

CHAPTER 373

TAXATION

HOUSE BILL 24-1036

BY REPRESENTATIVE(S) Weissman and Frizzell, Bacon, Bird, deGruy Kennedy, Duran, Rutinel, Sirota, Velasco, Amabile, Lindsay, Ortiz, Snyder, McCluskie;
also SENATOR(S) Hansen and Kolker, Liston, Buckner, Cutter, Exum, Fields, Jaquez Lewis, Marchman, Michaelson Jenet, Priola, Sullivan, Winter F.

AN ACT**CONCERNING THE ADJUSTMENT OF CERTAIN TAX EXPENDITURES.**

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

SECTION 1. Legislative declaration. (1) The general assembly hereby finds and declares that:

(a) The office of the state auditor has researched and identified certain tax expenditures that are either unused or very infrequently used;

(b) The office of the state auditor has recommended repeal of certain unused or infrequently used tax expenditures;

(c) Some of the unused or infrequently used tax expenditures identified by the office of the state auditor to be repealed are:

(I) The catastrophic health insurance deduction, as described in sections 10-16-116 and 39-22-104.5;

(II) The non-resident disaster relief worker subtraction, as described in sections 39-22-104 (4)(t), 39-22-601 (1)(a)(II), and 39-22-604 (19);

(III) The medical savings account deduction, as described in sections 39-22-104 (4)(h), 39-22-104.6, 39-22-304, and 39-22-504.7;

(IV) The childcare facility investment credit, as described in section 39-22-517;

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

(V) The school to career expenses credit, as described in section 39-22-520 (2)(a);

(VI) The Colorado works program employer credit, as described in section 39-22-521 (1);

(VII) The credit for purchase of uniquely valuable motor vehicle registration numbers, as described in section 39-22-535;

(VIII) The low-emitting vehicles and commercial vehicles used in interstate commerce exemptions, as described in sections 30-20-604.5, 39-26-113.5, and 39-26-719;

(IX) The biotechnology sales and use tax refund, as described in section 39-26-402 (1);

(X) The rural broadband equipment sales tax refund, as described in section 39-26-129;

(XI) The first time home buyer savings account deduction, as described in sections 39-22-104 (4)(w)(I) and 39-22-4704;

(XII) The aircraft gasoline tax exemption, as described in section 39-27-102.5; and

(XIII) The structural cigarette and tobacco excise tax expenditures, as described in sections 39-28-104 (4) and 39-28.5-107 (2).

(d) Administration of these tax expenditures by the department of revenue is costly and inefficient;

(e) Inclusion of these tax expenditures in statute unnecessarily complicates and lengthens the Colorado Revised Statutes;

(f) These tax expenditures are so infrequently used that they bring no value to the state; and

(g) The repeal of these tax expenditures will cause, at most, only de minimis impact to the state budget.

(2) Therefore, the general assembly further finds and declares that the purposes of repealing these infrequently used tax expenditures are to follow the office of the state auditor's recommendations regarding these tax expenditures, to improve the efficiency and lower the cost of administration at the department of revenue, to reduce the length and complexity of the Colorado Revised Statutes, and to remove ineffective tax expenditures and that any de minimis revenue increase that may result from the repeals is incidental to those purposes.

SECTION 2. In Colorado Revised Statutes, 10-16-116, **amend** (2) and (5) as follows:

10-16-116. Catastrophic health insurance - coverage - premium payments - reporting requirements - definitions - short title - repeal. (2) (a) An employer may offer catastrophic health insurance to its employees pursuant to this section.

(b) PRIOR TO JANUARY 1, 2025, employees who elect the coverage shall pay the cost of the insurance pursuant to subsection (5) of this section.

(c) THIS SUBSECTION (2)(c) AND SUBSECTION (2)(b) OF THIS SECTION ARE REPEALED, EFFECTIVE DECEMBER 31, 2028.

(5) (a) PRIOR TO JANUARY 1, 2025, if claiming an exclusion of premium payments for state income tax purposes pursuant to section 39-22-104.5, ~~C.R.S.~~, an employee shall elect to purchase catastrophic health insurance by signing a written election, which must be in the form prescribed by the executive director of the department of revenue and signed by the employee prior to the date the employer withholds the first contribution.

(b) PRIOR TO JANUARY 1, 2025, an employer shall withhold the premium payments for catastrophic health insurance from the wages of an employee who has elected coverage pursuant to ~~paragraph (a) of this subsection (5)~~ SUBSECTION (5)(a) OF THIS SECTION and shall remit the premiums to the insuring entity on the employee's behalf. All premiums collected by an employer are withheld from the employee's wages on a pre-tax basis pursuant to section 39-22-104.5. ~~C.R.S.~~

(c) PRIOR TO JANUARY 1, 2025, an employer withholding premium payments from an employee's wages pursuant to ~~paragraph (b) of this subsection (5)~~ SUBSECTION (5)(b) OF THIS SECTION shall report the amount withheld to the department of revenue, pursuant to rules promulgated by the executive director of the department.

(d) THIS SUBSECTION (5) IS REPEALED, EFFECTIVE DECEMBER 31, 2028.

SECTION 3. In Colorado Revised Statutes, **amend** 39-22-104.5 as follows:

39-22-104.5. Pretax payments - catastrophic health insurance - repeal.

