

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,

SENATE SPONSORSHIP

Weissman,

House Committees

Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

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

Bill Summary

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

The bill 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 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;

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.

- **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
 5 critical to a high-quality tax system;

1 (b) The office of the state auditor and the general assembly
2 regularly review tax credits, deductions, and exemptions, along with other
3 tax expenditures, and recommend streamlining implementation, assessing
4 ongoing fit with the original purpose, and eliminating outdated or
5 ineffective tax expenditures;

6 (c) This act is a single tax policy change that makes changes to
7 existing tax expenditures and eliminates others to improve the
8 administrative efficiency of the tax code, reduce administrative burden,
9 better align certain tax expenditures with the general assembly's intent in
10 enacting the tax expenditures, and conform Colorado's tax code with
11 provisions commonly used in other states so that Colorado is less of an
12 outlier compared to the rest of the country in how taxpayers compute their
13 taxes owed;

14 (d) Any net district revenue gain resulting from the tax policy
15 change in this act is incidental and de minimis; and

16 (e) Therefore, consistent with the Colorado Supreme Court's
17 holding in *TABOR Found. v. Reg'l Transp. Dist.*, 2018 CO 29, that a tax
18 policy change that causes either no net district tax revenue gain or a net
19 district tax revenue gain that is only incidental and de minimis does not
20 require voter approval under section 20 (4)(a) of article X of the state
21 constitution, this act is not a tax policy change that requires voter
22 approval.

23 ■ ■

24 (2) (a) Eliminating the administrative and bad debt allowance for
25 fuel tax distributors serves the purposes of:

- 26 (I) Reducing a duplicative benefit; and
- 27 (II) Better aligning Colorado's tax code with those of other states.

1 (b) According to the office of the state auditor's 2019 evaluation
2 of the tax expenditure, the internal revenue service already provides a tax
3 offset for bad debt, and most surrounding states don't have a similar tax
4 expenditure.

5 (c) Any revenue gain realized as a result of eliminating the
6 administrative and bad debt allowance for fuel tax distributors is
7 incidental and de minimis.

8 (3) (a) Eliminating the vendor allowances for the cigarette tax,
9 cigarette inventory tax, tobacco products tax, and nicotine products tax
10 serves the purpose of:

11 (I) Better aligning Colorado's tax code with most other tax codes,
12 which don't have similar allowances to reimburse the cost of tax
13 collection; and

14 (II) Removes a redundancy in Colorado's tax code, since
15 businesses are already able to deduct these costs from their taxable
16 income.

17 (b) Any revenue gain realized as a result of eliminating the vendor
18 allowances for the cigarette tax, cigarette inventory tax, tobacco products
19 tax, and nicotine products tax is incidental and de minimis.

20 (4) (a) Eliminating the sales tax exemption for property used in
21 space flight better serves the purposes of:

22 (I) Aligning the Colorado tax code with those of the vast majority
23 of states that don't have a similar tax expenditure; and

24 (II) Modernizes Colorado's tax code, since the department of
25 revenue's biannual Tax Profile and Expenditure Report shows that
26 virtually no taxpayers claim the tax expenditure.

27 (b) Any revenue gain realized as a result of eliminating the sales

1 tax exemption for property used in space flight is incidental and de
2 minimis.

3 (5) (a) Eliminating the income tax deduction for wages and
4 salaries because of section 280C of the internal revenue code serves the
5 purpose of making Colorado's tax code more neutral between taxpayers.
6 According to the office of the state auditor's 2019 and 2024 evaluations
7 of the tax expenditure, only certain types of expenses and businesses
8 qualify for the tax expenditure, which results in Colorado's tax code
9 favoring certain types of business activity over others.

10 (b) Any revenue gain realized as a result of eliminating the
11 income tax deduction for wages and salaries because of section 280C of
12 the internal revenue code is incidental and de minimis.

13 (6) (a) Reducing the fuel loss deduction tax expenditure from 2%
14 to 1% serves the purposes of:

15 (I) Better aligning the tax expenditure with how much fuel
16 distributors lose in transit; and

17 (II) Removes a redundancy in Colorado's tax code, since
18 distributors are already able to deduct these losses from their taxable
19 income.

20 (b) Any revenue gain realized as a result of reducing the fuel loss
21 deduction tax expenditure is incidental and de minimis.

22 (7) (a) Restricting the enterprise zone new employee health
23 insurance tax expenditure so that it is only available to those businesses
24 with fewer than fifty employees serves the purposes of eliminating
25 redundancy and better aligning the tax expenditure with the 56th general
26 assembly's intent in creating the tax expenditure. The 56th general
27 assembly created the tax expenditure to incentivize businesses in

1 enterprise zones to offer health insurance to their employees, but, as a
2 result of the 2010 passage of the federal "Affordable Care Act", these
3 businesses are already required to offer their employees insurance. Any
4 revenue gain realized as a result of restricting this tax expenditure is
5 incidental and de minimis.

6 (8) Restricting the enterprise zone research and experimental
7 income tax credit serves the purpose of better aligning the tax expenditure
8 with the 56th general assembly's intent in creating the tax expenditure by
9 limiting the tax expenditure to businesses that make the largest and most
10 impactful increases in their research and developing spending. Any
11 revenue gain realized as a result of restricting this tax expenditure is
12 incidental and de minimis.

