

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

PREAMENDED

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

LLS NO. 26-0465.03 Jed Franklin x5484

HOUSE BILL 26-1289

HOUSE SPONSORSHIP

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

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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, 24-75-219, **amend**
5 **(7)(d)(II) and (7)(d)(III) as follows:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 ■ ■ ■

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 AVOIDANCE PURPOSE.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (a) **Category 1.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3

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

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

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

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

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

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

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

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

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

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

27 (e) "Purchaser" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 LICENSE.

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

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

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

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

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

25

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

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

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

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

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

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

27



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 and (4)(c) as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12 OR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 (a) "Applicable credit" means:

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

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

11

12 **SECTION 20.** In Colorado Revised Statutes, 39-26-710, **amend**
13 (1)(a) and (2); and **add** (2.5) as follows:

14 **39-26-710. Railroads - construction and building materials -**
15 **tangible personal property - work equipment - rolling stock - tax**
16 **preference performance statement - legislative declaration.**

17 (1) The following shall be exempt from taxation under the
18 provisions of part 1 of this article:

19 (a) The sale of construction and building materials to a common
20 carrier by rail operating in interstate or foreign commerce for use by the
21 common carrier in construction and maintenance of its railroad tracks;
22 however, any actual use of such construction and building materials shall,
23 at the time of the actual use, be subject to the tax imposed by part 2 of this
24 ~~article~~ ARTICLE 26 and any use tax imposed pursuant to article 2 of title
25 ~~29, C.R.S.~~ EXCEPT AS PROVIDED IN SUBSECTION (2)(c) OF THIS
26 SECTION;

27 (2) The following shall be exempt from taxation under the

1 provisions of part 2 of this ~~article~~ ARTICLE 26:

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

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

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

23 

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 **39-28-103.3. Inventory tax - definition.**

22 (4) Every wholesaler and wholesale subcontractor shall file a
23 report, on a form created by the department, of the inventory identified in
24 accordance with subsection (3) of this section and pay the tax imposed
25 under this section for the inventory. A wholesaler shall separately identify
26 the number of packages with a Colorado tax stamp and the unaffixed
27 Colorado tax stamps. The wholesaler or wholesale subcontractor shall

1 remit the tax payment on or before the tenth day of the month following
2 the required inventory. FOR TAX PERIODS BEGINNING BEFORE JANUARY 1,
3 2027, if payment is made on or before the due date, the wholesaler or
4 wholesale subcontractor may deduct three percent of the tax imposed
5 under this section, but, if any wholesaler or wholesale subcontractor is
6 delinquent in remitting such payment, other than in unusual circumstances
7 shown to the satisfaction of the executive director of the department, the
8 wholesaler or wholesale subcontractor shall not be allowed to retain any
9 amounts to cover the expense in collecting and remitting the ~~tax and the~~
10 ~~TAX, AND, IN ADDITION, FOR ANY TAX PERIOD, THE~~ penalty imposed under
11 section 39-28-108 (2) applies.

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

14 **39-28-104. Evidence of payment of tax - credits - redemptions**
15 **- repeal.**

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

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

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

15 **39-28-108. Penalty.**

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

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

24 **39-28.5-106. Returns and remittance of tax - civil penalty.**

25 (2) Every distributor and remote retail seller shall file a return
26 with the department by the twentieth day of the month following the
27 month reported and shall therewith remit the amount of tax due, less three

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

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

18 **39-28.6-107. Returns and remittance of tax - civil penalty -**
19 **rules.**

20 (2) Every distributor shall file a return with the department by the
21 twentieth day of the month following the month reported and shall
22 therewith remit the amount of tax due. ~~less~~ FOR TAX PERIODS BEGINNING
23 BEFORE JANUARY 1, 2027, A DISTRIBUTOR IS ENTITLED TO CLAIM A
24 DISCOUNT OF one and one-tenth percent of any amount remitted to cover
25 the distributor's expense in the collection and remittance of the tax. ~~For~~
26 ~~tax periods beginning before January 1, 2027,~~ If any distributor is
27 delinquent in remitting the tax, other than in unusual circumstances

1 shown to the satisfaction of the executive director of the department, the
2 distributor is not allowed to retain any amounts ALLOWED FOR TAX
3 PERIODS BEFORE JANUARY 1, 2027, to cover ~~his or her~~ THE DISTRIBUTOR'S
4 expense in collecting and remitting the tax and, in addition, FOR ANY TAX
5 PERIOD, the penalty imposed under section 39-28.6-111 (2)(b) applies.

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

9 **39-30-104. Credit against tax - investment in certain property**
10 **- definitions - repeal - tax preference performance statement -**
11 **legislative declaration.**

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

20 (b) (VIII) THIS SUBSECTION (1)(b) IS REPEALED, EFFECTIVE
21 DECEMBER 31, 2026.

