

Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

REENGROSSED

*This Version Includes All Amendments
Adopted in the House of Introduction*

LLS NO. 26-0465.03 Jed Franklin x5484

HOUSE BILL 26-1289

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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.

Bill Summary

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

The bill adjusts several state tax expenditures as follows:

- **Section 2** of the bill prohibits certain local use tax ordinances, resolutions, or proposals from applying to construction and building materials used by a common rail carrier pursuant to a contract with the state, a political

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.*

HOUSE
3rd Reading Unamended
May 4, 2026

HOUSE
Amended 2nd Reading
May 1, 2026

- 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**.

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, 29-2-109, **amend**
5 (1)(j); and **add** (1)(k) as follows:

6 **29-2-109. Contents of use tax ordinances and proposals -**
7 **repeal.**

8 (1) The use tax ordinance, resolution, or proposal of any town,
9 city, or county adopted pursuant to this article 2 shall be imposed only for
10 the privilege of using or consuming in the town, city, or county any
11 construction and building materials purchased at retail or for the privilege
12 of storing, using, or consuming in the town, city, or county any motor and
13 other vehicles, purchased at retail on which registration is required, or
14 both. For the purposes of this subsection (1), the term "construction and
15 building materials" shall not include parts or materials utilized in the
16 fabrication, construction, assembly, or installation of passenger tramways,
17 as defined in section 12-150-103 (5), by any ski area operator, as defined
18 in section 33-44-103 (7), or any person fabricating, constructing,
19 assembling, or installing a passenger tramway for a ski area operator. The
20 ordinance, resolution, or proposal may recite that the use tax shall not
21 apply to the storage and use of wood from salvaged trees killed or
22 infested in Colorado by mountain pine beetles or spruce beetles as
23 exempted from the state use tax pursuant to section 39-26-723. The
24 ordinance, resolution, or proposal may recite that the use tax shall not
25 apply to the storage and use of components used in the production of
26 energy, including but not limited to alternating current electricity, from
27 a renewable energy source, as exempted from the state use tax pursuant

1 to section 39-26-724. The ordinance, resolution, or proposal may recite
2 that the use tax shall not apply to the storage and use of eligible
3 decarbonizing building materials, as exempted from the state use tax
4 pursuant to section 39-26-731. The ordinance, resolution, or proposal
5 shall recite that the use tax shall not apply:

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

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

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

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

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

26 (t) For income tax years commencing on or after January 1, 2025,
27 an amount equal to the amount of employer contribution that an employee

1 forfeits pursuant to section 39-22-558 (3)(c) and that the taxpayer had
2 previously subtracted from the taxpayer's federal taxable income pursuant
3 to subsection (4)(bb) of this section; ~~and~~

4 (u) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,
5 2026, the amount of any overtime compensation excluded or deducted
6 from federal gross ~~income~~ INCOME; AND

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

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

20 (II) FOR PURPOSES OF THIS SUBSECTION (3)(v), "COLORADO
21 QUALIFIED OPPORTUNITY FUND" MEANS A QUALIFIED OPPORTUNITY FUND
22 THAT HOLDS AT LEAST NINETY PERCENT OF ITS ASSETS IN COLORADO
23 QUALIFIED OPPORTUNITY ZONE PROPERTY. COLORADO QUALIFIED
24 OPPORTUNITY ZONE PROPERTY IS:

25 (A) QUALIFIED OPPORTUNITY ZONE BUSINESS PROPERTY
26 SUBSTANTIALLY ALL OF THE USE OF WHICH, DURING SUBSTANTIALLY ALL
27 OF THE FUND'S HOLDING PERIOD FOR THE PROPERTY, WAS IN A QUALIFIED

1 OPPORTUNITY ZONE WITHIN COLORADO; OR

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

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

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

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

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

16 (ff) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
17 1, 2027, THE AMOUNT OF ANY GAIN INCLUDED IN FEDERAL GROSS INCOME
18 PURSUANT TO SECTION 1400Z-2 (b) OF THE INTERNAL REVENUE CODE TO
19 THE EXTENT THAT SUCH GAIN WAS ADDED TO FEDERAL TAXABLE INCOME
20 PURSUANT TO SECTION 39-22-104 (3)(v) FOR A PRIOR TAX YEAR.

21

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

25 **39-22-303. Dividends in a combined report - foreign source**
26 **income - affiliated groups - definitions - rules - repeal.**

27 (8) (a) Except as provided in subsection (8)(b) of this section, FOR

1 TAX YEARS BEGINNING BEFORE JANUARY 1, 2027, neither the taxpayer nor
2 the executive director shall include in a combined report any C
3 corporation that conducts business outside the United States if eighty
4 percent or more of the C corporation's property and payroll, as determined
5 by factoring pursuant to section 24-60-1301, is assigned to locations
6 outside the United States. For the purpose of this subsection (8), "United
7 States" is restricted to the fifty states and the District of Columbia.

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

12 (c) THIS SUBSECTION (8) IS REPEALED, EFFECTIVE DECEMBER 31,
13 2031.

14 (8.5) (a) FOR INCOME TAX YEARS BEGINNING ON OR AFTER
15 JANUARY 1, 2027, THE MEMBERS OF AN AFFILIATED GROUP OF C
16 CORPORATIONS REQUIRED TO FILE A COMBINED REPORT PURSUANT TO
17 SUBSECTION (11.5)(b)(I) OF THIS SECTION MAY MAKE A WATER'S-EDGE
18 ELECTION AS SET FORTH IN SUBSECTION (8.5)(c) OF THIS SECTION.
19 PURSUANT TO A WATER'S-EDGE ELECTION, THE COMBINED GROUP SHALL
20 TAKE INTO ACCOUNT THE NET INCOME AND APPORTIONMENT FACTORS OF
21 THE MEMBERS OF THE AFFILIATED GROUP PURSUANT TO SUBSECTION (11.5)
22 OF THIS SECTION TO THE EXTENT SET FORTH IN SUBSECTION (8.5)(b) OF
23 THIS SECTION.

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

26 (A) EVERY MEMBER OF THE AFFILIATED GROUP THAT IS
27 INCORPORATED IN THE UNITED STATES OR FORMED UNDER THE LAWS OF

1 ANY STATE, THE DISTRICT OF COLUMBIA, OR ANY TERRITORY OR
2 POSSESSION OF THE UNITED STATES;

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

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

15 (D) EVERY MEMBER OF THE AFFILIATED GROUP THAT IS
16 INCORPORATED IN A FOREIGN JURISDICTION FOR THE PURPOSE OF TAX
17 AVOIDANCE.

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

21 [REDACTED]

22 (A) THE APPORTIONABLE INCOME OF A MEMBER OF THE
23 AFFILIATED GROUP THAT IS EFFECTIVELY CONNECTED OR TREATED AS
24 EFFECTIVELY CONNECTED PURSUANT TO THE INTERNAL REVENUE CODE
25 WITH THE CONDUCT OF A TRADE OR BUSINESS WITHIN THE UNITED STATES
26 AND, FOR THAT REASON, SUBJECT TO FEDERAL INCOME TAX AND THE
27 RELATED APPORTIONMENT FACTORS; AND

1 (B) IN THE CASE OF A MEMBER OF THE AFFILIATED GROUP THAT IS
2 A RESIDENT OF A COUNTRY THAT DOES NOT HAVE A COMPREHENSIVE
3 INCOME TAX TREATY WITH THE UNITED STATES AND EARNS MORE THAN
4 TWENTY PERCENT OF ITS NET INCOME, DIRECTLY OR INDIRECTLY, FROM
5 INTANGIBLE PROPERTY OR SERVICE-RELATED ACTIVITIES THAT ARE
6 DEDUCTIBLE FROM THE APPORTIONABLE INCOME OF ONE OR MORE
7 MEMBERS OF THE COMBINED GROUP, THE RELATED NET INCOME AND THE
8 APPORTIONMENT FACTORS.

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

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

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

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

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

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

27 (III) THE EXECUTIVE DIRECTOR MAY PROMULGATE RULES

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

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

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

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

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

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

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

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

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

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

12 (C) ~~FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,~~
13 ~~2027, TO THE EXTENT THE NET INCOME OF A MEMBER OF A COMBINED~~
14 ~~GROUP INCLUDES SUBPART F INCOME OR NET CFC TESTED INCOME WITH~~
15 ~~RESPECT TO ANOTHER MEMBER OF THE COMBINED GROUP OF WHICH THE~~
16 ~~MEMBER IS A UNITED STATES SHAREHOLDER, THE COMBINED GROUP~~
17 ~~SHALL ELIMINATE SUCH SUBPART F OR NET CFC TESTED INCOME FROM A~~
18 ~~COMBINED REPORT.~~

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

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

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

26 **SECTION 5.** In Colorado Revised Statutes, 39-22-304, **amend**
27 ~~(1)(b)(I), (3)(i), and (3)(q); and add (2)(l) and (3)(u)~~ as follows:

1 **39-22-304. Net income of corporation - legislative declaration**
2 **- definitions - repeal.**

3 (1) (b) (I) (A) For income tax years commencing on or after
4 January 1, 2022, BUT BEFORE JANUARY 1, 2027, in the case of a C
5 corporation that is not incorporated in the United States, or included in a
6 consolidated federal corporate income tax return, "federal taxable
7 income" means the C corporation's income or loss as determined from a
8 profit and loss statement prepared for that C corporation on a separate
9 entity basis in the currency in which its books of account are regularly
10 maintained, provided this profit and loss statement is subject to an
11 independent audit, adjusted to conform to the accounting principles
12 generally accepted in the United States for the preparation of such
13 statements and further modified to take into account any book-tax
14 adjustments necessary to reflect federal and state tax law. Income or loss
15 so computed includes all income wherever derived and is not limited to
16 items of income from sources within the United States or effectively
17 connected income within the meaning of the internal revenue code. Items
18 of income, expense, gain or loss, and related apportionment factors that
19 are denominated in a foreign currency must also be translated into United
20 States dollars on a reasonable basis consistently applied year-to-year and
21 entity-by-entity. Unrealized foreign currency gains and losses are not
22 recognized. Income apportioned to this state is to be expressed in United
23 States dollars.