13 (9) (a) The purpose of updating the method for water's-edge
14 combined reporting for future tax years is to better reflect the original
15 intent for water's-edge combined reporting, close loopholes, and better
16 align Colorado's system of unitary apportionment with federal reporting
17 requirements, while fairly apportioning to Colorado its share of
18 corporations' income attributable to operations in the state.

19 (b) The updates to the method for water's-edge combined
20 reporting reflect and strengthens the state's tax policy of water's-edge
21 combined reporting. The updates do not change the state's tax policy, is
22 not a new tax, and any revenue gain realized as a result of the updates is
23 incidental and de minimis.

24 (10) The purpose of eliminating the enterprise zone commercial
25 vehicle investment tax expenditure is to promote efficiency by removing
26 a tax credit that the office of the state auditor's 2020 evaluation of the tax
27 expenditure and the department of revenue's biannual review show very

1 few taxpayers claim. Any revenue gain realized as a result of eliminating
2 this tax expenditure is incidental and de minimis.

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

5 **29-2-109. Contents of use tax ordinances and proposals -**
6 **repeal.**

7 (1) The use tax ordinance, resolution, or proposal of any town,
8 city, or county adopted pursuant to this article 2 shall be imposed only for
9 the privilege of using or consuming in the town, city, or county any
10 construction and building materials purchased at retail or for the privilege
11 of storing, using, or consuming in the town, city, or county any motor and
12 other vehicles, purchased at retail on which registration is required, or
13 both. For the purposes of this subsection (1), the term "construction and
14 building materials" shall not include parts or materials utilized in the
15 fabrication, construction, assembly, or installation of passenger tramways,
16 as defined in section 12-150-103 (5), by any ski area operator, as defined
17 in section 33-44-103 (7), or any person fabricating, constructing,
18 assembling, or installing a passenger tramway for a ski area operator. The
19 ordinance, resolution, or proposal may recite that the use tax shall not
20 apply to the storage and use of wood from salvaged trees killed or
21 infested in Colorado by mountain pine beetles or spruce beetles as
22 exempted from the state use tax pursuant to section 39-26-723. The
23 ordinance, resolution, or proposal may recite that the use tax shall not
24 apply to the storage and use of components used in the production of
25 energy, including but not limited to alternating current electricity, from
26 a renewable energy source, as exempted from the state use tax pursuant
27 to section 39-26-724. The ordinance, resolution, or proposal may recite

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

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

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

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

21 **39-22-104. Income tax imposed on individuals, estates, and**
22 **trusts - single rate - report - tax preference performance statement**
23 **- legislative declaration - definitions - repeal.**

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

25 (t) For income tax years commencing on or after January 1, 2025,
26 an amount equal to the amount of employer contribution that an employee
27 forfeits pursuant to section 39-22-558 (3)(c) and that the taxpayer had

1 previously subtracted from the taxpayer's federal taxable income pursuant
2 to subsection (4)(bb) of this section; and

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

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

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

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

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

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

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

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

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

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

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

20 ■ ■ ■

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

24 **39-22-303. Dividends in a combined report - foreign source**
25 **income - affiliated groups - definitions - rules - repeal.**

26 (8) (a) Except as provided in subsection (8)(b) of this section, FOR
27 TAX YEARS BEGINNING BEFORE JANUARY 1, 2027, neither the taxpayer nor

1 the executive director shall include in a combined report any C
2 corporation that conducts business outside the United States if eighty
3 percent or more of the C corporation's property and payroll, as determined
4 by factoring pursuant to section 24-60-1301, is assigned to locations
5 outside the United States. For the purpose of this subsection (8), "United
6 States" is restricted to the fifty states and the District of Columbia.

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

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

13 (8.5) (a) FOR INCOME TAX YEARS BEGINNING ON OR AFTER
14 JANUARY 1, 2027, THE MEMBERS OF AN AFFILIATED GROUP OF C
15 CORPORATIONS REQUIRED TO FILE A COMBINED REPORT PURSUANT TO
16 SUBSECTION (11.5)(b)(I) OF THIS SECTION MAY MAKE A WATER'S-EDGE
17 ELECTION AS SET FORTH IN SUBSECTION (8.5)(c) OF THIS SECTION.
18 PURSUANT TO A WATER'S-EDGE ELECTION, THE COMBINED GROUP SHALL
19 TAKE INTO ACCOUNT THE NET INCOME AND APPORTIONMENT FACTORS OF
20 THE MEMBERS OF THE AFFILIATED GROUP PURSUANT TO SUBSECTION (11.5)
21 OF THIS SECTION TO THE EXTENT SET FORTH IN SUBSECTION (8.5)(b) OF
22 THIS SECTION.

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

25 (A) EVERY MEMBER OF THE AFFILIATED GROUP THAT IS
26 INCORPORATED IN THE UNITED STATES OR FORMED UNDER THE LAWS OF
27 ANY STATE, THE DISTRICT OF COLUMBIA, OR ANY TERRITORY OR

1 POSSESSION OF THE UNITED STATES;

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

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

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

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

20 (A) THE PORTION OF THE NET INCOME OF A MEMBER OF THE
21 AFFILIATED GROUP DERIVED FROM OR ATTRIBUTABLE TO SOURCES WITHIN
22 THE UNITED STATES, AS DETERMINED PURSUANT TO THE INTERNAL
23 REVENUE CODE WITHOUT REGARD TO FEDERAL TREATIES, AND THE
24 RELATED APPORTIONMENT FACTORS; AND

25 (B) IN THE CASE OF A MEMBER OF THE AFFILIATED GROUP THAT
26 EARNS MORE THAN TWENTY PERCENT OF ITS NET INCOME, DIRECTLY OR
27 INDIRECTLY, FROM INTANGIBLE PROPERTY OR SERVICE-RELATED

1 ACTIVITIES THAT ARE DEDUCTIBLE FROM THE APPORTIONABLE INCOME OF
2 ONE OR MORE MEMBERS OF THE COMBINED GROUP, THE RELATED NET
3 INCOME AND THE APPORTIONMENT FACTORS.

