the penalty shall be transmitted  
12 to the state treasurer, who shall credit the moneys MONEY to the  
13 commercial vehicle enterprise tax fund created in section 42-1-225, AND  
14 ON OR AFTER JULY 1, 2027, TO THE GENERAL FUND:

15 == =====

16 SECTION 38. In Colorado Revised Statutes, 39-22-546, amend

17 (3)(a) introductory portion and (7) as follows:

18 39-22-546. Credit against tax - residential energy storage  
19 systems - tax preference performance statement - legislative  
20 declaration - definition - repeal.

21 (3) (a) For income tax years commencing on or after January 1,  
22 2023, but before January 1, 2027 JANUARY 1, 2030, any purchaser that  
23 installs an energy storage system in a residential dwelling in this state is  
24 allowed a credit against the tax imposed by this article 22 in an amount  
25 equal to ten percent of the purchase price paid by the purchaser for the  
26 energy storage system.

27 (7) This section is repealed, effective January 1, 2030 JANUARY

1 1, 2033.

2 **SECTION 39.** In Colorado Revised Statutes, 39-22-571, amend  
3 (3)(a) as follows:

4 **39-22-571. Film festival incentive tax credit - tax preference**  
5 **performance statement - legislative declaration - definitions - repeal.**

6 (3) (a) Subject to subsection (3)(e) of this section, for tax years  
7 commencing on or after ~~January 1, 2027~~ JANUARY 1, 2026, but before  
8 January 1, 2037 JANUARY 1, 2036, there is allowed a credit with respect  
9 to income taxes imposed pursuant to this article 22 to any global film  
10 festival entity or existing or small Colorado film festival entity that  
11 receives a tax credit certificate pursuant to this section in the amount of  
12 the tax credit certificate.

13 **SECTION 40. Appropriation - adjustments to 2026 long bill.**

14 (1) Except as provided in subsection (3) of this section, to implement this  
15 act, appropriations made in the annual general appropriation act for the  
16 2026-27 state fiscal year to the department of health care policy and  
17 financing are adjusted as follows:

18 (a) The general fund appropriation for medical and long-term care  
19 services for Medicaid eligible individuals is decreased by \$52,560, which  
20 is subject to the "(M)" notation as defined in the annual general  
21 appropriation act for the same fiscal year;

22 (b) The appropriation for medical and long-term care services for  
23 Medicaid eligible individuals is increased by \$52,560 cash funds, which  
24 consists of \$50,900 from the health care expansion fund created in section  
25 24-22-117 (2)(a)(I), C.R.S., and \$1,660 from the tobacco tax cash fund  
26 created in section 24-22-117 (1)(a), C.R.S.;

27 (c) The appropriation for the primary care fund program is

1 increased by \$21,024, which is from the primary care fund created in  
2 section 24-22-117 (2)(b)(I), C.R.S.;

3 (d) The general fund appropriation for the children's basic health  
4 plan medical and dental costs is decreased by \$332.; and

5 (e) The appropriation for the children's basic health medical and  
6 dental costs is increased by \$332, which is from the children's basic  
7 health plan trust fund created in section 25.5-8-105 (1), C.R.S.

8 (2) For the 2026-27 state fiscal year, the general assembly  
9 anticipates that the department of health care policy and financing will  
10 receive \$20,710 in federal funds for the primary care fund program to  
11 implement this act, which amount is subject to the "(I)" notation as  
12 defined in the annual general appropriation act for the same fiscal year.

13 The appropriation in subsection (1)(c) of this section is based on the  
14 assumption that the department will receive this amount of federal funds.

15 (3) Subsection (1) of this section does not require a reduction of  
16 an appropriation in the annual general appropriation act for the 2026-27  
17 state fiscal year for the department of health care policy and financing if:

18 (a) The amount of the general fund appropriation for medical and  
19 long-term care services for Medicaid eligible individuals is less than the  
20 amount of the adjustment required in subsection (1)(a) of this section;

21 (b) The amount of the general fund appropriation for the children's  
22 basic health plan medical and dental costs is less than the amount of the  
23 adjustment required in subsection (1)(c) of this section; or

24 (c) The annual general appropriation act for the 2026-27 state  
25 fiscal year does not include an appropriation to the department of health  
26 care policy and financing.

27 **SECTION 41. Appropriation.** (1) For the 2026-27 state fiscal

1 year, \$38,432 is appropriated to the department of revenue. This  
2 appropriation is from the general fund. To implement this act, the  
3 department may use this appropriation as follows:

4 (a) \$15,140 for for tax administration IT system (GenTax)  
5 support;

6 (b) \$13,616 to the taxation business group for personal services  
7 related to taxation services; and

8 (c) \$9,676 to the executive director's office for personal services  
9 related to administration and support.

10 (2) For the 2026-27 state fiscal year, \$25,000 is appropriated to  
11 the office of the governor for use by economic development programs.  
12 This appropriation is from the general fund. To implement this act, the  
13 office may use this appropriation for administration.

14 (3) For the 2026-27 state fiscal year, \$996,276 is appropriated to  
15 the department of early childhood. This appropriation is from the  
16 preschool programs cash fund created in section 26.5-4-209 (1)(a), C.R.S.  
17 To implement this act, the department may use this appropriation for  
18 universal preschool program.

19 (4) For the 2026-27 state fiscal year, \$35,741 is appropriated to  
20 the department of public health and environment. This appropriation  
21 consists of \$17,704 from the tobacco education programs fund created in  
22 section 24-22-117 (2)(c)(I), C.R.S., \$17,704 from the prevention, early  
23 detection, and treatment fund created in section 24-22-117 (2)(d)(I),  
24 C.R.S., and \$333 from the tobacco tax cash fund created in section  
25 24-22-117 (1)(a), C.R.S. To implement this act, the department may use  
26 this appropriation as follows:

27 (a) \$17,704 from the tobacco education programs fund for tobacco

1 education, prevention, and cessation program administration;

2 (b) \$17,704 from the prevention, early detection, and treatment  
3 fund for cancer, cardiovascular disease, and chronic pulmonary disease  
4 grants; and

5 (c) \$333 from the tobacco tax cash fund for appropriation from  
6 the tobacco tax cash fund to the general fund.

7 (5) For the 2026-27 state fiscal year, \$333 is appropriated to the  
8 department of public health and environment. This appropriation is from  
9 the general fund exempt account created in section 24-77-103.6 (2),  
10 C.R.S. To implement this act, the department may use this appropriation  
11 for immunization operating expenses.

12 **SECTION 42. Effective date.** This act takes effect upon passage;  
13 except that section 40 of this act takes effect only if the annual general  
14 appropriation act for the 2026-27 state fiscal year becomes law, in which  
15 case section 40 takes effect upon the effective date of this act or of the  
16 annual general appropriation act for state fiscal year 2026-27, whichever  
17 is later.

18 **SECTION 43. Safety clause.** The general assembly finds,  
19 determines, and declares that this act is necessary for the immediate  
20 preservation of the public peace, health, or safety or for appropriations for  
21 the support and maintenance of the departments of the state and state  
22 institutions.