22 (2) (c) (I) For income tax years commencing on or after January
23 1, 2014, except as provided in sections 24-46-104.3 and 24-46-108 and
24 subsection (2)(c)(II) of this section, the amount OF THE CREDIT SET FORTH
25 IN SUBSECTION (1) OF THIS SECTION that may be claimed by a taxpayer for
26 an income tax year and that is not applied or refunded under section
27 24-46-108 is limited to the lesser of:

1 (2.6) (a) Except as provided in section 24-46-104.3 and subsection
2 (2.6)(b) of this section and notwithstanding any other provision in this
3 section, in each income tax year commencing on or after January 1, 2015,
4 but before January 1, 2021, AND IN EACH INCOME TAX YEAR COMMENCING
5 ON OR AFTER JANUARY 1, 2027, a taxpayer who places a new renewable
6 energy investment in service on or after January 1, 2015, but before
7 January 1, 2021, OR WHO PLACES A NEW RENEWABLE ENERGY
8 INVESTMENT IN SERVICE ON OR AFTER JANUARY 1, 2027, that results in a
9 credit pursuant to subsection (1) of this section may elect to receive a
10 refund of eighty percent of the amount of such credit as specified in this
11 subsection (2.6)(a) and forego the remaining twenty percent as a cost of
12 such election. If eighty percent of the amount of the credit in subsection
13 (1) of this section is:


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

24 (8) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH
25 REQUIRES ANY BILL THAT EXTENDS AN EXPIRING TAX EXPENDITURE TO
26 INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A
27 STATUTORY LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS

1 AND DECLARES THAT THE PURPOSE OF THE TAX CREDIT PROVIDED IN
2 SUBSECTION (1) OF THIS SECTION IS TO INDUCE CERTAIN DESIGNATED
3 BEHAVIOR BY TAXPAYERS BY CONTINUING TO SUPPORT THE DEVELOPMENT
4 OF NEW RENEWABLE ENERGY INVESTMENTS IN ENTERPRISE ZONES. THE
5 GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL MEASURE THE
6 EFFECTIVENESS OF THE CREDIT IN ACHIEVING THIS PURPOSE BASED ON THE
7 NUMBER AND VALUE OF CREDITS ISSUED AND NEW RENEWABLE ENERGY
8 INVESTMENTS IN ENTERPRISE ZONES.

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

11 **39-30-105.1. Credit for new enterprise zone business**
12 **employees - definitions.**

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

1 hospital and physician services.

2 (II) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,
3 2027, A TAXPAYER THAT HAS FIFTY OR MORE BUSINESS FACILITY
4 EMPLOYEES AT ANY TIME DURING AN INCOME TAX YEAR SHALL NOT CLAIM
5 THE CREDIT PROVIDED FOR IN THIS SUBSECTION (1)(b) FOR THAT TAX
6 YEAR.

7
8 **SECTION 32.** In Colorado Revised Statutes, 39-30-105.5,
9 **amend** (1) introductory portion; and **add** (1)(c) and (1.5) as follows:

10 **39-30-105.5. Credit against Colorado income taxes based on**
11 **expenditures for research and experimental activities - repeal.**

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

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

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

1 TAX IMPOSED BY ARTICLE 22 OF THIS TITLE 39 IN AN AMOUNT EQUAL TO
2 THREE PERCENT OF THE AMOUNT BY WHICH THE AMOUNT THAT THE
3 TAXPAYER EXPENDED FOR RESEARCH AND EXPERIMENTAL ACTIVITIES IN
4 THE ENTERPRISE ZONE IN THE INCOME TAX YEAR EXCEEDS THE AVERAGE
5 OF THE TAXPAYER'S TOTAL EXPENDITURES FOR RESEARCH AND
6 EXPERIMENTAL ACTIVITIES IN THE IMMEDIATELY PRECEDING TWO INCOME
7 TAX YEARS IN THE AREA THAT COMPROMISED THE RELEVANT ENTERPRISE
8 ZONE.

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

11 **39-30-105.6. Credit against tax - rehabilitation of vacant**
12 **buildings - repeal.**

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

22 (II) THIS SUBSECTION (1)(a) IS REPEALED, EFFECTIVE DECEMBER
23 31, 2033.