(1) For income tax years commencing on or after January 1, 1995, AND PRIOR TO JANUARY 1, 2025, amounts withheld from an individual's wages that are used to pay for catastrophic health insurance pursuant to and within the limitations prescribed by section 10-16-116, ~~C.R.S.~~, are excluded from the individual's federal taxable income for purposes of the state income tax imposed by section 39-22-104.

(2) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2028.

SECTION 4. In Colorado Revised Statutes, 39-22-104, **amend** (4)(t)(I); and **add** (4)(t)(III) as follows:

39-22-104. Income tax imposed on individuals, estates, and trusts - single rate - report - legislative declaration - definitions - repeal. (4) There shall be subtracted from federal taxable income:

(t) (I) For income tax years commencing on or after January 1, 2015, AND PRIOR

TO JANUARY 1, 2025, compensation that would be subject to withholding under section 39-22-604, received by a nonresident individual for performing disaster-related work in the state during a disaster period.

(III) THIS SUBSECTION (4)(t) IS REPEALED, EFFECTIVE DECEMBER 31, 2028.

SECTION 5. In Colorado Revised Statutes, 39-22-601, **amend** (1)(a)(II) as follows:

39-22-601. Returns - repeal. (1) (a) (II) For purposes of this ~~paragraph (a)~~ SUBSECTION (1)(a)(II), a nonresident individual whose only source of income from this state is compensation that is subtracted from federal taxable income under section 39-22-104 (4)(t) need not file a return.

(A) THIS SUBSECTION (1)(a)(II) APPLIES TO TAX YEARS COMMENCING BEFORE JANUARY 1, 2025.

(B) THIS SUBSECTION (1)(a)(II) IS REPEALED, EFFECTIVE DECEMBER 31, 2028.

SECTION 6. In Colorado Revised Statutes, 39-22-604, **amend** (19) as follows:

39-22-604. Withholding tax - requirement to withhold - tax lien - exemption from lien - annual statement - notice - definitions - repeal. (19) (a) PRIOR TO JANUARY 1, 2025, no amount is required to be deducted and withheld from an employee's wages pursuant to this section for income tax due to the state if the employee's withholding certificate indicates that the compensation is eligible to be subtracted from federal taxable income pursuant to section 39-22-104 (4)(t).

(b) THIS SUBSECTION (19) IS REPEALED, EFFECTIVE DECEMBER 31, 2028.

SECTION 7. In Colorado Revised Statutes, 39-22-104, **amend** (4)(h) as follows:

39-22-104. Income tax imposed on individuals, estates, and trusts - single rate - report - legislative declaration - definitions - repeal. (4) There shall be subtracted from federal taxable income:

(h) (I) PRIOR TO JANUARY 1, 2025, any amount contributed to a medical savings account by an employer pursuant to section 39-22-504.7 (2)(e), to the extent such amount is not claimed as a deduction on the taxpayer's federal tax return;

(II) THIS SUBSECTION (4)(h) IS REPEALED, EFFECTIVE DECEMBER 31, 2028.

SECTION 8. In Colorado Revised Statutes, **amend** 39-22-104.6 as follows:

39-22-104.6. Pretax payments - medical savings accounts - repeal. (1) PRIOR TO JANUARY 1, 2025, to the extent a taxpayer is not otherwise claiming deductions on federal income tax returns for contributions to medical savings accounts, amounts withheld from an individual's wages which are contributed to such individual's medical savings account, pursuant to section 39-22-504.7, are excluded from an individual's federal taxable income for purposes of the state income tax imposed by section 39-22-104.

(2) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2028.

SECTION 9. In Colorado Revised Statutes, 39-22-304, **amend** (3)(k) as follows:

39-22-304. Net income of corporation - legislative declaration - definitions - repeal. (3) There shall be subtracted from federal taxable income:

(k) (I) PRIOR TO JANUARY 1, 2025, any amount contributed to a medical savings account pursuant to section 39-22-504.7 (2)(e), to the extent such amount is not claimed as a deduction on the taxpayer's federal tax return;

(II) THIS SUBSECTION (3)(k) IS REPEALED, EFFECTIVE DECEMBER 31, 2028.

SECTION 10. In Colorado Revised Statutes, 39-22-504.7, **amend** (1) and (2)(e); and **add** (8) as follows:

39-22-504.7. Medical savings accounts - establishment - contributions - distributions - restrictions - taxation - portability - repeal.

(1) (a) **Establishment of accounts.** On and after January 1, 1995, AND PRIOR TO JANUARY 1, 2025, an employer may offer to establish medical savings accounts.

(b) PRIOR TO JANUARY 1, 2025, an employee on whose behalf a medical savings account has not been established by his or her employer may establish such an account on his or her own behalf.

(2) (e) **Employer contributions - tax deduction.** PRIOR TO JANUARY 1, 2025, employer contributions to employee medical savings accounts constitute a deduction from the employer's federal taxable income, pursuant to sections 39-22-104 (4)(h) and 39-22-304 (3)(k).

(8) **Repeal.** THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2028.

SECTION 11. In Colorado Revised Statutes, 39-22-517, **amend** (1) and (2); and **add** (4) as follows:

39-22-517. Tax credit for child care center investments - repeal. (1) With respect to taxable years commencing on or after January 1, 1992, AND PRIOR TO JANUARY 1, 2026, there is allowed to any person operating a child care center licensed pursuant to section 26-6-905 or 26.5-5-309, family child care home licensed pursuant to section 26.5-5-309, or foster care home licensed pursuant to section 26-6-905 a credit against the tax imposed by this article 22 in the amount of twenty percent of the taxpayer's annual investment in tangible personal property to be used in such child care center, family child care home, or foster care home.