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

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

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

22 (B) UPON THE EXPIRATION OF THE PERIOD DESCRIBED IN
23 SUBSECTION (8.5)(c)(II)(A) OF THIS SECTION, A COMBINED GROUP MAY
24 WITHDRAW THE WATER'S-EDGE ELECTION. THE COMBINED GROUP MUST
25 WITHDRAW THE ELECTION ON A TIMELY FILED, ORIGINAL TAX RETURN FOR
26 THE FIRST INCOME TAX YEAR AFTER THE PERIOD DESCRIBED IN
27 SUBSECTION (8.5)(c)(II)(A) OF THIS SECTION, OR BY OTHER WRITTEN

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

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

22 (III) THE EXECUTIVE DIRECTOR MAY PROMULGATE RULES
23 GOVERNING THE EFFECT, IF ANY, ON THE SCOPE OR APPLICATION OF A
24 WATER'S-EDGE ELECTION, INCLUDING THE PROCEDURES FOR ELECTION AND
25 TERMINATION OR DEEMED ELECTION, RESULTING FROM A CHANGE IN THE
26 COMPOSITION OF THE UNITARY GROUP, THE COMBINED GROUP, THE
27 MEMBERS, AND ANY OTHER SIMILAR CHANGE.

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

6 (I) ANY MEMBER OF THE UNITARY GROUP FAILS TO COMPLY WITH
7 ANY PROVISION OF THIS ARTICLE 22 OR ANY PROVISION OF ARTICLE 21 OF
8 THIS TITLE 39; OR

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

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

19 (11.5) (b) For tax years beginning on and after January 1, 2026:

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

24 (II) (A) The net income of each member of the combined group,
25 as determined under section 39-22-304, is combined, eliminating items
26 of income, expense, gain, and loss from transactions between members
27 of the combined group, applying the consolidated filing rules under the

1 internal revenue code, and the regulations thereunder, as if the combined
2 group was a consolidated filing group. ~~Dividends are eliminated to the~~
3 ~~extent permitted under subsection (9) of this section.~~

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

7 (C) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,
8 2027, TO THE EXTENT THE NET INCOME OF A MEMBER OF A COMBINED
9 GROUP INCLUDES SUBPART F INCOME OR NET CFC TESTED INCOME WITH
10 RESPECT TO ANOTHER MEMBER OF THE COMBINED GROUP OF WHICH THE
11 MEMBER IS A UNITED STATES SHAREHOLDER, THE COMBINED GROUP
12 SHALL ELIMINATE SUCH SUBPART F OR NET CFC TESTED INCOME FROM A
13 COMBINED REPORT.

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

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

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

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

23 **39-22-304. Net income of corporation - legislative declaration**
24 **- definitions - repeal.**

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

26 (l) (I) (A) FOR INCOME TAX YEARS BEGINNING ON AND AFTER
27 JANUARY 1, 2027, THE EXCESS OF ANY GAIN EXCLUDED FROM FEDERAL

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

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

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

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

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

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

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

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

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

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

11 (II) THIS SUBSECTION (3)(i) IS REPEALED, EFFECTIVE DECEMBER
12 31, 2031.

13 (q) (I) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY
14 1, 2022, BUT BEFORE JANUARY 1, 2027:

15 (H) (A) Any amount included in federal taxable income pursuant
16 to section 951 (a) of the internal revenue code with respect to a controlled
17 foreign corporation that is a C corporation incorporated in a foreign
18 jurisdiction for the purpose of tax avoidance pursuant to section
19 39-22-303 (8)(b)(II); and

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

27 (II) THIS SUBSECTION (3)(q) IS REPEALED, EFFECTIVE DECEMBER

1 31, 2031.

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

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

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

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

14 (a) **Category 1.**

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

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

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

24 (I) No credit is allowed for a purchase or lease made on or after
25 July 1, 2023, but before ~~January 1, 2029~~ JANUARY 1, 2027, of a Category
26 1 vehicle that exceeds a manufacturer's suggested retail price of
27 eighty-thousand dollars.

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

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

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

20 (a.7) (I) 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 (4)(a)(VIII), (4)(a)(IX), or
26 (4)(a)(X) of this section for ~~any~~ THE INCOME tax year commencing in the
27 calendar year that begins during said next fiscal year is reduced by fifty

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

4 (II) THIS SUBSECTION (4)(a.7) IS REPEALED, EFFECTIVE DECEMBER
5 31, 2031.

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

8 **39-22-516.8. Tax credit for innovative trucks - tax preference**
9 **performance statement - legislative declaration - definitions - repeal.**

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

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

24 **39-22-543. Credit for wildfire hazard mitigation expenses -**
25 **legislative declaration - definitions - repeal.**

26 (2) As used in this section, unless the context otherwise requires:
27 (a.5) "INFESTATION MITIGATION MEASURERS" MEANS THE

1 THINNING OF WOODY VEGETATION THAT IS AT RISK OF MOUNTAIN PINE
2 BEETLE OR SPRUCE BEETLE INFESTATION OR THAT HAS BEEN KILLED BY
3 MOUNTAIN PINE BEETLES OR SPRUCE BEETLES, IF SUCH ACTIVITIES MEET
4 OR EXCEED ANY COLORADO STATE FOREST SERVICE STANDARDS OR ANY
5 OTHER APPLICABLE STATE RULES.