24 (B) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
25 1, 2027, IN THE CASE OF A C CORPORATION THAT IS INCLUDED IN A
26 COMBINED GROUP PURSUANT TO SECTION 39-22-303, AND THAT IS NOT
27 INCORPORATED IN THE UNITED STATES, OR INCLUDED IN A CONSOLIDATED

1 FEDERAL CORPORATE INCOME TAX RETURN, "FEDERAL TAXABLE INCOME"
2 MEANS THE C CORPORATION'S INCOME OR LOSS AS DETERMINED FROM A
3 PROFIT AND LOSS STATEMENT PREPARED FOR THAT C CORPORATION ON A
4 SEPARATE ENTITY BASIS IN THE CURRENCY IN WHICH ITS BOOKS OF
5 ACCOUNT ARE REGULARLY MAINTAINED, PROVIDED THIS PROFIT AND LOSS
6 STATEMENT IS SUBJECT TO AN INDEPENDENT AUDIT, ADJUSTED TO
7 CONFORM TO THE ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE
8 UNITED STATES FOR THE PREPARATION OF SUCH STATEMENTS, AND
9 FURTHER MODIFIED TO TAKE INTO ACCOUNT ANY BOOK-TAX ADJUSTMENTS
10 NECESSARY TO REFLECT FEDERAL AND STATE TAX LAW. INCOME OR LOSS
11 SO COMPUTED INCLUDES ALL INCOME WHEREVER DERIVED AND IS NOT
12 LIMITED TO ITEMS OF INCOME FROM SOURCES WITHIN THE UNITED STATES
13 OR EFFECTIVELY CONNECTED INCOME WITHIN THE MEANING OF THE
14 INTERNAL REVENUE CODE. ITEMS OF INCOME, EXPENSE, GAIN OR LOSS,
15 AND RELATED APPORTIONMENT FACTORS THAT ARE DENOMINATED IN A
16 FOREIGN CURRENCY MUST ALSO BE TRANSLATED INTO UNITED STATES
17 DOLLARS ON A REASONABLE BASIS CONSISTENTLY APPLIED YEAR-TO-YEAR
18 AND ENTITY-BY-ENTITY. UNREALIZED FOREIGN CURRENCY GAINS AND
19 LOSSES ARE NOT RECOGNIZED. INCOME APPORTIONED TO THE STATE IS TO
20 BE EXPRESSED IN UNITED STATES DOLLARS.

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

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

24 (1) (I) (A) FOR INCOME TAX YEARS BEGINNING ON AND AFTER
25 JANUARY 1, 2027, THE EXCESS OF ANY GAIN EXCLUDED FROM FEDERAL
26 GROSS INCOME PURSUANT TO SECTION 1400Z-2 (a)(I)(A) OF THE INTERNAL
27 REVENUE CODE OVER THE AMOUNT OF THAT GAIN INVESTED BY THE

1 TAXPAYER IN A COLORADO QUALIFIED OPPORTUNITY FUND IN A MANNER
2 THAT QUALIFIES FOR EXCLUSION FROM FEDERAL GROSS INCOME PURSUANT
3 TO SECTION 1400Z-2 (a)(I)(A) OF THE INTERNAL REVENUE CODE.

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

9 (II) FOR PURPOSES OF THIS SUBSECTION (2)(I), "COLORADO
10 QUALIFIED OPPORTUNITY FUND" MEANS A QUALIFIED OPPORTUNITY FUND
11 THAT HOLDS AT LEAST NINETY PERCENT OF ITS ASSETS IN COLORADO
12 QUALIFIED OPPORTUNITY ZONE PROPERTY. COLORADO QUALIFIED
13 OPPORTUNITY ZONE PROPERTY IS:

14 (A) QUALIFIED OPPORTUNITY ZONE BUSINESS PROPERTY,
15 SUBSTANTIALLY ALL OF THE USE OF WHICH, DURING SUBSTANTIALLY ALL
16 OF THE FUND'S HOLDING PERIOD FOR THE PROPERTY, WAS IN A QUALIFIED
17 OPPORTUNITY ZONE WITHIN COLORADO; OR

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

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

26 (A) PROPERTY HELD IN THE FUND SHALL BE MEASURED UNDER
27 RULES SIMILAR TO THE RULES OF SECTION 1400Z-2 (d)(I) OF THE

1 INTERNAL REVENUE CODE; AND

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

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

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

9 (II) THIS SUBSECTION (3)(i) IS REPEALED, EFFECTIVE DECEMBER
10 31, 2031.

11 (q) (I) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY
12 1, 2022, BUT BEFORE JANUARY 1, 2027:

13 (H) (A) Any amount included in federal taxable income pursuant
14 to section 951 (a) of the internal revenue code with respect to a controlled
15 foreign corporation that is a C corporation incorporated in a foreign
16 jurisdiction for the purpose of tax avoidance pursuant to section
17 39-22-303 (8)(b)(II); and

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

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

27 (u) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY

1 1, 2027, THE AMOUNT OF GAIN INCLUDED IN FEDERAL GROSS INCOME
2 PURSUANT TO SECTION 1400Z-2 (b) OF THE INTERNAL REVENUE CODE TO
3 THE EXTENT THAT SUCH GAIN WAS ADDED TO FEDERAL TAXABLE INCOME
4 PURSUANT TO SECTION 39-22-304 (2)(1) FOR A PRIOR TAX YEAR.

5 **SECTION 6.** In Colorado Revised Statutes, 39-22-516.7, **amend**
6 (4)(a)(IX), (4)(a)(X), (4)(a.3), (4)(a.5), and (4)(a.7) as follows:

7 **39-22-516.7. Tax credit for innovative motor vehicles - tax**
8 **preference performance statement - legislative declaration -**
9 **definitions - repeal.**

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

12 (a) **Category 1.**

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

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

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

22 (I) No credit is allowed for a purchase or lease made on or after
23 July 1, 2023, but before ~~January 1, 2029~~ JANUARY 1, 2027, of a Category
24 1 vehicle that exceeds a manufacturer's suggested retail price of
25 eighty-thousand dollars.

26 (II) NO CREDIT IS ALLOWED FOR A PURCHASE OR LEASE MADE ON
27 OR AFTER JANUARY 1, 2027, BUT BEFORE JANUARY 1, 2029, OF A

1 CATEGORY 1 VEHICLE THAT EXCEEDS A MANUFACTURER'S SUGGESTED
2 RETAIL PRICE OF FIFTY THOUSAND DOLLARS.

3 (a.5) (I) **Category 1 for vehicles under \$35,000 threshold.** With
4 respect to the purchase or lease of a category 1 vehicle sold or leased in
5 tax years commencing on or after January 1, 2024, but prior to ~~January 1,~~
6 ~~2029~~ JANUARY 1, 2027, with a manufacturer's suggested retail price
7 below thirty-five thousand dollars there is allowed an additional two
8 thousand five hundred dollars of credit in addition to the amount of credit
9 allowed pursuant to subsection (4)(a) of this section.

10 (II) **CATEGORY 1 FOR VEHICLES UNDER \$40,000 THRESHOLD.**
11 WITH RESPECT TO THE PURCHASE OR LEASE OF A CATEGORY 1 VEHICLE
12 SOLD OR LEASED IN TAX YEARS COMMENCING ON OR AFTER JANUARY 1,
13 2027, BUT PRIOR TO JANUARY 1, 2029, WITH A MANUFACTURER'S
14 SUGGESTED RETAIL PRICE BELOW FORTY THOUSAND DOLLARS THERE IS
15 ALLOWED AN ADDITIONAL TWO THOUSAND FIVE HUNDRED DOLLARS OF
16 CREDIT IN ADDITION TO THE AMOUNT OF CREDIT ALLOWED PURSUANT TO
17 SUBSECTION (4)(a) OF THIS SECTION.

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

1 tax year.

2 (II) THIS SUBSECTION (4)(a.7) IS REPEALED, EFFECTIVE DECEMBER
3 31, 2031.

4 **SECTION 7.** In Colorado Revised Statutes, 39-22-516.8, **amend**
5 (8.7)(d) as follows:

6 **39-22-516.8. Tax credit for innovative trucks - tax preference**
7 **performance statement - legislative declaration - definitions - repeal.**

8 (8.7) (d) If the June 2025 revenue forecast, ~~and each June revenue~~
9 ~~forecast through the June 2027 revenue forecast~~ as prepared by either
10 legislative council staff or the office of state planning and budgeting,
11 projects that state revenues, as defined in section 24-77-103.6 (6)(c), will
12 not increase by at least four percent for the next fiscal year, the amount
13 of the credit allowed pursuant to subsection (8.7)(a)(III), (8.7)(a)(IV), or
14 (8.7)(a)(V) of this section for ~~any~~ THE INCOME tax year commencing in
15 the calendar year that begins during said next fiscal year is reduced by
16 fifty percent; except that if the amount of reduced credit is equal to or less
17 than five hundred dollars, then no credit is available for ~~such a~~ THE
18 INCOME tax year.

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

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

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

25 (a.5) "INFESTATION MITIGATION MEASURERS" MEANS THE
26 THINNING OF WOODY VEGETATION THAT IS AT RISK OF MOUNTAIN PINE
27 BEETLE OR SPRUCE BEETLE INFESTATION OR THAT HAS BEEN KILLED BY

1 MOUNTAIN PINE BEETLES OR SPRUCE BEETLES, IF SUCH ACTIVITIES MEET
2 OR EXCEED ANY COLORADO STATE FOREST SERVICE STANDARDS OR ANY
3 OTHER APPLICABLE STATE RULES.