(2) With respect to taxable years commencing on or after July 1, 1992, AND PRIOR TO JANUARY 1, 2026, there is allowed to any sole proprietorship, partnership, limited liability corporation, subchapter S corporation, or regular corporation that provides child care facilities that are incidental to their business and are licensed pursuant to section 26-6-905 or 26.5-5-309 for the use of its employees a credit against the tax imposed by this article 22 in the amount of ten percent of the

taxpayer's annual investment in tangible personal property to be used in such child care facilities.

(4) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2033.

SECTION 12. In Colorado Revised Statutes, 39-22-520, **amend** (2)(a); and **add** (4) as follows:

39-22-520. Credit against tax - investment in school-to-career program - definitions - repeal. (2) (a) For income tax years beginning on or after January 1, 1997, AND PRIOR TO JANUARY 1, 2025, there shall be allowed to any person as a credit against the tax imposed by this ~~article~~ ARTICLE 22 an amount equal to ten percent of the total qualified investment made in a qualified school-to-career program.

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

SECTION 13. In Colorado Revised Statutes, 39-22-521, **amend** (1) introductory portion; and **add** (4) as follows:

39-22-521. Credits against tax - employer expenses - public assistance recipients - repeal. (1) With respect to taxable years commencing on or after January 1, 1998, AND PRIOR TO JANUARY 1, 2025, there shall be allowed to an employer of any person receiving public assistance pursuant to the Colorado works program set forth in part 7 of article 2 of title 26, ~~C.R.S.~~, a credit, for not more than two years, against the tax imposed by this article in the amount of twenty percent of the employer's annual investment in any one or more of the following services that are incidental to the employer's business:

(4) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2032.

SECTION 14. In Colorado Revised Statutes, 39-22-535, **amend** (1); and **add** (3) as follows:

39-22-535. Credit for purchase of uniquely valuable motor vehicle registration numbers - repeal. (1) For tax years commencing on or after January 1, 2013, AND PRIOR TO JANUARY 1, 2025, a person who buys the right to use a registration number under section 24-30-2206 is allowed a credit against the income taxes imposed by this article 22 for twenty percent of the purchase price of the right to use the registration number that is paid to the Colorado disability funding committee created in section 24-30-2203.

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

SECTION 15. In Colorado Revised Statutes, 30-20-604.5, **amend** (1) as follows:

30-20-604.5. District sales tax - repeal. (1) (a) The board of any county or of any city that has been authorized to become a city and county pursuant to an amendment to the state constitution that has been approved by the registered electors of the state of Colorado and that subsequently becomes a city and county for the purpose of funding all or a portion of the cost of any improvements

constructed or transportation services provided pursuant to section 30-20-603 (1)(a), (1)(a.5), and (1)(c), may levy a sales tax throughout the district upon every transaction or other incident with respect to which a sales tax is authorized pursuant to section 29-2-105; except that such tax may be levied only upon those transactions specified in section 39-26-104 (1)(a), (1)(b), (1)(e), and (1)(f). ~~the board may, in its discretion, levy or continue to levy a sales tax on the sales of low-emitting motor vehicles, power sources, or parts used for converting such power sources as specified in section 39-26-719(1).~~

(b) THIS SUBSECTION (1) IS REPEALED, EFFECTIVE DECEMBER 31, 2028.

SECTION 16. In Colorado Revised Statutes, 39-26-113.5, **amend** (1)(a); and **add** (4) as follows:

39-26-113.5. Refund of state sales taxes for vehicles used in interstate commerce - fund - repeal. (1) (a) Except as provided in subsection (3) of this section, ~~for the calendar year commencing~~ ON AND AFTER January 1, 2011, ~~and for each calendar year thereafter~~ BUT BEFORE JULY 1, 2025, a taxpayer may claim a refund of a percentage of all state sales and use taxes paid by the taxpayer pursuant to this part 1 and part 2 of this article on the sale, storage, or use of a model year 2010 or newer truck tractor or semitrailer with a gross vehicle weight rating of fifty-four thousand pounds or greater that is purchased on or after July 1, 2011, BUT BEFORE JULY 1, 2025.

(4) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2026.

SECTION 17. In Colorado Revised Statutes, **amend** 42-1-225 as follows:

42-1-225. Commercial vehicle enterprise tax fund - creation - repeal. (1) The commercial vehicle enterprise tax fund is hereby created in the state treasury.

(a) (I) PRIOR TO JULY 1, 2025, the fund consists of ~~moneys~~ MONEY collected and transmitted to the fund pursuant to section 42-4-1701 (4)(a)(II). The general assembly shall annually appropriate the ~~moneys~~ MONEY in the fund to cover the actual cost of administering sections 39-26-113.5 and 39-30-104 (1)(b). ~~C.R.S. Moneys~~ MONEY in the fund ~~are~~ IS continuously appropriated to the department of revenue for the payment of sales and use tax refunds pursuant to section 39-26-113.5. ~~C.R.S.~~ After receiving the statement pursuant to section 39-30-104 (1)(b)(VI), ~~C.R.S.~~ the state treasurer shall credit the total cost of the amount of the tax credits stated therein to the general fund. ~~Any moneys remaining in the commercial vehicle enterprise tax fund at the end of the fiscal year shall not revert to the general fund.~~

(II) THIS SUBSECTION (1)(a) IS REPEALED, EFFECTIVE JULY 1, 2026.