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

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

20 ■
21 (3) (a) FOR INCOME TAX YEARS BEGINNING BEFORE JANUARY 1,
22 2027, in the case of two taxpayers filing a joint return, the amount of the
23 credit shall not exceed six hundred twenty-five dollars in any taxable
24 year. FOR INCOME TAX YEARS BEGINNING ON AND AFTER JANUARY 1,
25 2027, IN THE CASE OF TWO TAXPAYERS FILING A JOINT RETURN, THE
26 AMOUNT OF THE CREDIT SHALL NOT EXCEED TWO THOUSAND DOLLARS IN
27 ANY TAXABLE YEAR. In the case of two taxpayers who may legally file a

1 joint return but actually file separate returns, only one of the taxpayers
2 may claim the credit specified in this section.

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

13 (c) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,
14 2027, BUT BEFORE JANUARY 1, 2031, A LANDOWNER WITH AN ADJUSTED
15 GROSS INCOME AT OR BELOW THREE HUNDRED THOUSAND DOLLARS FOR
16 THE INCOME TAX YEAR BEGINNING ON OR AFTER JANUARY 1, 2027, AS
17 ADJUSTED FOR INFLATION AND ROUNDED TO THE NEAREST HUNDRED
18 DOLLARS FOR EACH INCOME TAX YEAR THEREAFTER, IS ALLOWED A CREDIT
19 AGAINST THE INCOME TAXES IMPOSED BY THIS ARTICLE 22 IN AN AMOUNT
20 EQUAL TO THE LANDOWNER'S COSTS INCURRED FOR WILDFIRE MITIGATION
21 MEASURES, INFESTATION MITIGATION MEASURES, OR BOTH IN AN AMOUNT
22 UP TO TWO THOUSAND DOLLARS. THE MAXIMUM TOTAL CREDIT IN A
23 TAXABLE YEAR FOR A LANDOWNER IS TWO THOUSAND DOLLARS.

24 (5) (a) If the amount of a credit under this section exceeds a
25 taxpayer's actual tax liability for an income tax year BEGINNING BEFORE
26 JANUARY 1, 2026, the amount of the credit not used to offset the
27 taxpayer's income tax liability is not refunded to the taxpayer and shall

1 not be carried forward as a tax credit against the taxpayer's income tax
2 liability in any subsequent tax year.

3
4 (b) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,
5 2026, IF THE AMOUNT OF A CREDIT ALLOWED BY THIS SECTION EXCEEDS
6 THE TAXPAYER'S INCOME TAXES DUE, THE EXCESS MAY NOT BE CARRIED
7 FORWARD AND IS REFUNDED TO THE TAXPAYER.

8 (6) This section is repealed, effective ~~January 1, 2030~~ JANUARY
9 1, 2040.

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

14 **39-22-549. Credit against tax - small food business recovery**
15 **and resilience grant program equipment - community food**
16 **consortium duties and responsibilities - tax preference performance**
17 **statement - legislative declaration - definitions - repeal.**

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

19 (e) "Purchaser" means:

20 (I) FOR INCOME TAX YEARS COMMENCING BEFORE JANUARY 1,
21 2027, a small food retailer or small family farm that purchases small food
22 business recovery and resilience grant program equipment.

23 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
24 1, 2027, A QUALIFIED DISTRIBUTOR,  SMALL FOOD RETAILER, OR SMALL
25 FAMILY FARM THAT PURCHASES SMALL FOOD BUSINESS RECOVERY AND
26 RESILIENCE GRANT PROGRAM EQUIPMENT.

27 (e.5) "QUALIFIED DISTRIBUTOR" MEANS A COLORADO-OWNED AND

1 OPERATED BUSINESS OR NONPROFIT ORGANIZATION THAT:

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

4 (II) ACTIVELY MANAGES THE AGGREGATION, DISTRIBUTION, AND
5 MARKETING OF SOURCE-IDENTIFIED RAW COLORADO AGRICULTURAL
6 PRODUCTS;

7 (III) PRIORITIZES THE AGGREGATION, DISTRIBUTION, AND
8 MARKETING OF SOURCE-IDENTIFIED RAW COLORADO AGRICULTURAL
9 PRODUCTS FROM COLORADO PRODUCERS TO SATISFY WHOLESAL, RETAIL,
10 AND INSTITUTIONAL DEMAND; AND

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

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

26 (h) "Small food retailers" has the same meaning as set forth in
27 section 35-1-117 (8)(e) FOR INCOME TAX YEARS COMMENCING BEFORE

1 JANUARY 1, 2027. FOR INCOME TAX YEARS COMMENCING ON OR AFTER
2 JANUARY 1, 2027, "SMALL FOOD RETAILERS" MEANS:

3 (I) AN INDEPENDENT, COLORADO-OWNED, AND
4 COLORADO-OPERATED SMALL FOOD RETAIL BUSINESS, DEFINED AS A FOOD
5 RETAILER THAT:

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

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

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

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

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

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

23 (I) (B) For income tax years commencing on or after January 1,
24 2025, but before January 1, 2031, any member of the food consortium is
25 allowed a credit against the tax imposed by this article 22 in an amount
26 equal to seventy-five percent of the amount certain spent by the member
27 of the consortium on completing its duties and responsibilities minus any

1 amount awarded to the member of the consortium pursuant to section
2 35-1-117 (2) for the completion of its duties and responsibilities; and

3 (II) (B) For income tax years commencing on or after January 1,
4 2025, but before January 1, 2031, any purchaser of small food business
5 recovery and resilience grant program equipment is allowed a credit
6 against the tax imposed by this article 22 in an amount equal to
7 seventy-five percent of the purchase price of the relevant small food
8 business recovery and resilience grant program equipment minus the
9 amount of any grant awarded under the small food business recovery and
10 resilience grant program for the purchase of the same small food business
11 recovery and resilience grant program equipment; AND

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

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

25 (5) (a) A member of the consortium or a purchaser of small food
26 business recovery grant program equipment shall submit an application
27 to the department of agriculture for the issuance of a tax credit certificate

1 allowed in this section by the deadlines established in the rules
2 promulgated by the department of agriculture. The application must
3 include:

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

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

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

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

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

1 SECTION.

2 (c) (I) FOR INCOME TAX YEARS COMMENCING BEFORE JANUARY 1,
3 2027, the department of agriculture shall issue tax credit certificates
4 allowed in this section in an order that accords with the rules promulgated
5 by the department of agriculture. The department of agriculture shall
6 review and approve or disapprove an application filed pursuant to
7 subsection (5)(a) of this section within a reasonable time, not to exceed
8 ninety days after the filing of a completed application.

9 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
10 1, 2027, THE DEPARTMENT OF AGRICULTURE SHALL REVIEW AND APPROVE
11 OR DISAPPROVE AN APPLICATION FILED PURSUANT TO SUBSECTION (5)(a)
12 OF THIS SECTION WITHIN A REASONABLE TIME, NOT TO EXCEED ONE
13 HUNDRED FIFTY DAYS AFTER THE FILING OF A COMPLETED APPLICATION.

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

24 **SECTION 10.** In Colorado Revised Statutes, 39-22-550, **amend**
25 (1)(b) introductory portion, (1)(b)(I), (3)(a), (5), and (6); and **add**
26 (3)(e)(III) as follows:

27 **39-22-550. Tax credit for reducing emissions from certain**

1 **lawn equipment - tax preference performance statement - legislative**
2 **declaration - definitions - report - repeal.**

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

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

12 (3) (a) For income tax years commencing on or after January 1,
13 2024, but before ~~January 1, 2027~~ JANUARY 1, 2030, a retailer qualified
14 pursuant to subsection (3)(e)(II) of this section is allowed a tax credit
15 against the tax imposed pursuant to this article 22 in an amount equal to
16 thirty-three percent of the aggregate purchase price for all retail sales of
17 new, electric-powered lawn equipment that the qualified retailer sold in
18 the state during the tax year.

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

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

1 year thereafter through ~~January 1, 2028~~ JANUARY 1, 2031, shall submit to
2 the general assembly and the state auditor a report detailing the sales of
3 new, electric-powered lawn equipment, as reported by a qualified retailer
4 claiming the tax credit authorized under subsection (3) of this section.
5 The tax credit established in this section meets its purpose if sales of new,
6 gasoline-powered lawn equipment are significantly reduced within five
7 years after the tax credit becomes effective, as determined by the general
8 assembly and the state auditor pursuant to section 39-21-304 (3).

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

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

13 **39-22-551. Industrial clean energy tax credit - tax preference**
14 **performance statement - definitions - report - repeal.**

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

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

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

26 (j) "Owner" means a person or developer of a project to be
27 implemented at a qualified industrial facility subject to tax under this

1 article 22 who applies for and claims the credit allowed by this section.
2 FOR INCOME TAX YEARS COMMENCING ON AND AFTER JANUARY 1, 2027,
3 "OWNER" ALSO INCLUDES A PERSON OR POLITICAL SUBDIVISION OF THE
4 STATE THAT IS A DEVELOPER OF A PROJECT TO BE IMPLEMENTED AT A
5 QUALIFIED INDUSTRIAL FACILITY AND THAT IS EXEMPT FROM TAXATION
6 UNDER SECTION 39-22-112 (1).

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

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

17 [REDACTED]

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

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

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

27 **39-22-552. Tax credit for expenditures made in connection**

1 **with a geothermal energy project - tax preference performance**
2 **statement - legislative declaration - definitions - repeal.**

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

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

26 (II) IF THE APPLICABLE AMOUNT OF QUALIFIED EXPENDITURES
27 MADE BY THE ELIGIBLE TAXPAYER IS LESS THAN THE AMOUNT RESERVED

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

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

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

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

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

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

14 (II) THIS SUBSECTION (3)(f) IS REPEALED, EFFECTIVE DECEMBER
15 31, 2031.

16 **SECTION 14.** In Colorado Revised Statutes, 39-22-555, **amend**
17 (6) as follows:

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

20 (6) (a) If the June 2025 revenue forecast, ~~and each June revenue~~
21 ~~forecast through the June 2031 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 this section, the discount required
26 pursuant to subsection (3)(b) of this section, and the administrative fee
27 allowed pursuant to subsection (3)(d) of this section for any tax year

1 commencing in the calendar year that begins during said next fiscal year,
2 is reduced by fifty percent.