24 (b) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY
25 1, 2027, ANY TAXPAYER WHO IS THE OWNER OR TENANT OF A BUILDING
26 THAT IS LOCATED IN AN ENTERPRISE ZONE, IS AT LEAST TWENTY YEARS
27 OLD, AND HAS BEEN UNOCCUPIED FOR ANY ONE HUNDRED THIRTY-FIVE

1 CALENDAR DAYS WITHIN THE ONE HUNDRED EIGHTY CALENDAR DAYS
2 PRECEDING THE DATE THAT THE TAXPAYER PLACES A REHABILITATION IN
3 SERVICE AND WHO MAKES QUALIFIED EXPENDITURES FOR THE PURPOSE OF
4 REHABILITATING SAID BUILDING SHALL BE ALLOWED A CREDIT AGAINST
5 THE INCOME TAX IMPOSED BY ARTICLE 22 OF THIS TITLE 39 IN AN AMOUNT
6 EQUAL TO TWENTY-FIVE PERCENT OF THE AGGREGATE QUALIFIED
7 EXPENDITURES PER BUILDING OR TWO HUNDRED THOUSAND DOLLARS PER
8 BUILDING, WHICHEVER IS LESS.

9

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

13 **39-22-123.5. Earned income tax credit - legislative declaration**
14 **- repeal.**

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

25 (II) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3.5) OF THIS
26 SECTION, THE PERCENTAGE USED TO CALCULATE THE AMOUNT OF CREDIT
27 THAT CAN BE CLAIMED PURSUANT TO SUBSECTION (2.7)(d)(I) OF THIS

1 SECTION IS TWENTY-FIVE PERCENT.

2 (3.5) (b) (I) For the income tax year commencing on January 1,
3 2025, the percentage of the federal earned income tax credit that the
4 resident individual claimed or could have claimed that is used to calculate
5 the amount of earned income tax credit allowed pursuant to subsections
6 (2)(d), (2.5)(e), and (2.7)(c), AND (2.7)(d) of this section is increased by
7 fifteen percentage points if the estimated adjustment factor is equal to or
8 greater than two percent.

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

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

17 **39-22-303. Dividends in a combined report - foreign source**
18 **income - affiliated groups - definitions - rules - repeal.**

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

20 (b) "Listed jurisdiction" means:

21 (I) For income tax years commencing before January 1, 2026,
22 Andorra, Anguilla, Antigua and Barbuda, Aruba, the Bahamas, Bahrain,
23 Barbados, Belize, Bermuda, Bonaire, British Virgin Islands, Cayman
24 Islands, Cook Islands, Curaçao, Cyprus, Dominica, Gibraltar, Grenada,
25 Guernsey-Sark-Alderney, Isle of Man, Jersey, Liberia, Luxembourg,
26 Malta, Marshall Islands, Mauritius, Monaco, Montserrat, Nauru, Niue,
27 Panama, Saba, Samoa, San Marino, Seychelles, Sint Eustatius, Sint

1 Maarten, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines,
2 Turks and Caicos Islands, U.S. Virgin Islands, and Vanuatu; and

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

7 (III) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
8 1, 2027, THE JURISDICTIONS LISTED IN SUBSECTION (12)(b)(I) OF THIS
9 SECTION AND HONG KONG, REPUBLIC OF IRELAND, NETHERLANDS, AND
10 SINGAPORE.

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

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

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

27 (I) ASSESSES A CORPORATE TAX RATE OF LESS THAN FIFTEEN

- 1 PERCENT;
- 2 (II) ALLOWS TAX DEDUCTIONS, INCENTIVES, OR CREDITS THAT
3 LOWER EFFECTIVE TAX RATES ARTIFICIALLY, WITH SPECIAL
4 CONSIDERATION GIVEN TO INTELLECTUAL PROPERTY AND
5 FOREIGN-SOURCE ROYALTIES;
- 6 (III) TARGETS PROFIT-SHIFTING OF FOREIGN-CONTROLLED
7 CORPORATIONS;
- 8 (IV) LACKS TRANSPARENCY AND DOES NOT ENGAGE IN DATA
9 SHARING OR COOPERATE WITH OTHER COUNTRIES' REVENUE AGENCIES
10 DURING AUDITS AND INVESTIGATIONS OR DOES NOT PARTICIPATE IN
11 COUNTRY-BY-COUNTRY REPORTING;
- 12 (V) DOES NOT REQUIRE A CORPORATION TO ENGAGE IN
13 SUBSTANTIAL ACTIVITY OR DELIVER ECONOMIC SUBSTANCE IN THE LISTED
14 JURISDICTION IN ORDER TO BE INCORPORATED IN THAT JURISDICTION;
- 15 (VI) DOES NOT MAINTAIN A BENEFICIAL OWNERSHIP REGISTRY OR
16 DOES NOT PROVIDE THE PUBLIC WITH ACCESS TO COMPANY INFORMATION;
- 17 (VII) ALLOWS HYBRID-MISMATCH RELATIONSHIPS;
- 18 (VIII) ALLOWS OVERLY LENIENT TRANSFER PRICING;
- 19 (IX) ALLOWS INCOME-SHIFTING BETWEEN CORPORATE AFFILIATES
20 OR OTHER INDICATORS OF PROFIT-SHIFTING;
- 21 (X) HAS NOT UNDERTAKEN REFORMS TO ADDRESS ALLEGATIONS
22 THAT IT IS A TAX HAVEN AND THAT IT SHOULD NOT BE A LISTED
23 JURISDICTION;
- 24 (XI) PROVIDES CERTAIN TAX OR OTHER BENEFITS EXCLUSIVELY
25 FOR FOREIGN FIRMS AND NOT TO DOMESTIC ENTITIES;
- 26 (XII) ENGAGES IN OTHER TAX EVASION INDICATORS; OR
27 (XIII) ISSUES CORPORATE PROFIT OR FOREIGN DIRECT INVESTMENT