(b) ON OR AFTER JULY 1, 2025, THE FUND CONSISTS OF MONEY COLLECTED AND TRANSMITTED TO THE FUND PURSUANT TO SECTION 42-4-1701 (4)(a)(II). THE GENERAL ASSEMBLY SHALL ANNUALLY APPROPRIATE THE MONEY IN THE FUND TO COVER THE ACTUAL COST OF ADMINISTERING SECTION 39-30-104 (1)(b). AFTER RECEIVING THE STATEMENT PURSUANT TO SECTION 39-30-104 (1)(b)(VI), THE STATE TREASURER SHALL CREDIT THE TOTAL COST OF THE AMOUNT OF THE TAX CREDITS

STATED THEREIN TO THE GENERAL FUND. ANY MONEY REMAINING IN THE COMMERCIAL VEHICLE ENTERPRISE TAX FUND AT THE END OF THE FISCAL YEAR SHALL NOT REVERT TO THE GENERAL FUND.

(2)(a)(I) On July 1, 2011, and each July 1 thereafter THROUGH JULY 1, 2024, the department shall allocate one-third of the fund balance, not including the amount appropriated to cover the actual cost of administering sections 39-26-113.5 and 39-30-104 (1)(b), ~~C.R.S.~~; to make the sales tax refunds granted in section 39-26-113.5. ~~C.R.S.~~

(II) THIS SUBSECTION (2)(a) IS REPEALED, EFFECTIVE JULY 1, 2025.

(b)(I) On July 1, 2011, and each July 1 thereafter THROUGH JULY 1, 2024, the department shall allocate two-thirds of the fund balance, not including the amount appropriated to cover the actual cost of administering sections 39-26-113.5 and 39-30-104 (1)(b), ~~C.R.S.~~ to offset the income tax credit granted in section 39-30-104 (1)(b). ~~C.R.S.~~ By January 1, 2012, the department shall notify the Colorado economic development commission created in section 24-46-102 C.R.S. of the amount allocated for such purposes.

(II) THIS SUBSECTION (2)(b) IS REPEALED, EFFECTIVE JULY 1, 2025.

(c) ON JULY 1, 2025, AND EACH JULY 1 THEREAFTER, THE DEPARTMENT SHALL ALLOCATE THE FUND BALANCE, NOT INCLUDING THE AMOUNT APPROPRIATED TO COVER THE ACTUAL COST OF ADMINISTERING SECTION 39-30-104 (1)(b), TO OFFSET THE INCOME TAX CREDIT GRANTED IN SECTION 39-30-104 (1)(b).

SECTION 18. In Colorado Revised Statutes, 39-26-719, **amend** (1)(a) introductory portion, (2) introductory portion, and (2)(b)(I) introductory portion; and **add** (1)(c) and (2)(b)(III) as follows:

39-26-719. Motor vehicles - repeal. (1) (a) PRIOR TO JANUARY 1, 2025, there shall be exempt from taxation under the provisions of part 1 of this ~~article~~ ARTICLE 26 the sale of any motor vehicle, power source for any motor vehicle, or parts used for converting the power source for any motor vehicle, if:

(c) THIS SUBSECTION (1) IS REPEALED, EFFECTIVE DECEMBER 31, 2028.

(2) The following shall be exempt from taxation under the provisions of part 2 of this ~~article~~ ARTICLE 26:

(b)(I) PRIOR TO JANUARY 1, 2025, the storage, use, or consumption of a motor vehicle, power source for a motor vehicle, and parts used for converting the power source of a motor vehicle, if:

(III) THIS SUBSECTION (2)(b) IS REPEALED, EFFECTIVE DECEMBER 31, 2028.

SECTION 19. In Colorado Revised Statutes, 39-26-402, **amend** (1) as follows:

39-26-402. Refund of state sales and use tax for biotechnology - application requirements and procedures - repeal. (1) For the calendar year commencing

January 1, 1999, and for each calendar year thereafter PRIOR TO JANUARY 1, 2026, each qualified biotechnology taxpayer shall be allowed to claim a refund of all state sales and use tax paid by the qualified biotechnology taxpayer, pursuant to parts 1 and 2 of this ~~article~~ ARTICLE 26, on the sale, storage, use, or consumption of tangible personal property to be used in Colorado directly and predominately in research and development of biotechnology during that calendar year.

SECTION 20. In Colorado Revised Statutes, **add** 39-26-403 as follows:

39-26-403. Repeal. THIS PART 4 IS REPEALED, EFFECTIVE DECEMBER 31, 2029.

SECTION 21. In Colorado Revised Statutes, 39-26-129, **amend** (1) and (3); and **add** (6) as follows:

39-26-129. Refund for property used in rural broadband service - legislative declaration - definitions - repeal. (1) The general assembly declares that the intended purpose of the tax refund created in this section is to encourage broadband providers to deploy broadband infrastructure in rural areas of the state AND TO CREATE INCENTIVES FOR INVESTMENT IN BROADBAND INFRASTRUCTURE IN ADDITION TO THE INCENTIVES ALREADY CREATED BY OTHER STATE OR FEDERAL LAW.