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

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

18 ■
19 (3) (a) ~~In the case of two taxpayers filing a joint return, the~~
20 ~~amount of the credit shall not exceed six hundred twenty-five dollars in~~
21 ~~any taxable year.~~ THE AMOUNT OF THE CREDIT ALLOWED BY THIS SECTION
22 IS THE SAME WHETHER IT IS CLAIMED BY A SINGLE TAXPAYER OR TWO
23 TAXPAYERS WHO FILE A JOINT RETURN. In the case of two taxpayers who
24 may legally file a joint return but actually file separate returns, only one
25 of the taxpayers may claim the credit specified in this section.

26 (4) (b) For income tax years commencing on or after January 1,
27 2025, but prior to ~~January 1, 2028~~ JANUARY 1, 2026, a landowner with a

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

9 (c) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,
10 2026, BUT BEFORE JANUARY 1, 2031, A LANDOWNER WITH AN ADJUSTED
11 GROSS INCOME AT OR BELOW THREE HUNDRED THOUSAND DOLLARS FOR
12 THE INCOME TAX YEAR BEGINNING ON OR AFTER JANUARY 1, 2026, AS
13 ADJUSTED FOR INFLATION AND ROUNDED TO THE NEAREST HUNDRED
14 DOLLARS FOR EACH INCOME TAX YEAR THEREAFTER, IS ALLOWED A CREDIT
15 AGAINST THE INCOME TAXES IMPOSED BY THIS ARTICLE 22 IN AN AMOUNT
16 EQUAL TO THE LANDOWNER'S COSTS INCURRED FOR WILDFIRE MITIGATION
17 MEASURES, INFESTATION MITIGATION MEASURES, OR BOTH IN AN AMOUNT
18 UP TO TWO THOUSAND DOLLARS. THE MAXIMUM TOTAL CREDIT IN A
19 TAXABLE YEAR FOR A LANDOWNER IS TWO THOUSAND DOLLARS.

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

26 
27 (b) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,

1 2026, IF THE AMOUNT OF A CREDIT ALLOWED BY THIS SECTION EXCEEDS
2 THE TAXPAYER'S INCOME TAXES DUE, THE EXCESS MAY NOT BE CARRIED
3 FORWARD AND IS REFUNDED TO THE TAXPAYER.

4 (6) This section is repealed, effective ~~January 1, 2030~~ JANUARY
5 1, 2040.

6 **SECTION 9.** In Colorado Revised Statutes, 39-22-549, **amend**
7 (2)(e), (2)(f), (2)(h), (3)(a)(I)(B), (3)(a)(II)(B), (4)(a) introductory portion,
8 (5)(a)(I)(A), (5)(b), (5)(c), and (6); and **add** (2)(e.5), (2)(e.7), and
9 (3)(a)(III) as follows:

10 **39-22-549. Credit against tax - small food business recovery**
11 **and resilience grant program equipment - community food**
12 **consortium duties and responsibilities - tax preference performance**
13 **statement - legislative declaration - definitions - repeal.**

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

15 (e) "Purchaser" means:

16 (I) FOR INCOME TAX YEARS COMMENCING BEFORE JANUARY 1,
17 2027, a small food retailer or small family farm that purchases small food
18 business recovery and resilience grant program equipment.

19 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
20 1, 2027, A QUALIFIED DISTRIBUTOR, ■ SMALL FOOD RETAILER, OR SMALL
21 FAMILY FARM THAT PURCHASES SMALL FOOD BUSINESS RECOVERY AND
22 RESILIENCE GRANT PROGRAM EQUIPMENT.

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

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

27 (II) ACTIVELY MANAGES THE AGGREGATION, DISTRIBUTION, AND

1 MARKETING OF SOURCE-IDENTIFIED RAW COLORADO AGRICULTURAL
2 PRODUCTS;

3 (III) PRIORITIZES THE AGGREGATION, DISTRIBUTION, AND
4 MARKETING OF SOURCE-IDENTIFIED RAW COLORADO AGRICULTURAL
5 PRODUCTS FROM COLORADO PRODUCERS TO SATISFY WHOLESAL, RETAIL,
6 AND INSTITUTIONAL DEMAND; AND

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

12 (f) "Small family farm" has the same meaning as set forth in
13 section 35-1-117 (8)(d) FOR INCOME TAX YEARS COMMENCING BEFORE
14 JANUARY 1, 2027. FOR INCOME TAX YEARS COMMENCING ON OR AFTER
15 JANUARY 1, 2027, "SMALL FAMILY FARM" MEANS A FARM THAT IS
16 COLORADO-OWNED AND COLORADO-OPERATED, FILES A SCHEDULE F WITH
17 THE INTERNAL REVENUE SERVICE, AND ACTS AS A WHOLESALER OR
18 VENDOR TO A CHARITABLE FOOD PROGRAM, SMALL FOOD RETAILER,
19 SCHOOL, CHILD CARE CENTER, OR OLDER ADULT FACILITY THAT IS
20 LOCATED IN OR PROVIDES FOOD TO A LOCAL, STATE, OR FEDERALLY
21 DEFINED "LOW INCOME, LOW ACCESS NEIGHBORHOOD".

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

26 (I) AN INDEPENDENT, COLORADO-OWNED, AND
27 COLORADO-OPERATED SMALL FOOD RETAIL BUSINESS, DEFINED AS A FOOD

1 RETAILER THAT:

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

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

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

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

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

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

19 (I) (B) For income tax years commencing on or after January 1,
20 2025, but before January 1, 2031, any member of the food consortium is
21 allowed a credit against the tax imposed by this article 22 in an amount
22 equal to seventy-five percent of the amount certain spent by the member
23 of the consortium on completing its duties and responsibilities minus any
24 amount awarded to the member of the consortium pursuant to section
25 35-1-117 (2) for the completion of its duties and responsibilities; ~~and~~

26 (II) (B) For income tax years commencing on or after January 1,
27 2025, but before January 1, 2031, any purchaser of small food business

1 recovery and resilience grant program equipment is allowed a credit
2 against the tax imposed by this article 22 in an amount equal to
3 seventy-five percent of the purchase price of the relevant small food
4 business recovery and resilience grant program equipment minus the
5 amount of any grant awarded under the small food business recovery and
6 resilience grant program for the purchase of the same small food business
7 recovery and resilience grant program equipment; AND

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

14 (4) (a) FOR INCOME TAX YEARS COMMENCING PRIOR TO JANUARY
15 1, 2027, a member of the consortium or a purchaser of small food
16 business recovery grant program equipment may submit an application to
17 the department of agriculture for the issuance of a letter of eligibility for
18 a tax credit certificate allowed in this section by the deadlines established
19 in the rules promulgated by the department of agriculture. The application
20 must include:

21 (5) (a) A member of the consortium or a purchaser of small food
22 business recovery grant program equipment shall submit an application
23 to the department of agriculture for the issuance of a tax credit certificate
24 allowed in this section by the deadlines established in the rules
25 promulgated by the department of agriculture. The application must
26 include:

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

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

4 (b) If the department of agriculture determines that the application
5 filed pursuant to subsection (5)(a) of this section is complete, the
6 department of agriculture shall determine whether the applicant qualifies
7 for the credit allowed pursuant to this section. If the department of
8 agriculture approves the application, the department of agriculture shall
9 issue a tax credit certificate to the applicant that indicates the amount of
10 the tax credit that the purchaser or member of the consortium may claim
11 for the specified income tax year; except that:

12 (I) The total amount of tax credit certificates issued by the
13 department of agriculture in a given ~~income tax~~ CALENDAR year must not
14 exceed a total of ten million dollars FOR CALENDAR YEARS COMMENCING
15 BEFORE JANUARY 1, 2027, A TOTAL OF FIVE MILLION DOLLARS FOR THE ■
16 CALENDAR YEAR COMMENCING ON JANUARY 1, 2027, AND, FOR CALENDAR
17 YEARS COMMENCING ON OR AFTER JANUARY 1, 2028, A TOTAL OF FIVE
18 MILLION DOLLARS. ■

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

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

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

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

10 (6) To claim the income tax credit allowed pursuant to this
11 section, the purchaser or member of the consortium shall attach a copy of
12 the tax credit certificate to its state income tax return. No tax credit is
13 allowed pursuant to this section unless the purchaser or member of the
14 consortium provides a copy of the tax credit certificate with its filed state
15 income tax return. The amount of the credit that the purchaser or member
16 of the consortium may claim pursuant to this section is the amount stated
17 on the tax credit certificate. IF THE PURCHASER IS EXEMPT FROM TAX
18 PURSUANT TO SECTION 39-22-112 (1), THE PURCHASER SHALL FILE A
19 RETURN PURSUANT TO SECTION 39-22-601 (7)(b).

20 **SECTION 10.** In Colorado Revised Statutes, 39-22-550, **amend**
21 (1)(b) introductory portion, (1)(b)(I), (2)(c)(III), (2)(c)(IV), (3)(a),
22 (3)(e)(II), (5), and (6); and **add** (2)(c)(V), (3)(e)(III), and (3)(f) as
23 follows:

24 **39-22-550. Tax credit for reducing emissions from certain**
25 **lawn equipment - tax preference performance statement - legislative**
26 **declaration - definitions - report - repeal.**

27 (1) (b) In accordance with section 39-21-304 (1), which requires

1 each bill that creates a new tax expenditure, OR EXTENDS AN EXPIRING
2 TAX EXPENDITURE, to include a tax preference performance statement as
3 part of a statutory legislative declaration, the general assembly further
4 finds and declares that:

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

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

10 (c) "Qualified retailer" means a retailer that sells lawn equipment
11 and:

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

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

15 (V) HAS NOT BEEN DISQUALIFIED BY THE DEPARTMENT PURSUANT
16 TO SUBSECTION (3)(f) OF THIS SECTION.

17 (3) (a) For income tax years commencing on or after January 1,
18 2024, but before ~~January 1, 2027~~ JANUARY 1, 2030, a ~~retailer qualified~~
19 ~~QUALIFIED RETAILER.~~ pursuant to subsection (3)(e)(II) of this section is
20 allowed a tax credit against the tax imposed pursuant to this article 22 in
21 an amount equal to thirty-three percent of the aggregate purchase price
22 for all retail sales of new, electric-powered lawn equipment that the
23 qualified retailer sold in the state during the tax year.