3 (b) THIS SUBSECTION (6) IS REPEALED, EFFECTIVE DECEMBER 31,
4 2031.

5 **SECTION 15.** 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 16.** 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, FOR EACH GALLON OF
4 SUSTAINABLE AVIATION FUEL THAT THE QUALIFIED TAXPAYER PURCHASED
5 FOR USE IN THE STATE DURING THE INCOME TAX YEAR, EXCEPT AS
6 OTHERWISE PROVIDED IN SUBSECTION (3)(b) OF THIS SECTION.

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

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

21 (c) FOR PURPOSES OF THIS SECTION, SUSTAINABLE AVIATION FUEL
22 IS DEEMED TO BE PURCHASED FOR USE IN THE STATE IF IT IS DELIVERED TO
23 AND USED FOR FUELING AIRCRAFT AT A COLORADO AIRPORT, AIRFIELD, OR
24 AIRPARK NOTWITHSTANDING THE SUBSEQUENT OPERATION OF SUCH
25 AIRCRAFT OUTSIDE THE STATE. EXCEPT AS PROVIDED IN THIS SUBSECTION
26 (3)(c), FUEL LOADED INTO A CARGO TANK OR OTHERWISE EXPORTED FROM
27 THE STATE IS NOT DEEMED TO BE PURCHASED FOR USE IN THE STATE.

1 (4) (a) PRIOR TO PURCHASING SUSTAINABLE AVIATION FUEL FOR
2 USE IN THE STATE, A QUALIFIED TAXPAYER SHALL SUBMIT AN APPLICATION
3 TO THE OFFICE FOR A TAX CREDIT CERTIFICATE TO RESERVE THE CREDIT
4 ALLOWED BY THIS SECTION ON A FORM AND IN A MANNER PRESCRIBED BY
5 THE OFFICE. THE APPLICATION MUST INCLUDE INFORMATION TO ALLOW
6 THE OFFICE TO MAKE A DETERMINATION THAT THE APPLICANT IS A
7 QUALIFIED TAXPAYER, DOCUMENTATION REGARDING THE CARBON
8 INTENSITY OF THE SUSTAINABLE AVIATION FUEL THAT WILL BE
9 PURCHASED, AND AN ESTIMATE OF THE AMOUNT OF SUSTAINABLE
10 AVIATION FUEL THE QUALIFIED TAXPAYER PLANS TO PURCHASE FOR USE
11 IN THE STATE DURING THE INCOME TAX YEAR.

12 (b) AFTER REVIEWING THE APPLICATION, THE OFFICE SHALL
13 DETERMINE WHETHER THE APPLICANT QUALIFIES FOR THE CREDIT AND THE
14 AMOUNT OF CREDIT TO BE RESERVED FOR THE BENEFIT OF THE QUALIFIED
15 TAXPAYER, WHICH MAY BE ALL, PART, OR NONE OF THE AMOUNT
16 REQUESTED IN THE APPLICATION. THE OFFICE SHALL NOTIFY THE
17 APPLICANT IN WRITING OF ITS DECISION AND THE AMOUNT RESERVED, IF
18 ANY. THE AGGREGATE AMOUNT OF CREDIT THE OFFICE MAY RESERVE
19 PURSUANT TO THIS SUBSECTION (4) MUST NOT EXCEED THREE MILLION
20 DOLLARS PER CALENDAR YEAR. IN THE CASE OF A QUALIFIED TAXPAYER
21 WITH AN INCOME TAX YEAR OTHER THAN A CALENDAR YEAR, CREDIT
22 RESERVED PURSUANT TO THIS SUBSECTION (4) MAY BE CLAIMED FOR THE
23 TAX YEAR THAT BEGINS DURING THE CALENDAR YEAR.

24 (c) FOLLOWING THE CLOSE OF THE TAX YEAR, IN ACCORDANCE
25 WITH THE STANDARDS DEVELOPED BY THE OFFICE PURSUANT TO
26 SUBSECTION (4)(e) OF THIS SECTION, THE QUALIFIED TAXPAYER SHALL
27 SUBMIT DOCUMENTATION SUBSTANTIATING THE QUALIFIED TAXPAYER'S

1 PURCHASES OF SUSTAINABLE AVIATION FUEL FOR USE IN THE STATE
2 DURING THE TAX YEAR. UPON A DETERMINATION BY THE OFFICE THAT THE
3 PURCHASES QUALIFY FOR THE CREDIT ALLOWED BY THIS SECTION, THE
4 OFFICE SHALL ISSUE THE TAXPAYER A TAX CREDIT CERTIFICATE FOR THE
5 LESSER OF THE CREDIT ALLOWED PURSUANT TO SUBSECTION (3)(a) OF THIS
6 SECTION WITH RESPECT TO THE AMOUNT OF SUSTAINABLE AVIATION FUEL
7 ACTUALLY PURCHASED FOR USE IN THE STATE OR THE AMOUNT OF CREDIT
8 RESERVED FOR THE BENEFIT OF THE QUALIFIED TAXPAYER PURSUANT TO
9 THIS SUBSECTION (4).