(3) Except as provided in subsection (5) of this section, for the calendar year commencing January 1, 2014, and for each calendar year thereafter PRIOR TO JANUARY 1, 2027, a broadband provider is allowed to claim a refund of all the state sales and use tax the provider pays pursuant to parts 1 and 2 of this ~~article~~ ARTICLE 26 for tangible personal property that is installed in a target area for the provision of broadband service.

(6) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2030.

SECTION 22. In Colorado Revised Statutes, 39-22-104, **amend** (3)(k) and (4)(w)(I); and **add** (4)(w)(III) as follows:

39-22-104. Income tax imposed on individuals, estates, and trusts - single rate - report - legislative declaration - definitions - repeal. (3) There shall be added to the federal taxable income:

(k) (I) PRIOR TO JANUARY 1, 2025, the amount recaptured in accordance with section 39-22-4705 (2).

(II) THIS SUBSECTION (3)(k) IS REPEALED, EFFECTIVE DECEMBER 31, 2028.

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

(w) (I) For income tax years commencing on or after January 1, 2017, AND PRIOR TO JANUARY 1, 2025, to the extent included in federal taxable income and as permitted under part 47 of this ~~article~~ ARTICLE 22, an amount equal to any interest and other income earned on the investment of the money in a first-time home buyer savings account during the taxable year.

(III) THIS SUBSECTION (4)(w) IS REPEALED, EFFECTIVE DECEMBER 31, 2028.

SECTION 23. In Colorado Revised Statutes, 39-22-558, **amend** (6) as follows:

39-22-558. Tax credit for employer's contribution to employee for eligible expenses in connection with a qualifying home purchase - tax preference performance statement - legislative declaration - definitions - repeal.

(6) (a) Nothing in this section is intended to preclude an employee who receives a contribution from their employer in accordance with subsection (3) of this section from having a first-time home buyer savings account pursuant to part 47 of this article 22.

(b) THIS SUBSECTION (6) IS REPEALED, EFFECTIVE DECEMBER 31, 2028.

SECTION 24. In Colorado Revised Statutes, 39-22-4704, **amend** (1) as follows:

39-22-4704. First-time home buyer savings account - repeal. (1) Beginning January 1, 2017, AND PRIOR TO JANUARY 1, 2025, any individual may open an account with a financial institution and designate the account, in its entirety, as a first-time home buyer savings account to be used to pay or reimburse a qualified beneficiary's eligible expenses for the purchase of a primary residence in Colorado. An individual may be the account holder of multiple accounts, and an individual may jointly own the account with another person if they file a joint income tax return. To be eligible for the subtraction under section 39-22-104 (4)(w)(I), an account holder must comply with the requirements of this section.

SECTION 25. In Colorado Revised Statutes, **add** 39-22-4708 as follows:

39-22-4708. Repeal. THIS PART 47 IS REPEALED, EFFECTIVE DECEMBER 31, 2028.

SECTION 26. In Colorado Revised Statutes, 39-27-102.5, **amend** (2.5)(a)(II) and (2.5)(a)(III); and **add** (2.5)(a)(IV) as follows:

39-27-102.5. Exemptions on tax imposed - ex-tax purchases - definition - repeal. (2.5) (a) (II) PRIOR TO JANUARY 1, 2025, gasoline used by domestic or foreign part 121 air carriers or part 135 commuter air carriers authorized to provide passenger and cargo air transportation services pursuant to the regulations of the office of the secretary of transportation and federal aviation administration of the United States department of transportation is exempt from the tax imposed pursuant to this part 1. For those air carriers that are certificated by the United States department of transportation for both part 121 air carrier operations and part 135 on-demand operations, the provisions of this subsection (2.5)(a)(II) shall not apply to the air carrier's part 135 on-demand operations.

(III) PRIOR TO JANUARY 1, 2025, gasoline used by direct air carriers providing air transportation to authorized public charter operators pursuant to 14 CFR 380 is exempt from the tax imposed pursuant to this part 1.

(IV) SUBSECTIONS (2.5)(a)(II) AND (2.5)(a)(III) OF THIS SECTION AND THIS SUBSECTION (2.5)(a)(IV) ARE REPEALED, EFFECTIVE DECEMBER 31, 2028.

SECTION 27. In Colorado Revised Statutes, 39-28-104, **amend** (4)(a); and **add** (4)(e) as follows:

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

(4) (a) PRIOR TO JANUARY 1, 2025, credit shall be given by the department to a wholesaler for all taxes levied pursuant to this article and section 21 of article X of the state constitution and paid pursuant to the provisions of this ~~article~~ ARTICLE 28 that are bad debts. Such credit shall offset taxes levied pursuant to this article and section 21 of article X of the state constitution and paid pursuant to the provisions of this article only. No credit shall be given unless the bad debt has been charged off as uncollectible on the books of the wholesaler. Subsequent to receiving the credit, if the wholesaler receives a payment for the bad debt, the wholesaler shall be liable to the department for the amount received and shall remit this amount in the next payment to the department under this section or section 39-28-105.

(e) THIS SUBSECTION (4) IS REPEALED, EFFECTIVE DECEMBER 31, 2028.