24 (e) (II) Before selling a piece of new, electric-powered lawn
25 equipment for which a retailer intends to claim a credit pursuant to this
26 section, the retailer shall register as a qualified retailer by filing with the
27 department of revenue a registration statement in the form and manner

1 that the department prescribes AND RECEIVE APPROVAL OF THEIR
2 REGISTRATION FROM THE DEPARTMENT.

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

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

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

13 (B) THE QUALIFIED RETAILER PROVIDED FALSE OR MISLEADING
14 INFORMATION TO THE DEPARTMENT; OR

15 (C) THE QUALIFIED RETAILER NO LONGER HOLDS A SALES TAX
16 LICENSE.

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


21 (5) Pursuant to section 39-21-304 (3), notwithstanding section
22 24-1-136 (11)(a)(I), and for the purpose of providing data that allows the
23 general assembly and the state auditor to measure the effectiveness of the
24 tax credit created in subsection (3) of this section, the department of
25 revenue, on or before January 1, 2025, and on or before January 1 of each
26 year thereafter through ~~January 1, 2028~~ JANUARY 1, 2031, shall submit to
27 the general assembly and the state auditor a report detailing the sales of

1 new, electric-powered lawn equipment, as reported by a qualified retailer
2 claiming the tax credit authorized under subsection (3) of this section.
3 The tax credit established in this section meets its purpose if sales of new,
4 gasoline-powered lawn equipment are significantly reduced within five
5 years after the tax credit becomes effective, as determined by the general
6 assembly and the state auditor pursuant to section 39-21-304 (3).

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

9 **SECTION 11.** In Colorado Revised Statutes, 39-22-551, **amend**
10 **(2)(e)(XI), (2)(j), and (6)(a)(I); and add (8)(d) as follows:**

11 **39-22-551. Industrial clean energy tax credit - tax preference**
12 **performance statement - definitions - report - repeal.**

13 
14 (2) **Definitions.** As used in this section, unless the context
15 otherwise requires:

16 (e) "Greenhouse gas emissions reduction improvements" means
17 improvements that help to measurably reduce greenhouse gas emissions.
18 "Greenhouse gas emissions reduction improvements" may include one or
19 more of the following equipment purchases, improvements, retrofits, or
20 investments:

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

24 (j) "Owner" means a person or developer of a project to be
25 implemented at a qualified industrial facility subject to tax under this
26 article 22 who applies for and claims the credit allowed by this section.
27 FOR INCOME TAX YEARS COMMENCING ON AND AFTER JANUARY 1, 2027,

1 "OWNER" ALSO INCLUDES A PERSON OR POLITICAL SUBDIVISION OF THE
2 STATE THAT IS A DEVELOPER OF A PROJECT TO BE IMPLEMENTED AT A
3 QUALIFIED INDUSTRIAL FACILITY AND THAT IS EXEMPT FROM TAXATION
4 UNDER SECTION 39-22-112 (1).

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

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

15 [REDACTED]

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

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

23 **SECTION 12.** In Colorado Revised Statutes, 39-22-552, **amend**
24 **(4)(c)(I)(B) and (4)(e); and add (4)(f) as follows:**

25 **39-22-552. Tax credit for expenditures made in connection**
26 **with a geothermal energy project - tax preference performance**
27 **statement - legislative declaration - definitions - repeal.**

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

13 (e) (I) The reservation of tax credits does not entitle an eligible
14 taxpayer to an issuance of any credits until the eligible taxpayer provides
15 the office with any documentation required by the office and a cost
16 certification of the expenditure made in connection with an approved
17 geothermal energy project during the tax year in which the reservation is
18 approved. The cost certification must be audited by a licensed public
19 accountant that is not affiliated with the eligible taxpayer. The office shall
20 review the cost certification to verify that it satisfies the information
21 provided in the eligible taxpayer's application. If the office determines
22 that the eligible taxpayer made a qualified expenditure, the office shall
23 issue a tax credit certificate in the applicable amount.

24 (II) IF THE APPLICABLE AMOUNT OF QUALIFIED EXPENDITURES
25 MADE BY THE ELIGIBLE TAXPAYER IS LESS THAN THE AMOUNT RESERVED
26 PURSUANT TO SUBSECTION (4)(c) OF THIS SECTION, THE OFFICE MAY
27 RESERVE THE EXCESS CREDIT FOR THE BENEFIT OF THE ELIGIBLE TAXPAYER

1 FOR A FUTURE TAX YEAR OR RESERVE THE EXCESS FOR THE BENEFIT OF
2 ANOTHER APPLICANT AS SET FORTH IN SUBSECTION (4)(c) OF THIS
3 SECTION; EXCEPT THAT THE OFFICE SHALL NOT RESERVE CREDITS FOR ANY
4 TAX YEAR BEGINNING ON OR AFTER JANUARY 1, 2033.

5 (f) (I) BEGINNING JULY 1, 2026, THE OFFICE MAY INCREASE THE
6 LIMIT ON THE AGGREGATE AMOUNT OF CREDITS RESERVED FOR ALL
7 OWNERS SET FORTH IN SUBSECTION (4)(c)(I)(B) OF THIS SECTION TO THE
8 EXTENT OF THE EXCESS OF THE AGGREGATE AMOUNT OF CREDIT
9 AVAILABLE PURSUANT TO SECTION 39-22-551 (8)(b) OVER THE AMOUNT
10 OF CREDITS RESERVED OR AWARDED BY THE OFFICE PURSUANT TO SECTION
11 39-22-551 (6)(a) OR (7)(c), RESPECTIVELY. THE OFFICE SHALL DECREASE
12 ACCORDINGLY THE AGGREGATE AMOUNT OF CREDIT AVAILABLE PURSUANT
13 TO SECTION 39-22-551 (8)(b).

14 (II) BEGINNING JULY 1, 2026, THE OFFICE MAY INCREASE THE
15 AGGREGATE AMOUNT OF CREDIT AVAILABLE PURSUANT TO SECTION
16 39-22-551 (8)(b) BY ANY AMOUNT NOT RESERVED OR ALLOWED PURSUANT
17 TO SUBSECTION (4) OF THIS SECTION. THE OFFICE SHALL DECREASE
18 ACCORDINGLY THE LIMIT ON THE AGGREGATE AMOUNT OF CREDITS
19 RESERVED FOR ALL OWNERS SET FORTH IN SUBSECTION (4)(c)(I)(B) OF
20 THIS SECTION.

21 **SECTION 13.** In Colorado Revised Statutes, 39-22-554, **amend**
22 (3)(f) as follows:

23 **39-22-554. Heat pump technology and thermal energy**
24 **network tax credit - tax preference performance statement -**
25 **legislative declaration - definitions - repeal.**

26 (3) (f) (I) If the June 2025 revenue forecast, ~~and each June~~
27 ~~revenue forecast through the June 2031 revenue forecast~~ as prepared by

1 either legislative council staff or the office of state planning and
2 budgeting, projects that state revenues, as defined in section 24-77-103.6
3 (6)(c), will not increase by at least four percent for the next fiscal year,
4 the amount of the credit allowed pursuant to subsection (3)(c)(I)(B),
5 (3)(c)(I)(C), (3)(c)(II)(B), (3)(c)(II)(C), or (3)(c)(III)(B) of this section,
6 as may be modified by subsections (3)(d) and (3)(e) of this section, for
7 any tax year commencing in the calendar year that begins during said next
8 fiscal year is reduced by fifty percent if the heat pump technology is
9 installed at an existing residential or nonresidential building; except that
10 if the amount of the reduced credit is equal to or less than two hundred
11 fifty dollars, then no credit is available for ~~such a~~ THAT INCOME tax year.

12 (II) THIS SUBSECTION (3)(f) IS REPEALED, EFFECTIVE DECEMBER
13 31, 2031.

14 **SECTION 14.** In Colorado Revised Statutes, 39-22-555, **amend**
15 (2)(g)(III), (2)(g)(IV), (3)(e)(III), and (6); and **add** (2)(g)(V), (3)(e)(IV),
16 and (4)(c) as follows:

17 **39-22-555. Electric bicycle tax credit - tax preference**
18 **performance statement - legislative declaration - definitions - repeal.**

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

21 (g) "Qualified retailer" means a retailer that sells qualified electric
22 bicycles and:

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

24 (IV) Has registered with the department pursuant to subsection
25 (3)(e)(III) of this section; **AND**

26 (V) **HAS NOT BEEN DISQUALIFIED BY THE DEPARTMENT PURSUANT**
27 **TO SUBSECTION (4)(c) OF THIS SECTION.**

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

4 (A) Register as a qualified retailer by filing with the department
5 a registration statement in the form and manner prescribed by the
6 department AND RECEIVE APPROVAL OF THEIR REGISTRATION FROM THE
7 DEPARTMENT; AND

8 (B) PROVIDE THE OFFICE DETAILED INFORMATION AS THE OFFICE
9 MAY REQUIRE REGARDING EACH MODEL OF QUALIFIED ELECTRIC BICYCLE
10 THE RETAILER INTENDS TO SELL FOR THE CREDIT ALLOWED BY THIS
11 SECTION. THE OFFICE MAY REQUIRE A QUALIFIED RETAILER TO
12 PERIODICALLY UPDATE THE INFORMATION REQUIRED BY THIS SUBSECTION
13 (3)(e)(III)(B).

14 (IV) A QUALIFIED RETAILER MAY AUTHORIZE THE OFFICE TO
15 PUBLICIZE THE QUALIFIED RETAILER'S INTENTION TO SELL QUALIFIED
16 ELECTRIC BICYCLES PURSUANT TO THIS SECTION ON THE OFFICE'S WEBSITE.

