

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

PREAMENDED

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

LLS NO. 24-0697.01 Jed Franklin x5484

HOUSE BILL 24-1249

HOUSE SPONSORSHIP

Winter T. and Martinez,

SENATE SPONSORSHIP

Pelton R. and Roberts,

House Committees

Agriculture, Water & Natural Resources
Finance

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING A STATE INCOME TAX CREDIT FOR ACTIVE**
102 **AGRICULTURAL STEWARDSHIP PRACTICES.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

The bill establishes a state income tax credit for active qualified stewardship practices on a farm or ranch beginning January 1, 2026. There are 3 tiers of tax credits that may be earned by a qualified taxpayer. For actively practicing one qualified stewardship practice, a qualified taxpayer may earn a state income tax credit equal to \$75 per acre of land covered by the qualified stewardship practice, up to a maximum credit of

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.*

\$150,000 in one income tax year. For actively practicing 2 qualified stewardship practices, a qualified taxpayer may earn a state income tax credit equal to \$100 per acre of land covered by the qualified stewardship practices, up to a maximum credit of \$200,000 in one income tax year. For actively practicing 3 or more qualified stewardship practices, a qualified taxpayer may earn a state income tax credit up to \$150 per acre of land covered by the qualified stewardship practices, up to a maximum of \$300,000 per income tax year. The tax credit is refundable and may not be carried forward.

To claim the credit, a qualified taxpayer must apply to the department of agriculture for a tax credit certificate. The department of agriculture will evaluate the application and issue the certificate if the taxpayer qualifies for the tax credit. If a tax credit certificate is issued, the qualified taxpayer must attach it to the taxpayer's income tax return and submit it to the department of revenue.

The aggregate amount of tax credits issued in one calendar year cannot exceed \$10 million. After certificates have been issued for credits that exceed an aggregate of \$10 million for all qualified taxpayers during a calendar year, any claims that exceed the amount allowed are placed on a wait list in the order submitted and a certificate is issued for use of the credit in the next income tax year. No more than \$5 million in claims shall be placed on the wait list in any given calendar year.

Only one tax credit certificate may be issued per qualified taxpayer in a calendar year, and the qualified taxpayer claiming the credit may only receive the tax credit for up to 3 income tax years. No credit may be earned if the qualified taxpayer has received another tax credit, a tax deduction, or a grant related to agricultural land health from any source during the income tax year for which the tax credit is sought.

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

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

4 **39-22-560. Agricultural stewardship tax credit - tax preference**
5 **performance statement - legislative declaration - definitions - repeal.**

6 (1) (a) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH REQUIRES
7 EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE A TAX
8 PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
9 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY DECLARES THAT THE

1 PURPOSE OF THE TAX CREDIT CREATED IN THIS SECTION IS TO INDUCE
2 CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS, SPECIFICALLY TO
3 ENCOURAGE AN INDIVIDUAL TO ACTIVELY PRACTICE ONE OR MORE
4 QUALIFIED STEWARDSHIP PRACTICES ON A FARM OR RANCH, INCLUDING
5 ANY PRACTICE THAT INCREASES SOIL HEALTH, IMPROVES WATER
6 EFFICIENCY, OR CREATES MORE DIVERSE AND BENEFICIAL ECOSYSTEMS
7 WHILE MAINTAINING THE PRODUCTIVITY OF THE FARM OR RANCH.

8 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
9 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSE
10 SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE
11 INFORMATION REQUIRED TO BE MAINTAINED BY AND REPORTED TO THE
12 STATE AUDITOR BY THE DEPARTMENT OF AGRICULTURE PURSUANT TO
13 SUBSECTION (4)(b) OF THIS SECTION.

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

16 (a) "CREDIT CERTIFICATE" MEANS A CERTIFICATE ISSUED BY THE
17 DEPARTMENT OF AGRICULTURE CERTIFYING THAT A QUALIFIED TAXPAYER
18 QUALIFIES FOR AN INCOME TAX CREDIT AUTHORIZED IN THIS SECTION AND
19 SPECIFYING THE AMOUNT OF THE CREDIT ALLOWED AND THE INCOME TAX
20 YEAR FOR WHICH THE CREDIT MAY BE CLAIMED.