SECTION 28. In Colorado Revised Statutes, 39-28.5-107, **amend** (2)(a); and **add** (2)(e) as follows:

39-28.5-107. When credit may be obtained for tax paid - repeal.

(2) (a) PRIOR TO JANUARY 1, 2025, credit shall be given by the department to a distributor or remote retail seller for all taxes levied pursuant to this article 28.5 and section 21 of article X of the state constitution and paid pursuant to the provisions of this article 28.5 that are bad debts. Such credit shall offset taxes levied pursuant to this article 28.5 and section 21 of article X of the state constitution and paid pursuant to the provisions of this article 28.5 only. No credit shall be given unless the bad debt has been charged off as uncollectible on the books of the distributor or remote retail seller. Subsequent to receiving the credit, if the distributor or remote retail seller receives a payment for the bad debt, the distributor or remote retail seller shall be liable to the department for the amount received and shall remit this amount in the next payment to the department under section 39-28.5-106.

(e) THIS SUBSECTION (2) IS REPEALED, EFFECTIVE DECEMBER 31, 2028.

SECTION 29. In Colorado Revised Statutes, 39-21-303, **amend** (4); and **repeal** (3)(b) as follows:

39-21-303. Tax profile and expenditure report - repeal. (3) (b) ~~No later than February 1, 2013, and February 1 of every odd-numbered year thereafter, the executive director, or his or her designee, shall present the tax profile and expenditure report to the finance committees of the house of representatives and the senate, or any successor committees.~~

(4) The reporting requirement set forth in this section is exempt from the provisions of section 24-1-136 (11), C.R.S., and the biennial reporting requirement shall remain in effect until changed by the general assembly acting by bill.

SECTION 30. In Colorado Revised Statutes, 39-22-104, **amend** (4)(n.5)(I)(A) and (4)(n.5)(IV); and **add** (4)(i)(VI) as follows:

39-22-104. Income tax imposed on individuals, estates, and trusts - single rate - report - legislative declaration - definitions - repeal. (4) There shall be subtracted from federal taxable income:

(i) (VI) THE PURPOSE OF THE DEDUCTION AUTHORIZED IN THIS SUBSECTION (4)(i) IS TO CREATE ADDITIONAL INCENTIVES FOR SAVING FOR COLLEGE TUITION NOT ALREADY CREATED BY OTHER STATE OR FEDERAL LAW.

(n.5) (I) (A) For income tax years commencing on or after January 1, 2014, but prior to January 1, 2017, and for income tax years commencing on or after January 1, 2020, but prior to ~~January 1, 2026~~, JANUARY 1, 2025, an amount equal to fifty percent of a landowner's costs incurred in performing wildfire mitigation measures in that income tax year on his or her property located within the state; except that the amount of the deduction claimed in an income tax year shall not exceed two thousand five hundred dollars or the total amount of the landowner's federal taxable income for the income tax year for which the deduction is claimed, whichever is less.

(IV) This subsection (4)(n.5) is repealed, effective ~~January 1, 2030~~ JANUARY 1, 2028.

SECTION 31. In Colorado Revised Statutes, 39-22-538, **amend** (3)(a) and (3)(b)(I) as follows:

39-22-538. Credit for health-care preceptors working in health professional shortage areas - legislative declaration - definitions. (3) (a) (I) For income tax years commencing on or after January 1, 2017, but prior to ~~January 1, 2033~~ JANUARY 1, 2025, and subject to the requirements of subsection (3)(b)(I)(A) of this section, a taxpayer is allowed a credit against the income taxes imposed by this article 22 in an amount equal to one thousand dollars for a preceptorship provided by the taxpayer during the applicable income tax year for which the credit is claimed.

(II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2025, BUT PRIOR TO JANUARY 1, 2033, AND SUBJECT TO THE REQUIREMENTS OF SUBSECTION (3)(b)(I)(B) OF THIS SECTION, A TAXPAYER IS ALLOWED A CREDIT AGAINST THE INCOME TAXES IMPOSED BY THIS ARTICLE 22 IN AN AMOUNT EQUAL TO TWO THOUSAND DOLLARS FOR EACH PRECEPTORSHIP PROVIDED BY THE TAXPAYER DURING THE APPLICABLE INCOME TAX YEAR FOR WHICH THE CREDIT IS CLAIMED. A CREDIT IS ALLOWED FOR A MAXIMUM OF THREE PRECEPTORSHIPS PER APPLICABLE INCOME TAX YEAR. THE MAXIMUM TOTAL CREDIT IN A TAXABLE YEAR IS SIX THOUSAND DOLLARS.

(b) Notwithstanding any other provision of this section:

(I) (A) FOR INCOME TAX YEARS COMMENCING BEFORE JANUARY 1, 2025, the aggregate amount of the credit awarded to any one taxpayer under this section shall not exceed one thousand dollars for any one income tax year regardless of the number of preceptorships undertaken by the taxpayer during the applicable income tax year or the number of eligible health professional students the taxpayer instructs, trains, or supervises during the applicable income tax year;

(B) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2025, BUT PRIOR TO JANUARY 1, 2033, THE AGGREGATE AMOUNT OF THE CREDIT AWARDED TO ANY ONE TAXPAYER UNDER THIS SECTION SHALL NOT EXCEED SIX THOUSAND

DOLLARS FOR ANY ONE INCOME TAX YEAR REGARDLESS OF THE NUMBER OF PRECEPTORSHIPS UNDERTAKEN BY THE TAXPAYER DURING THE APPLICABLE INCOME TAX YEAR OR THE NUMBER OF ELIGIBLE HEALTH PROFESSIONAL STUDENTS THE TAXPAYER INSTRUCTS, TRAINS, OR SUPERVISES DURING THE APPLICABLE INCOME TAX YEAR.