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

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

23 (B) THE QUALIFIED RETAILER PROVIDED FALSE OR MISLEADING
24 INFORMATION TO THE DEPARTMENT OR THE OFFICE;

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

27 OR

1 (D) THE QUALIFIED RETAILER NO LONGER HOLDS A SALES TAX
2 LICENSE.

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

6 (III) A RETAILER THAT HAS BEEN DISQUALIFIED PURSUANT TO THIS
7 SUBSECTION (4)(c) MAY NOT REAPPLY TO BE A QUALIFIED RETAILER. THE
8 DEPARTMENT SHALL NOT APPROVE A REGISTRATION SUBMITTED BY A
9 DISQUALIFIED RETAILER.

10 (IV) UPON NOTIFICATION BY THE DEPARTMENT OF A RETAILER'S
11 DISQUALIFICATION, THE OFFICE SHALL REMOVE THE DISQUALIFIED
12 RETAILER FROM THE LIST PUBLISHED PURSUANT TO SUBSECTION (3)(e)(IV)
13 OF THIS SECTION.

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

24 (b) THIS SUBSECTION (6) IS REPEALED, EFFECTIVE DECEMBER 31,
25 2031.

26 **SECTION 15.** In Colorado Revised Statutes, 39-21-113, **add** (40)
27 as follows:

1 **39-21-113. Reports and returns - rule - repeal.**

2 (40) NOTWITHSTANDING THE PROVISIONS OF THIS SECTION, THE
3 EXECUTIVE DIRECTOR MAY PROVIDE TO THE COLORADO ENERGY OFFICE
4 DETAILED TAXPAYER INFORMATION PERTINENT TO A CLAIM FOR AN
5 INCOME TAX CREDIT FOR THE RETAIL SALE OF A QUALIFIED ELECTRIC
6 BICYCLE PURSUANT TO SECTION 39-22-555. ANY INFORMATION PROVIDED
7 PURSUANT TO THIS SUBSECTION (40) MUST REMAIN CONFIDENTIAL, AND
8 ALL PERSONS WHO RECEIVE THIS INFORMATION ARE SUBJECT TO THE
9 LIMITATIONS SPECIFIED IN SUBSECTION (4) OF THIS SECTION AND THE
10 PENALTIES SPECIFIED IN SUBSECTION (6) OF THIS SECTION.

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

13 **39-22-556. Tax credit for sustainable aviation fuel production**
14 **facility - tax preference performance statement - legislative**
15 **declaration - definitions - repeal.**

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

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

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

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

27 (IV) ~~Twelve percent for a facility for which construction begins~~

1 ~~on or after January 1, 2029, but before January 1, 2033.~~

2 (4) (b) The aggregate amount of all tax credit certificates issued
3 by the office pursuant to this subsection (4) must not exceed one million
4 dollars for the 2024 income tax year, two million dollars per year for the
5 2025 and 2026 income tax years, ~~and three million dollars per year for~~
6 ~~income tax years 2027 through 2032~~ YEAR.

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

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

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

24 **39-22-556.5. Tax credit for the purchase of sustainable**
25 **aviation fuel - tax preference performance statement - legislative**
26 **declaration - definitions - repeal.**

27 (1) (a) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH

1 REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE
2 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
3 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS AND
4 DECLARES THAT THE PURPOSE OF THIS TAX EXPENDITURE IS TO INDUCE
5 CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS, SPECIFICALLY THE
6 PURCHASE OF SUSTAINABLE AVIATION FUEL FOR USE IN THE STATE, BY
7 PROVIDING TAX RELIEF FOR CERTAIN BUSINESSES AND INDIVIDUALS THAT
8 PURCHASE SUSTAINABLE AVIATION FUEL FOR USE IN THE STATE.

9 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
10 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSES
11 SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE
12 INFORMATION REQUIRED BY AND REPORTED TO THE OFFICE PURSUANT TO
13 SUBSECTION (5) OF THIS SECTION.

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

16 (a) "CARBON INTENSITY" MEANS THE AMOUNT OF GREENHOUSE
17 GASES GENERATED PER GALLON OF SUSTAINABLE AVIATION FUEL
18 PRODUCED.

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

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

22 (d) "QUALIFIED TAXPAYER" MEANS A PERSON WHO PURCHASES
23 SUSTAINABLE AVIATION FUEL FOR UPLIFT AND USE IN THE STATE IF THAT
24 PERSON IS SUBJECT TO TAX PURSUANT TO THIS ARTICLE 22 OR IS A PERSON
25 OR POLITICAL SUBDIVISION OF THE STATE THAT IS EXEMPT FROM TAXATION
26 PURSUANT TO SECTION 39-22-112 (1); EXCEPT THAT "QUALIFIED
27 PURCHASER" DOES NOT INCLUDE A SUSTAINABLE AVIATION FUEL

1 PRODUCER OR BLENDER.

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

4 (3) (a) (I) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1,
5 2027, BUT BEFORE JANUARY 1, 2033, A QUALIFIED TAXPAYER IS ALLOWED
6 A CREDIT AGAINST THE INCOME TAX IMPOSED UNDER THIS ARTICLE 22 IN
7 AN AMOUNT NOT LESS THAN ONE DOLLAR AND FIFTY CENTS, INCREASED BY
8 ONE CENT FOR EACH WHOLE PERCENTAGE OF CARBON INTENSITY
9 REDUCTION IN EXCESS OF FIFTY PERCENT, FOR EACH GALLON OF
10 SUSTAINABLE AVIATION FUEL THAT THE QUALIFIED TAXPAYER PURCHASED
11 FOR USE IN THE STATE DURING THE INCOME TAX YEAR, EXCEPT AS
12 OTHERWISE PROVIDED IN SUBSECTION (3)(b) OF THIS SECTION.

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

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

27 (c) FOR PURPOSES OF THIS SECTION, SUSTAINABLE AVIATION FUEL

1 IS DEEMED TO BE PURCHASED FOR USE IN THE STATE IF IT IS DELIVERED TO
2 AND USED FOR FUELING AIRCRAFT AT A COLORADO AIRPORT, AIRFIELD, OR
3 AIRPARK NOTWITHSTANDING THE SUBSEQUENT OPERATION OF SUCH
4 AIRCRAFT OUTSIDE THE STATE. EXCEPT AS PROVIDED IN THIS SUBSECTION
5 (3)(c), FUEL LOADED INTO A CARGO TANK OR OTHERWISE EXPORTED FROM
6 THE STATE IS NOT DEEMED TO BE PURCHASED FOR USE IN THE STATE.

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

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

26 (b) AFTER REVIEWING THE APPLICATION, THE OFFICE SHALL
27 DETERMINE WHETHER THE APPLICANT QUALIFIES FOR THE CREDIT AND THE

1 AMOUNT OF CREDIT TO BE RESERVED FOR THE BENEFIT OF THE QUALIFIED
2 TAXPAYER, WHICH MAY BE ALL, PART, OR NONE OF THE AMOUNT
3 REQUESTED IN THE APPLICATION. THE OFFICE SHALL NOTIFY THE
4 APPLICANT IN WRITING OF ITS DECISION AND THE AMOUNT RESERVED, IF
5 ANY. THE AGGREGATE AMOUNT OF CREDIT THE OFFICE MAY RESERVE
6 PURSUANT TO THIS SUBSECTION (4) MUST NOT EXCEED THREE MILLION
7 DOLLARS PER CALENDAR YEAR. IN THE CASE OF A QUALIFIED TAXPAYER
8 WITH AN INCOME TAX YEAR OTHER THAN A CALENDAR YEAR, CREDIT
9 RESERVED PURSUANT TO THIS SUBSECTION (4) MAY BE CLAIMED FOR THE
10 TAX YEAR THAT BEGINS DURING THE CALENDAR YEAR.

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

24 (d) THE OFFICE SHALL, IN A SUFFICIENTLY TIMELY MANNER TO
25 ALLOW THE DEPARTMENT TO PROCESS RETURNS CLAIMING THE INCOME
26 TAX CREDIT ALLOWED IN THIS SECTION, PROVIDE THE DEPARTMENT WITH
27 AN ELECTRONIC REPORT OF EACH QUALIFIED TAXPAYER THAT THE OFFICE

1 APPROVED FOR THE INCOME TAX CREDIT ALLOWED IN THIS SECTION FOR
2 THE PRECEDING CALENDAR YEAR THAT INCLUDES THE FOLLOWING
3 INFORMATION:

4 (I) THE TAXPAYER'S NAME;

5 (II) THE TAXPAYER'S SOCIAL SECURITY NUMBER OR THE
6 TAXPAYER'S COLORADO ACCOUNT NUMBER AND FEDERAL EMPLOYER
7 IDENTIFICATION NUMBER; AND

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

9 (e) THE OFFICE SHALL DEVELOP STANDARDS FOR THE APPROVAL
10 OF QUALIFIED TAXPAYERS FOR WHOM A TAX CREDIT UNDER THIS SECTION
11 IS ALLOWED AND THE AWARDED OF TAX CREDIT CERTIFICATES PURSUANT
12 TO THIS SUBSECTION (4) AND SHALL POST THOSE STANDARDS ON ITS
13 WEBSITE.