10 (d) THE OFFICE SHALL, IN A SUFFICIENTLY TIMELY MANNER TO
11 ALLOW THE DEPARTMENT TO PROCESS RETURNS CLAIMING THE INCOME
12 TAX CREDIT ALLOWED IN THIS SECTION, PROVIDE THE DEPARTMENT WITH
13 AN ELECTRONIC REPORT OF EACH QUALIFIED TAXPAYER THAT THE OFFICE
14 APPROVED FOR THE INCOME TAX CREDIT ALLOWED IN THIS SECTION FOR
15 THE PRECEDING CALENDAR YEAR THAT INCLUDES THE FOLLOWING
16 INFORMATION:

- 17 (I) THE TAXPAYER'S NAME;
- 18 (II) THE TAXPAYER'S SOCIAL SECURITY NUMBER OR THE
19 TAXPAYER'S COLORADO ACCOUNT NUMBER AND FEDERAL EMPLOYER
20 IDENTIFICATION NUMBER; AND
- 21 (III) THE AMOUNT OF THE TAX CREDIT CERTIFICATE.

22 (e) THE OFFICE SHALL DEVELOP STANDARDS FOR THE APPROVAL
23 OF QUALIFIED TAXPAYERS FOR WHOM A TAX CREDIT UNDER THIS SECTION
24 IS ALLOWED AND THE AWARDING OF TAX CREDIT CERTIFICATES PURSUANT
25 TO THIS SUBSECTION (4) AND SHALL POST THOSE STANDARDS ON ITS
26 WEBSITE.

27 (5) NOTWITHSTANDING THE REQUIREMENT IN SECTION 24-1-136

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

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

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

17 **SECTION 17.** In Colorado Revised Statutes, 39-22-629, **amend**
18 (1)(a) as follows:

19 **39-22-629. Advance payments of income tax credits -**
20 **definitions.**

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

22 (a) "Applicable credit" means:

23 (I) FOR INCOME TAX YEARS COMMENCING BEFORE JANUARY 1,
24 2027, the credits allowed in sections 39-22-516.7, 39-22-516.8, and
25 39-22-555; AND

26 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
27 1, 2027, THE CREDITS ALLOWED IN SECTIONS 39-22-516.7, 39-22-516.8, ■

1 39-22-550, AND 39-22-555.

2

3 **SECTION 18.** In Colorado Revised Statutes, 39-26-710, **amend**
4 (1)(a) and (2); and **add** (2.5) as follows:

5 **39-26-710. Railroads - construction and building materials -**
6 **tangible personal property - work equipment - rolling stock - tax**
7 **preference performance statement - legislative declaration.**

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

10 (a) The sale of construction and building materials to a common
11 carrier by rail operating in interstate or foreign commerce for use by the
12 common carrier in construction and maintenance of its railroad tracks;
13 however, any actual use of such construction and building materials shall,
14 at the time of the actual use, be subject to the tax imposed by part 2 of this
15 ~~article~~ ARTICLE 26 and any use tax imposed pursuant to article 2 of title
16 29, ~~C.R.S.~~ EXCEPT AS PROVIDED IN SUBSECTION (2)(c) OF THIS
17 SECTION;

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

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

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

27 (c) FOR TAX PERIODS BEGINNING ON OR AFTER JULY 1, 2027, THE

1 STORAGE, USE, OR CONSUMPTION OF CONSTRUCTION AND BUILDING
2 MATERIALS BY OR ON BEHALF OF A COMMON CARRIER BY RAIL OPERATING
3 IN INTERSTATE OR FOREIGN COMMERCE WHEN THE STORAGE, USE, OR
4 CONSUMPTION OF THE CONSTRUCTION AND BUILDING MATERIALS IS
5 PURSUANT TO A CONTRACT WITH THE STATE, A DEPARTMENT OR
6 INSTITUTION OF THE STATE, A POLITICAL SUBDIVISION OF THE STATE, OR
7 A SPECIAL DISTRICT THAT ALLOWS THE STATE, A DEPARTMENT OR
8 INSTITUTION OF THE STATE, A POLITICAL SUBDIVISION OF THE STATE, OR
9 A SPECIAL DISTRICT TO USE THE RAILROAD'S PROPERTY OR TRACKS FOR
10 THE PROVISION OF PUBLIC PASSENGER RAIL SERVICE. THE DEPARTMENT OF
11 TRANSPORTATION SHALL NOTIFY THE DEPARTMENT OF REVENUE OF THE
12 IDENTITY OF ANY COMMON CARRIER ELIGIBLE FOR THE EXEMPTION
13 ALLOWED BY THIS SUBSECTION (2)(c).

14

15 **SECTION 19.** In Colorado Revised Statutes, 39-26-723, **amend**
16 (1) and (3); and **add** (2.5) as follows:

17 **39-26-723. Colorado wood products - repeal - tax preference**
18 **performance statement - legislative declaration.**

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

1 parts 1 and 2 of this article 26.

2 (2.5) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH
3 REQUIRES ANY BILL THAT EXTENDS AN EXPIRING TAX EXPENDITURE TO
4 INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A
5 STATUTORY LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS
6 AND DECLARES THAT THE PURPOSE OF THE TAX CREDIT PROVIDED IN
7 SUBSECTION (1)(a) OF THIS SECTION IS TO INDUCE CERTAIN DESIGNATED
8 BEHAVIOR BY TAXPAYERS BY CONTINUING TO ENCOURAGE THE SALE,
9 STORAGE, AND USE OF WOOD FROM SALVAGED TREES KILLED OR INFESTED
10 IN COLORADO BY MOUNTAIN PINE BEETLES OR SPRUCE BEETLES. THE
11 GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL MEASURE THE
12 EFFECTIVENESS OF THE CREDIT IN ACHIEVING THIS PURPOSE BASED ON THE
13 VALUE OF EXEMPT SALES.