SECTION 32. In Colorado Revised Statutes, 39-22-543, **amend** (2)(a) and (4) as follows:

39-22-543. Credit for wildfire hazard mitigation expenses - legislative declaration - definitions - repeal. (2) As used in this section, unless the context otherwise requires:

(a) "Costs" means any actual out-of-pocket expense incurred and paid by the landowner TO A THIRD-PARTY SERVICE PROVIDER, documented by receipt, for performing wildfire mitigation measures. "Costs" does not include any inspection or certification fees, in-kind contributions, donations, incentives, or cost sharing associated with performing wildfire mitigation measures. "Costs" does not include expenses paid by the landowner from any grants awarded to the landowner for performing wildfire mitigation measures. "COSTS" DOES NOT INCLUDE ANY AMOUNT PAID BY THE LANDOWNER FOR THE PURCHASE OR RENTAL OF ANY ARTICLE OF TANGIBLE PERSONAL PROPERTY FOR THE LANDOWNER'S OWN USE.

(4) (a) For income tax years commencing on or after January 1, 2023, but prior to ~~January 1, 2026~~, JANUARY 1, 2025, a landowner with a federal taxable income at or below one hundred twenty thousand dollars for the income tax year commencing on or after January 1, 2023, as adjusted for inflation and rounded to the nearest hundred dollar amount for each income tax year thereafter, is allowed a credit against the income taxes imposed by this article 22 in an amount equal to twenty-five percent of up to two thousand five hundred dollars in costs for wildfire mitigation measures. The maximum total credit in a taxable year is six hundred twenty-five dollars.

(b) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2025, BUT PRIOR TO JANUARY 1, 2028, A LANDOWNER WITH A FEDERAL TAXABLE INCOME AT OR BELOW ONE HUNDRED TWENTY THOUSAND DOLLARS FOR THE INCOME TAX YEAR COMMENCING ON OR AFTER JANUARY 1, 2023, AS ADJUSTED FOR INFLATION AND ROUNDED TO THE NEAREST HUNDRED DOLLARS FOR EACH INCOME TAX YEAR THEREAFTER, IS ALLOWED A CREDIT AGAINST THE INCOME TAXES IMPOSED BY THIS ARTICLE 22 IN AN AMOUNT EQUAL TO THE LANDOWNER'S COSTS INCURRED FOR WILDFIRE MITIGATION MEASURES IN AN AMOUNT UP TO ONE THOUSAND DOLLARS. THE MAXIMUM TOTAL CREDIT IN A TAXABLE YEAR IS ONE THOUSAND DOLLARS.

SECTION 33. In Colorado Revised Statutes, 39-22-509, **amend** (3)(b) as follows:

39-22-509. Credit against tax - employer expenditures for alternative transportation options for employees - legislative declaration - definitions - repeal. (3) (b) (I) FOR INCOME TAX YEARS COMMENCING BEFORE JANUARY 1, 2024, a local government or nonprofit organization shall file a corporate income tax return

for informational purposes for each income tax year that the local government or nonprofit organization claims the credit allowed in subsection (3)(a) of this section.

(II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2025, A LOCAL GOVERNMENT OR NONPROFIT ORGANIZATION THAT CLAIMS THE CREDIT ALLOWED IN SUBSECTION (3)(a) OF THIS SECTION SHALL FILE A RETURN PURSUANT TO SECTION 39-22-601 (7)(b).

SECTION 34. In Colorado Revised Statutes, 39-22-522, **add** (12) as follows:

39-22-522. Credit against tax - conservation easements - definition. (12) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2024, EVERY TAXPAYER EXEMPT FROM TAXES PURSUANT TO SECTION 39-22-112 THAT CLAIMS THE CREDIT ALLOWED IN THIS SECTION SHALL FILE A RETURN PURSUANT TO SECTION 39-22-601 (7)(b).

SECTION 35. In Colorado Revised Statutes, 39-22-526, **add** (3.7) as follows:

39-22-526. Credit for environmental remediation of contaminated land - legislative declaration - definition - repeal. (3.7) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2024, BUT PRIOR TO JANUARY 1, 2025, EVERY TAXPAYER EXEMPT FROM TAXES PURSUANT TO SECTION 39-22-112 THAT CLAIMS THE CREDIT ALLOWED IN THIS SECTION SHALL FILE A RETURN PURSUANT TO SECTION 39-22-601 (7)(b).

SECTION 36. In Colorado Revised Statutes, 39-26-721, **amend** (3) as follows:

39-26-721. Manufactured homes and tiny homes. (3) (a) PRIOR TO JANUARY 1, 2025, the sale, storage, usage, or consumption of a manufactured home, as defined in section 39-1-102 (7.8), or a tiny home, as defined in section 24-32-3302 (35), is exempt from taxation under parts 1 and 2 of this article 26.