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

26 (6) IF THE CREDIT AUTHORIZED BY THIS SECTION EXCEEDS THE
27 INCOME TAX DUE ON THE INCOME OF THE QUALIFIED TAXPAYER FOR THE

1 at the time of the actual use, be subject to the tax imposed by part 2 of this
2 ~~article~~ ARTICLE 26 and any use tax imposed pursuant to article 2 of title
3 29, ~~C.R.S.~~ EXCEPT AS PROVIDED IN SUBSECTION (2)(c) OF THIS
4 SECTION;

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

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

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

14 (c) FOR TAX PERIODS BEGINNING ON OR AFTER JULY 1, 2027, THE
15 STORAGE, USE, OR CONSUMPTION OF CONSTRUCTION AND BUILDING
16 MATERIALS BY OR ON BEHALF OF A COMMON CARRIER BY RAIL OPERATING
17 IN INTERSTATE OR FOREIGN COMMERCE WHEN THE STORAGE, USE, OR
18 CONSUMPTION OF THE CONSTRUCTION AND BUILDING MATERIALS IS
19 PURSUANT TO A CONTRACT WITH THE STATE, A DEPARTMENT OR
20 INSTITUTION OF THE STATE, A POLITICAL SUBDIVISION OF THE STATE, OR
21 A SPECIAL DISTRICT THAT ALLOWS THE STATE, A DEPARTMENT OR
22 INSTITUTION OF THE STATE, A POLITICAL SUBDIVISION OF THE STATE, OR
23 A SPECIAL DISTRICT TO USE THE RAILROAD'S PROPERTY OR TRACKS FOR
24 THE PROVISION OF PUBLIC PASSENGER RAIL SERVICE. ~~THE DEPARTMENT OF~~
25 ~~TRANSPORTATION SHALL NOTIFY THE DEPARTMENT OF REVENUE OF THE~~
26 ~~IDENTITY OF ANY COMMON CARRIER ELIGIBLE FOR THE EXEMPTION~~
27 ~~ALLOWED BY THIS SUBSECTION (2)(c).~~

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SECTION 20. In Colorado Revised Statutes, 39-26-723, **amend** (1) and (3); and **add** (2.5) as follows:

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

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

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

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

2 **SECTION 21.** In Colorado Revised Statutes, 39-26-728, **amend**
3 (1) as follows:

4 **39-26-728. Property for use in space flight - definitions -**
5 **repeal.**

6 (1) (a) ~~For the state fiscal years commencing on or after July 1,~~
7 ~~2014,~~ EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (1)(b) OF THIS
8 SECTION, all sales, storage, and use of qualified property, ON OR AFTER
9 JULY 1, 2024, BUT BEFORE JANUARY 1, 2027, for use in space flight is
10 exempt from taxation under parts 1 and 2 of this ~~article~~ ARTICLE 26.

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

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

16 **SECTION 22.** In Colorado Revised Statutes, 39-27-102, **amend**
17 (1)(b)(I) as follows:

18 **39-27-102. Tax imposed on gasoline and special fuel - deposits**
19 **- penalties.**

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

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

17 **SECTION 23.** In Colorado Revised Statutes, 39-27-105, **amend**
18 (2)(a)(I) and (2)(b) as follows:

19 **39-27-105. Collection of tax on gasoline and special fuel - rules**
20 **- repeal.**

21 (2) (a) (I) It is the duty of every distributor of gasoline or special
22 fuel other than liquefied petroleum gas to compute the amount of tax
23 payable on all gasoline or special fuel imported, removed from a terminal,
24 or otherwise acquired during the preceding calendar month at the rate of
25 tax per gallon imposed thereon in section 39-27-102 (1). ~~and~~ In
26 computing the amount of tax FOR TAX PERIODS BEGINNING BEFORE
27 JANUARY 1, 2027, the allowance of two percent provided for in **section**

1 ~~39-27-102 (1)(b)(I)(A) shall~~ SECTION 39-27-102 (1)(b)(I) MUST be taken
2 into account. IN COMPUTING THE AMOUNT OF TAX FOR TAX PERIODS
3 BEGINNING ON OR AFTER JANUARY 1, 2027, THE DISTRIBUTOR SHALL TAKE
4 INTO ACCOUNT THE ALLOWANCE OF ONE PERCENT PROVIDED FOR IN
5 SECTION 39-27-102 (1)(b)(I).

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

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

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

24 **SECTION 24.** In Colorado Revised Statutes, 39-28-103.3,
25 **amend** (4) as follows:

26 **39-28-103.3. Inventory tax - definition.**

27 (4) Every wholesaler and wholesale subcontractor shall file a

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

17 **SECTION 25.** In Colorado Revised Statutes, 39-28-104, **amend**
18 (1)(a)(I) as follows:

19 **39-28-104. Evidence of payment of tax - credits - redemptions**
20 **- repeal.**

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

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

18 **SECTION 26.** In Colorado Revised Statutes, 39-28-108, **amend**
19 (2)(b) as follows:

20 **39-28-108. Penalty.**

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

27 **SECTION 27.** In Colorado Revised Statutes, 39-28.5-106,

1 **amend** (2) as follows:

2 **39-28.5-106. Returns and remittance of tax - civil penalty.**

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

21 **SECTION 28.** In Colorado Revised Statutes, 39-28.6-107,
22 **amend** (2) as follows:

23 **39-28.6-107. Returns and remittance of tax - civil penalty -**
24 **rules.**

25 (2) Every distributor shall file a return with the department by the
26 twentieth day of the month following the month reported and shall
27 therewith remit the amount of tax due. ~~less~~ FOR TAX PERIODS BEGINNING

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

11 **SECTION 29.** In Colorado Revised Statutes, 39-30-104, **amend**
12 **(2)(c)(I) introductory portion and (2.6)(a) introductory portion; and add**
13 **(1)(a)(III), (1)(b)(VIII), (4)(c), and (8) as follows:**

14 **39-30-104. Credit against tax - investment in certain property**
15 **- definitions - repeal - tax preference performance statement -**
16 **legislative declaration.**

17 (1) (a) (III) NOTWITHSTANDING SUBSECTION (1)(a)(I) OF THIS
18 SECTION, FOR CREDITS ALLOWED BEGINNING IN INCOME TAX YEARS
19 COMMENCING ON OR AFTER JANUARY 1, 2027, A TAXPAYER IS NOT
20 ALLOWED A CREDIT WITH RESPECT TO A QUALIFIED INVESTMENT IN A
21 COMMERCIAL TRUCK, TRUCK TRACTOR, TRACTOR, OR SEMITRAILER WITH
22 A GROSS VEHICLE WEIGHT RATING OF FIFTY-FOUR THOUSAND POUNDS OR
23 GREATER THAT IS DESIGNATED AS CLASS A PERSONAL PROPERTY AS
24 SPECIFIED IN SECTION 42-3-106 (2)(a).

25 (b) (VIII) THIS SUBSECTION (1)(b) IS REPEALED, EFFECTIVE
26 DECEMBER 31, 2026.

27 (2) (c) (I) For income tax years commencing on or after January

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

6 (2.6) (a) Except as provided in section 24-46-104.3 and subsection
7 (2.6)(b) of this section and notwithstanding any other provision in this
8 section, in each income tax year commencing on or after January 1, 2015,
9 but before January 1, 2021, AND IN EACH INCOME TAX YEAR COMMENCING
10 ON OR AFTER JANUARY 1, 2027, a taxpayer who places a new renewable
11 energy investment in service on or after January 1, 2015, but before
12 January 1, 2021, OR WHO PLACES A NEW RENEWABLE ENERGY
13 INVESTMENT IN SERVICE ON OR AFTER JANUARY 1, 2027, that results in a
14 credit pursuant to subsection (1) of this section may elect to receive a
15 refund of eighty percent of the amount of such credit as specified in this
16 subsection (2.6)(a) and forego the remaining twenty percent as a cost of
17 such election. If eighty percent of the amount of the credit in subsection
18 (1) of this section is:

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

1 IS NOT REFUNDED OR CREDITED TO THE TAXPAYER.

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


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

16 **39-30-105.1. Credit for new enterprise zone business**
17 **employees - definitions.**

18 **■ ■**
19 (b) (I) EXCEPT AS PROVIDED IN SUBSECTION (1)(b)(II) OF THIS
20 SECTION, in addition to the credit available under ~~paragraph (a) of this~~
21 ~~subsection~~ SUBSECTION (1)(a) OF THIS SECTION, for any income tax year
22 commencing on or after January 1, 2014, a taxpayer qualified under ~~said~~
23 ~~paragraph (a)~~ SUBSECTION (1)(a) OF THIS SECTION is allowed for ~~the first~~
24 ~~two~~ **ANY TWO OF THE FIRST TEN** full income tax years while located in an
25 enterprise zone a credit in an amount equal to one thousand dollars for
26 each business facility employee who is insured under a health insurance
27 plan or program provided through ~~his or her~~ THE EMPLOYEE'S employer.

1 To be eligible for the credit, the employer must contribute fifty percent or
2 more of the total cost of a health insurance plan or program, and such
3 plan or program must be in accordance with the provisions of article 8 of
4 title 10 or part 1, 2, 3, or 4 of article 16 of title 10, ~~C.R.S.~~, or be a
5 self-insurance program and include partial or complete coverage for
6 hospital and physician services.

7 (II) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,
8 2027, A TAXPAYER THAT HAS FIFTY OR MORE BUSINESS FACILITY
9 EMPLOYEES AT ANY TIME DURING AN INCOME TAX YEAR SHALL NOT CLAIM
10 THE CREDIT PROVIDED FOR IN THIS SUBSECTION (1)(b) FOR THAT TAX
11 YEAR.

12 
13 **SECTION 31.** In Colorado Revised Statutes, 39-30-105.5,
14 **amend** (1) introductory portion; and **add** (1)(c) and (1.5) as follows:

15 **39-30-105.5. Credit against Colorado income taxes based on**
16 **expenditures for research and experimental activities - repeal.**

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

24 (c) THIS SUBSECTION (1) IS REPEALED, EFFECTIVE DECEMBER 31,
25 2033.

26 (1.5) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY
27 1, 2027, ANY TAXPAYER WHO MAKES AT LEAST ONE HUNDRED FIFTY

1 THOUSAND DOLLARS IN EXPENDITURES IN RESEARCH AND EXPERIMENTAL
2 ACTIVITIES, AS DEFINED IN SECTION 174A OF THE FEDERAL "INTERNAL
3 REVENUE CODE OF 1986", AS AMENDED, WHICH ACTIVITIES ARE
4 CONDUCTED IN AN ENTERPRISE ZONE FOR THE PURPOSE OF CARRYING OUT
5 A TRADE OR BUSINESS, SHALL BE ALLOWED A CREDIT AGAINST THE INCOME
6 TAX IMPOSED BY ARTICLE 22 OF THIS TITLE 39 IN AN AMOUNT EQUAL TO
7 THREE PERCENT OF THE AMOUNT BY WHICH THE AMOUNT THAT THE
8 TAXPAYER EXPENDED FOR RESEARCH AND EXPERIMENTAL ACTIVITIES IN
9 THE ENTERPRISE ZONE IN THE INCOME TAX YEAR EXCEEDS THE AVERAGE
10 OF THE TAXPAYER'S TOTAL EXPENDITURES FOR RESEARCH AND
11 EXPERIMENTAL ACTIVITIES IN THE IMMEDIATELY PRECEDING TWO INCOME
12 TAX YEARS IN THE AREA THAT COMPROMISED THE RELEVANT ENTERPRISE
13 ZONE.