1 STATISTICS THAT ARE SIGNIFICANTLY OUT OF PROPORTION TO LOCAL
2 ECONOMIC DEVELOPMENT OR THE LOCAL WORKFORCE.

3 (d) A COUNTRY MAY SUBMIT TO THE CONTRACTOR OR THE
4 DEPARTMENT INFORMATION ABOUT INTERNATIONAL TAX REFORM AND
5 EVOLVING BEST PRACTICES.

6 (e) THE CONTRACTOR MAY RECOMMEND THAT A COUNTRY BE
7 DEEMED A LISTED JURISDICTION OR RECOMMEND THAT A COUNTRY NO
8 LONGER BE A LISTED JURISDICTION.

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

11 **42-1-225. Commercial vehicle enterprise tax fund - creation**
12 **- repeal.**

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

23 (2) (c) On July 1, 2025, and ~~each July 1 thereafter~~ ON JULY 1,
24 2026, the department shall allocate the fund balance, not including the
25 amount appropriated to cover the actual cost of administering section
26 39-30-104 (1)(b), to offset the income tax credit granted in section
27 39-30-104 (1)(b).

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

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

5 **SECTION 37.** In Colorado Revised Statutes, 42-4-1701, **amend**
6 (4)(a)(II)(B) as follows:

7 **42-4-1701. Traffic offenses and infractions classified -**
8 **penalties - penalty and surcharge schedule - repeal.**

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

18 == =====

19 **SECTION 38.** In Colorado Revised Statutes, 39-22-546, **amend**
20 **(3)(a) introductory portion and (7) as follows:**

21 **39-22-546. Credit against tax - residential energy storage**
22 **systems - tax preference performance statement - legislative**
23 **declaration - definition - repeal.**

24 **(3) (a) For income tax years commencing on or after January 1,**
25 **2023, but before January 1, 2027 JANUARY 1, 2030, any purchaser that**
26 **installs an energy storage system in a residential dwelling in this state is**
27 **allowed a credit against the tax imposed by this article 22 in an amount**

1 equal to ten percent of the purchase price paid by the purchaser for the
2 energy storage system.

3 (7) This section is repealed, effective January 1, 2030 JANUARY
4 1, 2033.

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

7 **39-22-571. Film festival incentive tax credit - tax preference**
8 **performance statement - legislative declaration - definitions - repeal.**

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

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

17 (1) Except as provided in subsection (3) of this section, to implement this
18 act, appropriations made in the annual general appropriation act for the
19 2026-27 state fiscal year to the department of health care policy and
20 financing are adjusted as follows:

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

25 (b) The appropriation for medical and long-term care services for
26 Medicaid eligible individuals is increased by \$52,560 cash funds, which
27 consists of \$50,900 from the health care expansion fund created in section

1 24-22-117 (2)(a)(I), C.R.S., and \$1,660 from the tobacco tax cash fund
2 created in section 24-22-117 (1)(a), C.R.S.;

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

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

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

11 (2) For the 2026-27 state fiscal year, the general assembly
12 anticipates that the department of health care policy and financing will
13 receive \$20,710 in federal funds for the primary care fund program to
14 implement this act, which amount is subject to the "(I)" notation as
15 defined in the annual general appropriation act for the same fiscal year.
16 The appropriation in subsection (1)(c) of this section is based on the
17 assumption that the department will receive this amount of federal funds.

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

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

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

27 (c) The annual general appropriation act for the 2026-27 state

1 fiscal year does not include an appropriation to the department of health
2 care policy and financing.

3 **SECTION 41. Appropriation.** (1) For the 2026-27 state fiscal
4 year, \$38,432 is appropriated to the department of revenue. This
5 appropriation is from the general fund. To implement this act, the
6 department may use this appropriation as follows:

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

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

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

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

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

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

1 24-22-117 (1)(a), C.R.S. To implement this act, the department may use
2 this appropriation as follows:

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

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

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

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

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

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