

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

DRAFT
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Bill 9

LLS NO. 24-0391.01 Jed Franklin x5484

INTERIM COMMITTEE BILL

Legislative Oversight Committee Concerning Tax Policy

BILL TOPIC: Modification Of Certain Tax Expenditures

A BILL FOR AN ACT

101 **CONCERNING MODIFICATION OF CERTAIN TAX EXPENDITURES.**

Bill Summary

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

The bill modifies several tax expenditures as follows:

- **Section 1** of the bill eliminates the requirement that the executive director of the department of revenue present the tax profile and expenditure report to the finance committees of the house of representatives and the senate;
- **Section 2** clarifies that the purpose of the college tuition program deduction is to create additional incentives for saving for college tuition not already created by other state

*Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words indicate deletions from existing law.*

- or federal law;
- **Section 3** repeals the wildfire mitigation deduction;
- **Section 4** increases the maximum amount of a health-care preceptor tax credit from \$1,000 to \$2,000, allows for a maximum of 3 credits per income tax year, and increases the maximum aggregate amount of the credit awarded to any one taxpayer from \$1,000 to \$6,000 for any income tax year;
- Currently, the maximum amount a taxpayer may claim for the wildfire mitigation credit is 25% of \$2,500 in mitigation costs, for a total tax credit maximum of \$625 per income tax year. **Section 5** changes the maximum amount a taxpayer may claim for the credit to \$1,000 per income tax year for income tax years commencing on or after January 1, 2025, but prior to January 1, 2028.
- **Section 6** requires a local government and a nonprofit to file a tax return if claiming an alternative transportation options tax credit;
- **Section 7** requires a local government and a nonprofit to file a tax return if claiming a conservation easement tax credit;
- **Section 8** requires a local government and a nonprofit to file a tax return if claiming a tax credit for environmental remediation of contaminated land;
- **Section 9** exempts from taxation the sale, storage, usage, or consumption of a modular home;
- **Section 10** makes a conforming amendment;
- **Section 11** states that the purpose of the renewable energy source tax exemption is to create additional incentives for developing renewable energy projects not already created by other state or federal law;
- **Section 12** repeals detailed required reporting for enterprise zone tax credits; and
- **Section 13** makes a conforming amendment.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-21-303, **amend**
3 (4); and **repeal** (3)(b) as follows:

4 **39-21-303. Tax profile and expenditure report - repeal.**

5 (3) (b) ~~No later than February 1, 2013, and February 1 of every~~

1 ~~odd-numbered year thereafter, the executive director, or his or her~~
2 ~~designee, shall present the tax profile and expenditure report to the~~
3 ~~finance committees of the house of representatives and the senate, or any~~
4 ~~successor committees.~~

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

9 **SECTION 2.** In Colorado Revised Statutes, 39-22-104, **add**
10 **(4)(i)(VI)** as follows:

11 **39-22-104. Income tax imposed on individuals, estates, and**
12 **trusts - single rate - report - legislative declaration - definitions -**
13 **repeal.** (4) There shall be subtracted from federal taxable income:

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

18 **SECTION 3.** In Colorado Revised Statutes, 39-22-104, **amend**
19 **(4)(n.5)(I)(A)** and **(4)(n.5)(IV)** as follows:

20 **39-22-104. Income tax imposed on individuals, estates, and**
21 **trusts - single rate - report - legislative declaration - definitions -**
22 **repeal.** (4) There shall be subtracted from federal taxable income:

23 (n.5) (I) (A) For income tax years commencing on or after January
24 1, 2014, but prior to January 1, 2017, and for income tax years
25 commencing on or after January 1, 2020, but prior to ~~January 1, 2026,~~
26 JANUARY 1, 2025, an amount equal to fifty percent of a landowner's costs
27 incurred in performing wildfire mitigation measures in that income tax

1 year on his or her property located within the state; except that the amount
2 of the deduction claimed in an income tax year shall not exceed two
3 thousand five hundred dollars or the total amount of the landowner's
4 federal taxable income for the income tax year for which the deduction
5 is claimed, whichever is less.

6 (IV) This subsection (4)(n.5) is repealed, effective ~~January 1,~~
7 ~~2030~~ JANUARY 1, 2028.

8 **SECTION 4.** In Colorado Revised Statutes, 39-22-538, **amend**
9 (3)(a) and (3)(b)(I) as follows:

10 **39-22-538. Credit for health-care preceptors working in health**
11 **professional shortage areas - legislative declaration - definitions.**

12 (3) (a) For income tax years commencing on or after January 1, 2017, but
13 prior to January 1, 2033, and subject to the requirements of subsection
14 (3)(b) of this section, a taxpayer is allowed a credit against the income
15 taxes imposed by this article 22 in an amount equal to ~~one~~ TWO thousand
16 dollars for ~~a~~ EACH preceptorship provided by the taxpayer during the
17 applicable income tax year for which the credit is claimed. A CREDIT IS
18 ALLOWED FOR A MAXIMUM OF THREE PRECEPTORSHIPS PER APPLICABLE
19 INCOME TAX YEAR. THE MAXIMUM TOTAL CREDIT IN A TAXABLE YEAR IS
20 SIX THOUSAND DOLLARS.