14 **SECTION 32.** In Colorado Revised Statutes, 39-30-105.6,
15 **amend** (1) as follows:

16 **39-30-105.6. Credit against tax - rehabilitation of vacant**
17 **buildings - repeal.**

18 (1) (a) (I) For income tax years commencing on or after January
19 1, 1989, BUT BEFORE JANUARY 1, 2027, any taxpayer who is the owner or
20 tenant of a building ~~which~~ THAT is located in an enterprise zone, which
21 is at least twenty years old, and which has been unoccupied for at least
22 two years and who makes qualified expenditures for the purpose of
23 rehabilitating said building shall be allowed a credit against the income
24 tax imposed by article 22 of this ~~title~~ TITLE 39 in an amount equal to
25 twenty-five percent of the aggregate qualified expenditures per building
26 or fifty thousand dollars per building, whichever is less.

27 (II) THIS SUBSECTION (1)(a) IS REPEALED, EFFECTIVE DECEMBER

1 31, 2033.

2 (b) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY
3 1, 2027, ANY TAXPAYER WHO IS THE OWNER OR TENANT OF A BUILDING
4 THAT IS LOCATED IN AN ENTERPRISE ZONE, IS AT LEAST TWENTY YEARS
5 OLD, AND HAS BEEN UNOCCUPIED FOR ANY ONE HUNDRED THIRTY-FIVE
6 CALENDAR DAYS WITHIN THE ONE HUNDRED EIGHTY CALENDAR DAYS
7 PRECEDING THE DATE THAT THE TAXPAYER PLACES A REHABILITATION IN
8 SERVICE AND WHO MAKES QUALIFIED EXPENDITURES FOR THE PURPOSE OF
9 REHABILITATING SAID BUILDING SHALL BE ALLOWED A CREDIT AGAINST
10 THE INCOME TAX IMPOSED BY ARTICLE 22 OF THIS TITLE 39 IN AN AMOUNT
11 EQUAL TO TWENTY-FIVE PERCENT OF THE AGGREGATE QUALIFIED
12 EXPENDITURES PER BUILDING OR TWO HUNDRED THOUSAND DOLLARS PER
13 BUILDING, WHICHEVER IS LESS.

14

15 **SECTION 33.** In Colorado Revised Statutes, 39-22-123.5,
16 **amend** (3.5)(b)(I) and (3.5)(c) introductory portion; and **add** (2.7)(d) as
17 follows:

18 **39-22-123.5. Earned income tax credit - legislative declaration**
19 **- repeal.**

20 (2.7) (d) (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
21 JANUARY 1, 2028, A RESIDENT INDIVIDUAL IS ALLOWED AN EARNED
22 INCOME TAX CREDIT AGAINST THE TAXES DUE UNDER THIS ARTICLE 22
23 THAT IS EQUAL TO THE APPLICABLE PERCENTAGE, SET FORTH IN
24 SUBSECTION (2.7)(d)(II) OF THIS SECTION, OF THE FEDERAL CREDIT THAT
25 THE RESIDENT INDIVIDUAL WOULD HAVE BEEN ALLOWED UNDER SECTION
26 32 (n)(2) OF THE INTERNAL REVENUE CODE, NOTWITHSTANDING THE DATE
27 LIMITATION SET FORTH IN SECTION 32(n) OF THE INTERNAL REVENUE CODE

1 AS SPECIFIED IN SECTION 9621 (a) OF THE "AMERICAN RESCUE PLAN ACT
2 OF 2021", PUB.L. 117-2.

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

7 (3.5) (b) (I) For the income tax year commencing on January 1,
8 2025, the percentage of the federal earned income tax credit that the
9 resident individual claimed or could have claimed that is used to calculate
10 the amount of earned income tax credit allowed pursuant to subsections
11 (2)(d), (2.5)(e), and (2.7)(c), AND (2.7)(d) of this section is increased by
12 fifteen percentage points if the estimated adjustment factor is equal to or
13 greater than two percent.

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

20 **SECTION 34.** In Colorado Revised Statutes, 39-22-303, **amend**
21 (12)(b)(I) and (12)(b)(II); and **add** (12)(b)(III) and (16) as follows:

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

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

25 (b) "Listed jurisdiction" means:

26 (I) For income tax years commencing before January 1, 2026,
27 Andorra, Anguilla, Antigua and Barbuda, Aruba, the Bahamas, Bahrain,

1 Barbados, Belize, Bermuda, Bonaire, British Virgin Islands, Cayman
2 Islands, Cook Islands, Curac^oao, Cyprus, Dominica, Gibraltar, Grenada,
3 Guernsey-Sark-Alderney, Isle of Man, Jersey, Liberia, Luxembourg,
4 Malta, Marshall Islands, Mauritius, Monaco, Montserrat, Nauru, Niue,
5 Panama, Saba, Samoa, San Marino, Seychelles, Sint Eustatius, Sint
6 Maarten, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines,
7 Turks and Caicos Islands, U.S. Virgin Islands, and Vanuatu; and

8 (II) For income tax years commencing on or after January 1, 2026,
9 BUT BEFORE JANUARY 1, 2027, the jurisdictions listed in subsection
10 (12)(b)(I) of this section and Hong Kong, Republic of Ireland,
11 Liechtenstein, Netherlands, and Singapore; AND

12 (III) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
13 1, 2027, THE JURISDICTIONS LISTED IN SUBSECTION (12)(b)(I) OF THIS
14 SECTION AND HONG KONG, REPUBLIC OF IRELAND, NETHERLANDS, AND
15 SINGAPORE.

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

21 (b) THE DEPARTMENT SHALL REQUIRE THE CONTRACTOR TO
22 EXAMINE EACH LISTED JURISDICTION AND TO MAKE RECOMMENDATIONS
23 ABOUT THE STATUS OF A LISTED JURISDICTION IN A WRITTEN REPORT
24 SUBMITTED TO THE EXECUTIVE COMMITTEE OF THE LEGISLATIVE COUNCIL
25 AND THE GOVERNOR NO LATER THAN ONE HUNDRED EIGHTY CALENDAR
26 DAYS AFTER THE EFFECTIVE DATE OF THE CONTRACT ENGAGING THE
27 CONTRACTOR TO CONDUCT THE STUDY.

1 (c) WHEN EXAMINING A LISTED JURISDICTION, THE DEPARTMENT
2 SHALL REQUIRE THE CONTRACTOR TO RECOMMEND WHETHER A LISTED
3 JURISDICTION SHOULD CONTINUE TO BE A LISTED JURISDICTION BASED ON
4 WHETHER THE LISTED JURISDICTION:
5 (I) ASSESSES A CORPORATE TAX RATE OF LESS THAN FIFTEEN
6 PERCENT;
7 (II) ALLOWS TAX DEDUCTIONS, INCENTIVES, OR CREDITS THAT
8 LOWER EFFECTIVE TAX RATES ARTIFICIALLY, WITH SPECIAL
9 CONSIDERATION GIVEN TO INTELLECTUAL PROPERTY AND
10 FOREIGN-SOURCE ROYALTIES;
11 (III) TARGETS PROFIT-SHIFTING OF FOREIGN-CONTROLLED
12 CORPORATIONS;
13 (IV) LACKS TRANSPARENCY AND DOES NOT ENGAGE IN DATA
14 SHARING OR COOPERATE WITH OTHER COUNTRIES' REVENUE AGENCIES
15 DURING AUDITS AND INVESTIGATIONS OR DOES NOT PARTICIPATE IN
16 COUNTRY-BY-COUNTRY REPORTING;
17 (V) DOES NOT REQUIRE A CORPORATION TO ENGAGE IN
18 SUBSTANTIAL ACTIVITY OR DELIVER ECONOMIC SUBSTANCE IN THE LISTED
19 JURISDICTION IN ORDER TO BE INCORPORATED IN THAT JURISDICTION;
20 (VI) DOES NOT MAINTAIN A BENEFICIAL OWNERSHIP REGISTRY OR
21 DOES NOT PROVIDE THE PUBLIC WITH ACCESS TO COMPANY INFORMATION;
22 (VII) ALLOWS HYBRID-MISMATCH RELATIONSHIPS;
23 (VIII) ALLOWS OVERLY LENIENT TRANSFER PRICING;
24 (IX) ALLOWS INCOME-SHIFTING BETWEEN CORPORATE AFFILIATES
25 OR OTHER INDICATORS OF PROFIT-SHIFTING;
26 (X) HAS NOT UNDERTAKEN REFORMS TO ADDRESS ALLEGATIONS
27 THAT IT IS A TAX HAVEN AND THAT IT SHOULD NOT BE A LISTED

- 1 JURISDICTION;
- 2 (XI) PROVIDES CERTAIN TAX OR OTHER BENEFITS EXCLUSIVELY
- 3 FOR FOREIGN FIRMS AND NOT TO DOMESTIC ENTITIES;
- 4 (XII) ENGAGES IN OTHER TAX EVASION INDICATORS; OR
- 5 (XIII) ISSUES CORPORATE PROFIT OR FOREIGN DIRECT INVESTMENT
- 6 STATISTICS THAT ARE SIGNIFICANTLY OUT OF PROPORTION TO LOCAL
- 7 ECONOMIC DEVELOPMENT OR THE LOCAL WORKFORCE.
- 8 (d) A COUNTRY MAY SUBMIT TO THE CONTRACTOR OR THE
- 9 DEPARTMENT INFORMATION ABOUT INTERNATIONAL TAX REFORM AND
- 10 EVOLVING BEST PRACTICES.
- 11 (e) THE CONTRACTOR MAY RECOMMEND THAT A COUNTRY BE
- 12 DEEMED A LISTED JURISDICTION OR RECOMMEND THAT A COUNTRY NO
- 13 LONGER BE A LISTED JURISDICTION.