21 (b) "QUALIFIED STEWARDSHIP PRACTICE" MEANS ANY
22 AGRICULTURAL PRACTICE, AS SPECIFIED BY RULES ISSUED BY THE
23 COMMISSIONER OF THE DEPARTMENT OF AGRICULTURE, THAT MAY
24 INCLUDE A GRAZING OR CROPPING PRACTICE THAT IMPROVES SOIL HEALTH,
25 IMPROVES WATER RETENTION AND DROUGHT RESILIENCE, OR CREATES
26 MORE DIVERSE AND BENEFICIAL ECOSYSTEMS WHILE MAINTAINING THE
27 PRODUCTIVITY OF THE FARM OR RANCH, INCLUDING ROTATIONAL CROPS,

1 REDUCED TILLAGE, NO TILLAGE, COVER CROPPING, INTEGRATING
2 MANAGED LIVESTOCK GRAZING ON CROPLAND, RANGE IMPROVEMENTS,
3 INTERSEEDING, OR COMPOST APPLICATION.

4 (c) "QUALIFIED TAXPAYER" MEANS A PERSON SUBJECT TO TAX
5 PURSUANT TO THIS ARTICLE 22 WHO ACTIVELY PRACTICES A QUALIFIED
6 STEWARDSHIP PRACTICE ON A FARM OR RANCH LOCATED IN THE STATE
7 DURING AN INCOME TAX YEAR, WHETHER THE QUALIFIED STEWARDSHIP
8 PRACTICE IS NEWLY PRACTICED DURING THE INCOME TAX YEAR OR IS
9 BEING CONTINUED FROM A PRIOR INCOME TAX YEAR.

10 (3) (a) SUBJECT TO THE LIMITATIONS SET FORTH IN SUBSECTION
11 (3)(b) OF THIS SECTION, FOR INCOME TAX YEARS COMMENCING ON OR
12 AFTER JANUARY 1, 2026, BUT BEFORE JANUARY 1, 2031, A QUALIFIED
13 TAXPAYER IS ALLOWED A CREDIT AGAINST THE INCOME TAXES IMPOSED BY
14 THIS ARTICLE 22 IN AN AMOUNT EQUAL TO:

15 (I) A MINIMUM OF FIVE DOLLARS AND A MAXIMUM OF
16 SEVENTY-FIVE DOLLARS PER ACRE OF LAND SUBJECT TO ONE QUALIFIED
17 STEWARDSHIP PRACTICE, AS SPECIFIED BY RULE ISSUED BY THE
18 COMMISSIONER OF THE DEPARTMENT OF AGRICULTURE, LIMITED TO A
19 MAXIMUM CREDIT AMOUNT OF ONE HUNDRED FIFTY THOUSAND DOLLARS
20 PER INCOME TAX YEAR;

21 (II) A MINIMUM OF TEN DOLLARS AND A MAXIMUM OF ONE
22 HUNDRED DOLLARS PER ACRE OF LAND SUBJECT TO TWO QUALIFIED
23 STEWARDSHIP PRACTICES, AS SPECIFIED BY RULE ISSUED BY THE
24 COMMISSIONER OF THE DEPARTMENT OF AGRICULTURE, LIMITED TO A
25 MAXIMUM CREDIT AMOUNT OF TWO HUNDRED THOUSAND DOLLARS PER
26 INCOME TAX YEAR; AND

27 (III) A MINIMUM OF FIFTEEN DOLLARS AND A MAXIMUM OF ONE

1 HUNDRED FIFTY DOLLARS PER ACRE OF LAND SUBJECT TO THREE OR MORE
2 QUALIFIED STEWARDSHIP PRACTICES, AS SPECIFIED BY RULE ISSUED BY THE
3 COMMISSIONER OF THE DEPARTMENT OF AGRICULTURE, LIMITED TO A
4 MAXIMUM CREDIT AMOUNT OF THREE HUNDRED THOUSAND DOLLARS PER
5 INCOME TAX YEAR.