21 (b) Notwithstanding any other provision of this section:

22 (I) The aggregate amount of the credit awarded to any one
23 taxpayer under this section shall not exceed ~~one~~ SIX thousand dollars for
24 any one income tax year regardless of the number of preceptorships
25 undertaken by the taxpayer during the applicable income tax year or the
26 number of eligible health professional students the taxpayer instructs,
27 trains, or supervises during the applicable income tax year;

1 **SECTION 5.** In Colorado Revised Statutes, 39-22-543, **amend**
2 (4) as follows:

3 **39-22-543. Credit for wildfire hazard mitigation expenses -**
4 **legislative declaration - definitions - repeal.** (4) (a) For income tax
5 years commencing on or after January 1, 2023, but prior to ~~January 1,~~
6 ~~2026,~~ JANUARY 1, 2025, a landowner with a federal taxable income at or
7 below one hundred twenty thousand dollars for the income tax year
8 commencing on or after January 1, 2023, as adjusted for inflation and
9 rounded to the nearest hundred dollar amount for each income tax year
10 thereafter, is allowed a credit against the income taxes imposed by this
11 article 22 in an amount equal to twenty-five percent of up to two thousand
12 five hundred dollars in costs for wildfire mitigation measures. The
13 maximum total credit in a taxable year is six hundred twenty-five dollars.

14 (b) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
15 1, 2025, BUT PRIOR TO JANUARY 1, 2028, A LANDOWNER WITH A FEDERAL
16 TAXABLE INCOME AT OR BELOW ONE HUNDRED TWENTY THOUSAND
17 DOLLARS FOR THE INCOME TAX YEAR COMMENCING ON OR AFTER
18 JANUARY 1, 2023, AS ADJUSTED FOR INFLATION AND ROUNDED TO THE
19 NEAREST HUNDRED DOLLARS FOR EACH INCOME TAX YEAR THEREAFTER,
20 IS ALLOWED A CREDIT AGAINST THE INCOME TAXES IMPOSED BY THIS
21 ARTICLE 22 IN AN AMOUNT EQUAL TO THE LANDOWNER'S COSTS INCURRED
22 FOR WILDFIRE MITIGATION MEASURES IN AN AMOUNT UP TO ONE
23 THOUSAND DOLLARS. THE MAXIMUM TOTAL CREDIT IN A TAXABLE YEAR
24 IS ONE THOUSAND DOLLARS.

25 **SECTION 6.** In Colorado Revised Statutes, 39-22-509, **amend**
26 (3)(b) as follows:

27 **39-22-509. Credit against tax - employer expenditures for**

1 **alternative transportation options for employees - legislative**
2 **declaration - definitions - repeal.** (3) (b) (I) FOR INCOME TAX YEARS
3 COMMENCING BEFORE JANUARY 1, 2024, a local government or nonprofit
4 organization shall file a corporate income tax return for informational
5 purposes for each income tax year that the local government or nonprofit
6 organization claims the credit allowed in subsection (3)(a) of this section.

7 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
8 1, 2024, BUT BEFORE JANUARY 1, 2025, A LOCAL GOVERNMENT OR
9 NONPROFIT ORGANIZATION THAT CLAIMS THE CREDIT ALLOWED IN
10 SUBSECTION (3)(a) OF THIS SECTION SHALL FILE A RETURN PURSUANT TO
11 SECTION 39-22-601 (7)(b).

12 **SECTION 7.** In Colorado Revised Statutes, 39-22-522, **add** (12)
13 as follows:

14 **39-22-522. Credit against tax - conservation easements -**
15 **definition.** (12) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
16 JANUARY 1, 2024, EVERY TAXPAYER EXEMPT FROM TAXES PURSUANT TO
17 SECTION 39-22-112 THAT CLAIMS THE CREDIT ALLOWED IN THIS SECTION
18 SHALL FILE A RETURN PURSUANT TO SECTION 39-22-601 (7)(b).

19 **SECTION 8.** In Colorado Revised Statutes, 39-22-526, **add** (3.7)
20 as follows:

21 **39-22-526. Credit for environmental remediation of**
22 **contaminated land - legislative declaration - definition - repeal.**
23 (3.7) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1,
24 2024, BUT PRIOR TO JANUARY 1, 2025, EVERY TAXPAYER EXEMPT FROM
25 TAXES PURSUANT TO SECTION 39-22-112 THAT CLAIMS THE CREDIT
26 ALLOWED IN THIS SECTION SHALL FILE A RETURN PURSUANT TO SECTION
27 39-22-601 (7)(b).