14 **SECTION 35.** In Colorado Revised Statutes, 42-1-225, **amend**

15 (1)(c) and (2)(c); and **add** (3) and (4) as follows:

16 **42-1-225. Commercial vehicle enterprise tax fund - creation**

17 **- repeal.**

18 (1) (c) On or after July 1, 2025, BUT BEFORE JULY 1, 2027, the

19 fund consists of money collected and transmitted to the fund pursuant to

20 section 42-4-1701 (4)(a)(II). The general assembly shall annually

21 appropriate the money in the fund to cover the actual cost of

22 administering section 39-30-104 (1)(b). After receiving the statement

23 pursuant to section 39-30-104 (1)(b)(VI), the state treasurer shall credit

24 the total cost of the amount of the tax credits stated therein to the general

25 fund. Any money remaining in the commercial vehicle enterprise tax fund

26 at the end of the STATE fiscal year shall not revert to the general fund,

27 EXCEPT AS PROVIDED IN SUBSECTION (3) OF THIS SECTION.

1 (2) (c) On July 1, 2025, and ~~each July 1 thereafter~~ ON JULY 1,
2 2026, the department shall allocate the fund balance, not including the
3 amount appropriated to cover the actual cost of administering section
4 39-30-104 (1)(b), to offset the income tax credit granted in section
5 39-30-104 (1)(b).

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

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

10 **SECTION 36.** In Colorado Revised Statutes, 42-4-1701, **amend**
11 (4)(a)(II)(B) as follows:

12 **42-4-1701. Traffic offenses and infractions classified -**
13 **penalties - penalty and surcharge schedule - repeal.**

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

23 **SECTION 37.** In Colorado Revised Statutes, **add** 39-22-572 as
24 follows:

25 **39-22-572. Intellectual and developmental disability home**
26 **caregiver tax credit - tax preference performance statement - review**
27 **- legislative declaration - definitions - policies and procedures -**

1 **repeal.**

2 **(1) Tax preference performance statement.**

3 (a) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH
4 REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE
5 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
6 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS AND
7 DECLARES THAT THE PURPOSE OF THE CREDIT PROVIDED FOR IN THIS
8 SECTION IS TO PROVIDE A REDUCTION IN INCOME TAX LIABILITY FOR
9 INDIVIDUALS WHO PROVIDE HOME CARE TO PEOPLE WITH INTELLECTUAL
10 AND DEVELOPMENTAL DISABILITIES BY ALLOWING A CAREGIVER WHO
11 WORKS THE MAXIMUM AMOUNT OF HOURS ALLOWED BY THE OFFICE TO
12 RECEIVE A CREDIT AGAINST INCOME TAX. SPECIFICALLY, THIS TAX
13 EXPENDITURE IS INTENDED TO PROVIDE TAX RELIEF TO FAMILIES WITH
14 FAMILY MEMBERS WITH INTELLECTUAL AND DEVELOPMENTAL
15 DISABILITIES WHO REQUIRE MAXIMUM CARE.

16 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
17 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSES
18 SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE NUMBER
19 AND VALUE OF THE CREDITS CLAIMED.

20 **(2) Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT
21 OTHERWISE REQUIRES:

22 (a) "CREDIT" MEANS THE CREDIT AGAINST INCOME TAX CREATED
23 IN THIS SECTION.

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

25 (c) "OFFICE" MEANS THE OFFICE OF COMMUNITY LIVING WITHIN
26 THE BENEFITS AND SERVICES DIVISION OF THE DEPARTMENT OF HEALTH
27 CARE POLICY AND FINANCING.

1 (d) "QUALIFIED INCOME" MEANS INCOME EARNED BY A QUALIFIED
2 INDIVIDUAL FROM WORKING AS A HOME CAREGIVER OF AN INDIVIDUAL
3 WITH AN INTELLECTUAL OR DEVELOPMENTAL DISABILITY.

4 (e) "QUALIFIED INDIVIDUAL" MEANS AN INDIVIDUAL WHO WORKS
5 AS A HOME CAREGIVER OF AN INDIVIDUAL WITH AN INTELLECTUAL OR
6 DEVELOPMENTAL DISABILITY FOR THE MAXIMUM AMOUNT OF HOURS
7 ALLOWED BY THE OFFICE.

8 (3) **Credit allowed.** FOR INCOME TAX YEARS COMMENCING ON OR
9 AFTER JANUARY 1, 2026, BUT BEFORE JANUARY 1, 2029, A CREDIT WITH
10 RESPECT TO INCOME TAXES IMPOSED PURSUANT TO THIS ARTICLE 22 TO
11 ANY QUALIFIED INDIVIDUAL IN THE AMOUNT EQUAL TO THIRTY PERCENT
12 OF THE QUALIFIED INDIVIDUAL'S QUALIFIED INCOME IS ALLOWED.

13 (4) **Refundability.** IF THE AMOUNT OF THE CREDIT ALLOWED
14 UNDER THIS SECTION EXCEEDS THE AMOUNT OF INCOME TAXES OTHERWISE
15 DUE ON THE QUALIFIED INDIVIDUAL'S INCOME IN THE INCOME TAX YEAR
16 FOR WHICH THE CREDIT IS CLAIMED, THE AMOUNT OF THE CREDIT NOT
17 USED AS AN OFFSET AGAINST INCOME TAXES IN THE CURRENT INCOME TAX
18 YEAR IS NOT CARRIED FORWARD AND MUST BE REFUNDED TO THE
19 QUALIFIED INDIVIDUAL.

20 (5) **Verification.** ON OR BEFORE JANUARY 15, 2026, AND ON OR
21 BEFORE EVERY JANUARY 15 THEREAFTER, THE OFFICE SHALL DELIVER TO
22 THE DEPARTMENT A LIST OF ALL QUALIFIED INDIVIDUALS FROM THE
23 PREVIOUS TAX YEAR.

24 (6) **Policies and procedures.** THE OFFICE MAY CREATE AND
25 MODIFY POLICIES AND PROCEDURES AS NECESSARY TO FURTHER
26 IMPLEMENT THIS SECTION AND SHALL SOLICIT ADVICE FROM THE
27 DEPARTMENT IN CREATING AND MODIFYING THE POLICIES AND

1 PROCEDURES.

2 (7) **Repeal.** THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31,
3 2034.

4 **SECTION 38. Appropriation - adjustments to 2026 long bill.**

5 (1) Except as provided in subsection (3) of this section, to implement this
6 act, appropriations made in the annual general appropriation act for the
7 2026-27 state fiscal year to the department of health care policy and
8 financing are adjusted as follows:

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

13 (b) The appropriation for medical and long-term care services for
14 Medicaid eligible individuals is increased by \$52,560 cash funds, which
15 consists of \$50,900 from the health care expansion fund created in section
16 24-22-117 (2)(a)(I), C.R.S., and \$1,660 from the tobacco tax cash fund
17 created in section 24-22-117 (1)(a), C.R.S.;

18 (c) The appropriation for the primary care fund program is
19 increased by \$21,024, which is from the primary care fund created in
20 section 24-22-117 (2)(b)(I), C.R.S.;

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

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

26 (2) For the 2026-27 state fiscal year, the general assembly
27 anticipates that the department of health care policy and financing will

1 receive \$20,710 in federal funds for the primary care fund program to
2 implement this act, which amount is subject to the "(I)" notation as
3 defined in the annual general appropriation act for the same fiscal year.
4 The appropriation in subsection (1)(c) of this section is based on the
5 assumption that the department will receive this amount of federal funds.

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

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

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

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

18 **SECTION 39. Appropriation.** (1) For the 2026-27 state fiscal
19 year, \$48,482 is appropriated to the department of revenue. This
20 appropriation is from the general fund. To implement this act, the
21 department may use this appropriation as follows:

22 (a) \$20,024 for for tax administration IT system (GenTax) support;

23 (b) \$15,338 to the taxation business group for personal services
24 related to taxation services; and

25 (c) \$13,120 to the executive director's office for personal services
26 related to administration and support.

27 (2) For the 2026-27 state fiscal year, \$25,000 is appropriated to the

1 office of the governor for use by economic development programs. This
2 appropriation is from the general fund. To implement this act, the office
3 may use this appropriation for administration.

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

9 (4) For the 2026-27 state fiscal year, \$35,741 is appropriated to the
10 department of public health and environment. This appropriation consists
11 of \$17,704 from the tobacco education programs fund created in section
12 24-22-117 (2)(c)(I), C.R.S., \$17,704 from the prevention, early detection,
13 and treatment fund created in section 24-22-117 (2)(d)(I), C.R.S., and
14 \$333 from the tobacco tax cash fund created in section 24-22-117 (1)(a),
15 C.R.S. To implement this act, the department may use this appropriation
16 as follows:

17 (a) \$17,704 from the tobacco education programs fund for tobacco
18 education, prevention, and cessation program administration;

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

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

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

1 for immunization operating expenses.

2 **SECTION 40. Effective date.** This act takes effect upon passage;
3 except that section 40 of this act takes effect only if the annual general
4 appropriation act for the 2026-27 state fiscal year becomes law, in which
5 case section 40 takes effect upon the effective date of this act or of the
6 annual general appropriation act for state fiscal year 2026-27, whichever
7 is later.

8 **SECTION 41. Safety clause.** The general assembly finds,
9 determines, and declares that this act is necessary for the immediate
10 preservation of the public peace, health, or safety or for appropriations for
11 the support and maintenance of the departments of the state and state
12 institutions.