6 (b) THE DEPARTMENT OF AGRICULTURE MAY ONLY ISSUE TAX
7 CREDIT CERTIFICATES TO A QUALIFIED TAXPAYER:

8 (I) FOR THREE INCOME TAX YEARS; AND

9 (II) IF THE QUALIFIED TAXPAYER HAS NOT RECEIVED A TAX
10 CREDIT, TAX DEDUCTION, OR GRANT RELATED TO THE AGRICULTURAL
11 LAND AND THE QUALIFYING STEWARDSHIP PRACTICE DURING AN INCOME
12 TAX YEAR FOR WHICH A TAX CREDIT IS CLAIMED PURSUANT TO THIS
13 SECTION FROM ANY OTHER SOURCE.

14 (4) (a) A QUALIFIED TAXPAYER SHALL SUBMIT AN APPLICATION TO
15 THE DEPARTMENT OF AGRICULTURE FOR A TAX CREDIT CERTIFICATE TO
16 CLAIM THE CREDIT ALLOWED BY THIS SECTION ON A FORM AND IN A
17 MANNER PRESCRIBED BY THE DEPARTMENT OF AGRICULTURE. THE
18 APPLICATION MUST INCLUDE A MEANS FOR THE TAXPAYER TO NOTE
19 WHETHER THE TAXPAYER FILES INCOME TAXES ON A CALENDAR YEAR OR
20 FISCAL YEAR BASIS AND INFORMATION TO ALLOW THE DEPARTMENT OF
21 AGRICULTURE TO MAKE A DETERMINATION THAT THE STEWARDSHIP
22 PRACTICE IS A QUALIFIED STEWARDSHIP PRACTICE, THAT THE QUALIFIED
23 TAXPAYER IS ACTIVELY PRACTICING THE QUALIFIED STEWARDSHIP
24 PRACTICE, AND TO VERIFY THE AMOUNT FOR WHICH THE TAX CREDIT
25 CERTIFICATE IS APPLIED. A QUALIFIED TAXPAYER MAY RECEIVE ONLY ONE
26 TAX CREDIT CERTIFICATE PER INCOME TAX YEAR.

27 (b) (I) THE DEPARTMENT OF AGRICULTURE SHALL MAINTAIN A

1 DATABASE OF ANY INFORMATION DETERMINED NECESSARY BY THE
2 DEPARTMENT OF AGRICULTURE TO EVALUATE THE EFFECTIVENESS OF THE
3 INCOME TAX CREDIT ALLOWED IN THIS SECTION IN MEETING THE PURPOSE
4 SET FORTH IN SUBSECTION (1) OF THIS SECTION AND SHALL PROVIDE SUCH
5 INFORMATION, AND ANY OTHER INFORMATION THAT MAY BE NEEDED, IF
6 AVAILABLE, TO THE STATE AUDITOR AS PART OF THE STATE AUDITOR'S
7 EVALUATION OF THIS TAX EXPENDITURE REQUIRED BY SECTION 39-21-305.

8 (II) THE DEPARTMENT OF AGRICULTURE SHALL, IN A SUFFICIENTLY
9 TIMELY MANNER TO ALLOW THE DEPARTMENT OF REVENUE TO PROCESS
10 RETURNS CLAIMING THE INCOME TAX CREDIT ALLOWED IN THIS SECTION,
11 PROVIDE THE DEPARTMENT OF REVENUE WITH AN ELECTRONIC REPORT FOR
12 THE PRECEDING TAX YEAR THAT LISTS EACH QUALIFIED TAXPAYER TO
13 WHICH THE DEPARTMENT OF AGRICULTURE ISSUED A TAX CREDIT
14 CERTIFICATE AND INCLUDES THE FOLLOWING INFORMATION:

15 (A) THE QUALIFIED TAXPAYER'S NAME;

16 (B) THE AMOUNT OF THE INCOME TAX CREDIT THAT THE
17 CERTIFICATE INDICATES THE QUALIFIED TAXPAYER IS ELIGIBLE TO CLAIM;
18 AND

19 (C) THE QUALIFIED TAXPAYER'S SOCIAL SECURITY NUMBER OR THE
20 QUALIFIED TAXPAYER'S COLORADO ACCOUNT NUMBER AND FEDERAL
21 EMPLOYER IDENTIFICATION NUMBER.