1 **SECTION 9.** In Colorado Revised Statutes, 39-26-721, **amend**
2 (3) as follows:

3 **39-26-721. Manufactured homes and tiny homes.** (3) The sale,
4 storage, usage, or consumption of a manufactured home, as defined in
5 section 39-1-102 (7.8), A MODULAR HOME, AS DEFINED IN SECTION
6 24-32-3302 (25), or a tiny home, as defined in section 24-32-3302 (35),
7 is exempt from taxation under parts 1 and 2 of this article 26.

8 **SECTION 10.** In Colorado Revised Statutes, 29-2-105, **amend**
9 (1)(d)(I)(P) as follows:

10 **29-2-105. Contents of sales tax ordinances and proposals.**

11 (1) The sales tax ordinance or proposal of any incorporated town, city,
12 or county adopted pursuant to this article 2 shall be imposed on the sale
13 of tangible personal property at retail or the furnishing of services, as
14 provided in subsection (1)(d) of this section. Any countywide or
15 incorporated town or city sales tax ordinance or proposal shall include the
16 following provisions:

17 (d) (I) A provision that the sale of tangible personal property and
18 services taxable pursuant to this article 2 is the same as the sale of
19 tangible personal property and services taxable pursuant to section
20 39-26-104, except as otherwise provided in this subsection (1)(d). The
21 sale of tangible personal property and services taxable pursuant to this
22 article 2 is subject to the same sales tax exemptions as those specified in
23 part 7 of article 26 of title 39; except that the sale of the following may be
24 exempted from a town, city, or county sales tax only by the express
25 inclusion of the exemption either at the time of adoption of the initial
26 sales tax ordinance or resolution or by amendment thereto:

27 (P) The exemption for manufactured homes, MODULAR HOMES,

1 and tiny homes set forth in section 39-26-721 (3);

2 **SECTION 11.** In Colorado Revised Statutes, 39-26-724, **add** (3)
3 as follows:

4 **39-26-724. Components used to produce energy from a**
5 **renewable energy source - definitions.** (3) THE PURPOSE OF THE
6 EXEMPTION AUTHORIZED IN THIS SECTION IS TO CREATE ADDITIONAL
7 INCENTIVES FOR DEVELOPING RENEWABLE ENERGY PROJECTS NOT
8 ALREADY CREATED BY OTHER STATE OR FEDERAL LAW.

9 **SECTION 12.** In Colorado Revised Statutes, 39-30-111, **repeal**
10 (2), (3), and (4) as follows:

11 **39-30-111. Department of revenue - enterprise zone data -**
12 **electronic filing - submission of carryforward schedule.** (2) For the
13 ~~2012 income tax year and each income tax year thereafter, any taxpayer~~
14 ~~that claims one or more income tax credits pursuant to this article shall~~
15 ~~submit to the department of revenue, along with the taxpayer's state~~
16 ~~income tax return, a full carryforward schedule for each income tax credit~~
17 ~~claimed pursuant to this article.~~

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

27 ~~(4) The department of revenue shall submit the data collected~~

1 ~~pursuant to subsection (2) of this section and aggregated pursuant to~~
2 ~~subsection (3) of this section to the Colorado office of economic~~
3 ~~development on August 1, 2013, and on August 1 each year thereafter.~~

4 **SECTION 13.** In Colorado Revised Statutes, 39-21-113, **amend**
5 (22) as follows:

6 **39-21-113. Reports and returns - rule - repeal.**

7 (22) Notwithstanding the provisions of this section, the executive
8 director shall supply the Colorado office of economic development with
9 information relating to the actual amount of any enterprise zone tax credit
10 claimed pursuant to article 30 of this title or any CHIPS zone tax credit
11 claimed pursuant to article 36 of this title as well as information
12 submitted to and aggregated by the department pursuant to ~~section~~
13 ~~39-30-111 (2) and (3) and~~ section 39-36-106 (1) and (3) regarding such
14 income tax credits. Any information provided to the office pursuant to
15 this subsection (22) shall remain confidential, and all office employees
16 shall be subject to the limitations set forth in subsection (4) of this section
17 and the penalties contained in subsection (6) of this section. Nothing in
18 this subsection (22) shall prevent the office from making aggregated data
19 regarding enterprise zone and CHIPS zone tax credits available.

20 **SECTION 14. Act subject to petition - effective date.** This act
21 takes effect at 12:01 a.m. on the day following the expiration of the
22 ninety-day period after final adjournment of the general assembly; except
23 that, if a referendum petition is filed pursuant to section 1 (3) of article V
24 of the state constitution against this act or an item, section, or part of this
25 act within such period, then the act, item, section, or part will not take
26 effect unless approved by the people at the general election to be held in

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