(b) ON AND AFTER JANUARY 1, 2025, THE SALE, STORAGE, USAGE, OR CONSUMPTION OF A MANUFACTURED HOME, AS DEFINED IN SECTION 39-1-102 (7.8), A MODULAR HOME, AS DEFINED IN SECTION 39-1-102 (8.3), A TINY HOME, AS DEFINED IN SECTION 24-32-3302 (35), OR ANY CLOSED PANEL SYSTEM UTILIZED IN CONSTRUCTION OF A FACTORY-BUILT RESIDENTIAL STRUCTURE, AS DEFINED IN SECTION 24-32-3302 (10), IS EXEMPT FROM TAXATION UNDER PARTS 1 AND 2 OF THIS ARTICLE 26.

SECTION 37. In Colorado Revised Statutes, 29-2-105, **amend** (1)(d)(I)(P) as follows:

29-2-105. Contents of sales tax ordinances and proposals. (1) The sales tax ordinance or proposal of any incorporated town, city, or county adopted pursuant to this article 2 shall be imposed on the sale of tangible personal property at retail or the furnishing of services, as provided in subsection (1)(d) of this section. Any countywide or incorporated town or city sales tax ordinance or proposal shall include the following provisions:

(d) (I) A provision that the sale of tangible personal property and services taxable

pursuant to this article 2 is the same as the sale of tangible personal property and services taxable pursuant to section 39-26-104, except as otherwise provided in this subsection (1)(d). The sale of tangible personal property and services taxable pursuant to this article 2 is subject to the same sales tax exemptions as those specified in part 7 of article 26 of title 39; except that the sale of the following may be exempted from a town, city, or county sales tax only by the express inclusion of the exemption either at the time of adoption of the initial sales tax ordinance or resolution or by amendment thereto:

(P) The exemption for manufactured homes, MODULAR HOMES, ~~and~~ tiny homes, AND ANY CLOSED PANEL SYSTEM UTILIZED IN CONSTRUCTION OF A FACTORY-BUILT RESIDENTIAL STRUCTURE set forth in section 39-26-721 (3);

SECTION 38. In Colorado Revised Statutes, 39-26-724, **add** (3) as follows:

39-26-724. Components used to produce energy from a renewable energy source - definitions. (3) THE PURPOSE OF THE EXEMPTION AUTHORIZED IN THIS SECTION IS TO CREATE ADDITIONAL INCENTIVES FOR DEVELOPING RENEWABLE ENERGY PROJECTS NOT ALREADY CREATED BY OTHER STATE OR FEDERAL LAW.

SECTION 39. In Colorado Revised Statutes, 39-30-111, **repeal** (2), (3), and (4) as follows:

39-30-111. Department of revenue - enterprise zone data - electronic filing - submission of carryforward schedule. (2) ~~For the 2012 income tax year and each income tax year thereafter, any taxpayer that claims one or more income tax credits pursuant to this article shall submit to the department of revenue, along with the taxpayer's state income tax return, a full carryforward schedule for each income tax credit claimed pursuant to this article.~~

~~(3) For the 2012 income tax year and each income tax year thereafter, the department of revenue shall aggregate and report data on all of the income tax credits that are claimed pursuant to this article for each income tax year. The department shall categorize such aggregated data by the date that the income tax credit was certified by an enterprise zone administrator, the specific income tax credit allowed pursuant to this article that each taxpayer was authorized to claim, and the total amount of the income tax credits claimed for each income tax credit allowed pursuant to this article.~~

~~(4) The department of revenue shall submit the data collected pursuant to subsection (2) of this section and aggregated pursuant to subsection (3) of this section to the Colorado office of economic development on August 1, 2013, and on August 1 each year thereafter.~~

SECTION 40. In Colorado Revised Statutes, 39-21-113, **amend** (22) as follows:

39-21-113. Reports and returns - rule - repeal. (22) Notwithstanding the provisions of this section, the executive director shall supply the Colorado office of economic development with information relating to the actual amount of any enterprise zone tax credit claimed pursuant to article 30 of this title or any CHIPS zone tax credit claimed pursuant to article 36 of this title as well as information

submitted to and aggregated by the department pursuant to ~~section 39-30-111 (2) and (3)~~ and section 39-36-106 (1) and (3) regarding such income tax credits. Any information provided to the office pursuant to this subsection (22) shall remain confidential, and all office employees shall be subject to the limitations set forth in subsection (4) of this section and the penalties contained in subsection (6) of this section. Nothing in this subsection (22) shall prevent the office from making aggregated data regarding enterprise zone and CHIPS zone tax credits available.

SECTION 41. In Colorado Revised Statutes, 39-22-509, **amend** (3)(a) and (6) as follows:

39-22-509. Credit against tax - employer expenditures for alternative transportation options for employees - legislative declaration - definitions - repeal. (3) (a) For income tax years beginning on or after January 1, 2023, but before ~~January 1, 2025~~ JANUARY 1, 2027, there is allowed a credit to each employer in an amount equal to fifty percent of the amount spent by the employer to provide alternative transportation options to its employees, subject to the limitations that the maximum amount spent in any income tax year for which an employer may claim a credit is two hundred fifty thousand dollars and that the maximum amount spent in any income tax year for any one employee for which an employer may claim a credit is two thousand dollars.

(6) This section is repealed, effective ~~January 1, 2029~~ JANUARY 1, 2031.

SECTION 42. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2024 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: June 4, 2024