22 (5) IN ORDER TO CLAIM THE CREDIT AUTHORIZED BY THIS SECTION,
23 A QUALIFIED TAXPAYER SHALL FILE THE TAX CREDIT CERTIFICATE WITH
24 THE QUALIFIED TAXPAYER'S STATE INCOME TAX RETURN. THE AMOUNT OF
25 THE CREDIT THAT THE QUALIFIED TAXPAYER MAY CLAIM PURSUANT TO
26 THIS SECTION IS THE AMOUNT STATED ON THE TAX CREDIT CERTIFICATE.

27 (6) THE DEPARTMENT OF AGRICULTURE SHALL ISSUE CERTIFICATES

1 FOR CREDIT CLAIMS RECEIVED IN THE ORDER SUBMITTED, BUT SHALL NOT
2 ISSUE CREDIT CERTIFICATES THAT EXCEED TEN MILLION DOLLARS IN A
3 CALENDAR YEAR. AFTER CERTIFICATES HAVE BEEN ISSUED FOR CREDITS
4 IN AN AGGREGATE AMOUNT OF TEN MILLION DOLLARS FOR ALL QUALIFIED
5 TAXPAYERS DURING A CALENDAR YEAR, ANY ADDITIONAL CLAIMS MUST
6 BE PLACED ON A WAIT LIST, WITH PRIORITY FIRST GIVEN TO A QUALIFIED
7 TAXPAYER WHO HAS BEEN ISSUED A TAX CERTIFICATE IN THE CALENDAR
8 YEAR PRECEDING THE CALENDAR YEAR IN WHICH THE QUALIFIED
9 TAXPAYER IS PLACED ON THE WAIT LIST AND SECOND TO A QUALIFIED
10 TAXPAYER WHO APPLIED FOR THE TAX CREDIT AUTHORIZED IN THIS
11 SECTION BUT WAS PLACED ON THE WAIT LIST, AND A CERTIFICATE MUST BE
12 ISSUED FOR USE OF THE CREDIT IN THE NEXT CALENDAR YEAR; EXCEPT
13 THAT NO MORE THAN FIVE MILLION DOLLARS IN CLAIMS SHALL BE PLACED
14 ON THE WAIT LIST IN ANY GIVEN CALENDAR YEAR. NO CLAIM FOR A CREDIT
15 IS ALLOWED FOR ANY INCOME TAX YEAR UNLESS A CERTIFICATE HAS BEEN
16 ISSUED BY THE DIVISION. IF ALL OTHER REQUIREMENTS OF THIS SECTION
17 ARE MET, THE RIGHT TO CLAIM THE CREDIT IS VESTED IN A QUALIFIED
18 TAXPAYER AT THE TIME A CREDIT CERTIFICATE IS ISSUED.

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

24 (8) THE COMMISSIONER OF THE DEPARTMENT OF AGRICULTURE
25 MAY ISSUE RULES TO ADMINISTER THIS SECTION, INCLUDING SPECIFYING
26 REQUIREMENTS FOR IMPLEMENTING AND DEMONSTRATING QUALIFIED
27 STEWARDSHIP PRACTICES, AND MAY ISSUE TAX CREDIT CERTIFICATES

1 PURSUANT TO THIS SECTION.

2 (9) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2034.

3 **SECTION 2. Act subject to petition - effective date.** This act
4 takes effect at 12:01 a.m. on the day following the expiration of the
5 ninety-day period after final adjournment of the general assembly; except
6 that, if a referendum petition is filed pursuant to section 1 (3) of article V
7 of the state constitution against this act or an item, section, or part of this
8 act within such period, then the act, item, section, or part will not take
9 effect unless approved by the people at the general election to be held in
10 November 2024 and, in such case, will take effect on the date of the
11 official declaration of the vote thereon by the governor.