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

15 **SECTION 20.** In Colorado Revised Statutes, 39-26-728, **amend**
16 (1); and **add** (5) as follows:

17 **39-26-728. Property for use in space flight - definitions -**
18 **repeal.**

19 (1) ~~For the state fiscal years commencing on or after July 1, 2014,~~
20 All sales, storage, and use of qualified property, ON OR AFTER JULY 1,
21 2014, BUT BEFORE JANUARY 1, 2027, for use in space flight is exempt
22 from taxation under parts 1 and 2 of this ~~article~~ ARTICLE 26.

23 (5) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2029.

24 **SECTION 21.** In Colorado Revised Statutes, 39-27-102, **amend**
25 (1)(b)(I) as follows:

26 **39-27-102. Tax imposed on gasoline and special fuel - deposits**
27 **- penalties.**

1 (1) (b) (I) In the case of gasoline or special fuel removed from a
2 terminal, the tax is imposed upon the person first receiving the gasoline
3 or special fuel at the terminal even if such person is also the supplier. In
4 the case of gasoline or special fuel removed from a terminal by a common
5 carrier, the consignor who owns the gasoline or special fuel removed by
6 the common carrier is deemed to be the remover and first recipient
7 thereof. The amount of gasoline or special fuel removed is deemed to be
8 the amount shipped from the terminal, measured in gallons, as shown by
9 the terminal manifest; except that, FOR TAX PERIODS BEGINNING BEFORE
10 JANUARY 1, 2027, THE LICENSED DISTRIBUTOR SHALL DEDUCT an
11 allowance of two percent of the total amount of gasoline or special fuel
12 acquired during any calendar month, as shown by terminal manifests, ~~is~~
13 ~~deducted by the licensed distributor~~ to cover losses in transit and in
14 unloading the gasoline or special fuel but there is no allowance for
15 liquefied petroleum gas or removal by bulk transfer, AND, FOR TAX
16 PERIODS BEGINNING ON OR AFTER JANUARY 1, 2027, THE LICENSED
17 DISTRIBUTOR SHALL DEDUCT AN ALLOWANCE OF ONE PERCENT OF THE
18 TOTAL AMOUNT OF GASOLINE OR SPECIAL FUEL ACQUIRED DURING ANY
19 CALENDAR MONTH, AS SHOWN BY TERMINAL MANIFESTS, TO COVER
20 LOSSES IN TRANSIT AND IN UNLOADING THE GASOLINE OR SPECIAL FUEL,
21 BUT THERE IS NO ALLOWANCE FOR LIQUEFIED PETROLEUM GAS OR
22 REMOVAL BY BULK TRANSFER. The ~~two percent~~ allowance provided under
23 this subsection (1)(b)(I) is allowed whether the terminal is within or
24 ~~without this~~ OUTSIDE OF THE state.

25 **SECTION 22.** In Colorado Revised Statutes, 39-27-105, **amend**
26 (2)(a)(I) and (2)(b) as follows:

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

1 **- repeal.**

2 (2) (a) (I) It is the duty of every distributor of gasoline or special
3 fuel other than liquefied petroleum gas to compute the amount of tax
4 payable on all gasoline or special fuel imported, removed from a terminal,
5 or otherwise acquired during the preceding calendar month at the rate of
6 tax per gallon imposed thereon in section 39-27-102 (1). ~~and~~ In
7 computing the amount of tax FOR TAX PERIODS BEGINNING BEFORE
8 JANUARY 1, 2027, THE DISTRIBUTOR SHALL TAKE INTO ACCOUNT the
9 allowance of two percent provided for in section 39-27-102 (1)(b)(I). ~~(A)~~
10 ~~shall be taken into account~~; IN COMPUTING THE AMOUNT OF TAX FOR TAX
11 PERIODS BEGINNING ON OR AFTER JANUARY 1, 2027, THE DISTRIBUTOR
12 SHALL TAKE INTO ACCOUNT THE ALLOWANCE OF ONE PERCENT PROVIDED
13 FOR IN SECTION 39-27-102 (1)(b)(I).

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

25 (II) FOR TAX PERIODS BEGINNING ON OR AFTER JANUARY 1, 2027,
26 THE DISTRIBUTOR SHALL FILE THE STATEMENT REQUIRED BY SUBSECTION
27 (1) OF THIS SECTION AND SHALL PAY THE AMOUNT OF TAX COMPUTED

1 UNDER SUBSECTION (2)(a) OF THIS SECTION ON OR BEFORE THE
2 TWENTY-SIXTH DAY OF EACH CALENDAR MONTH.

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

5 **SECTION 23.** In Colorado Revised Statutes, 39-28-103.3,
6 **amend** (4) as follows:

7 **39-28-103.3. Inventory tax - definition.**

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

25 **SECTION 24.** In Colorado Revised Statutes, 39-28-104, **amend**
26 (1)(a)(I) as follows:

27 **39-28-104. Evidence of payment of tax - credits - redemptions**

1 **- repeal.**

2 (1) (a) (I) Payment of the taxes imposed by sections 39-28-103
3 and 39-28-103.5 and section 21 of article X of the state constitution shall
4 be evidenced by the affixing of stamps to, or by an imprint or impression
5 by suitable metering machines approved by the department on, packages
6 containing cigarettes. The department shall procure stamps of such design
7 and legend as it deems necessary and suitable for the purpose. Except as
8 provided in THIS subsection (1), ~~(b) of this section~~ the department shall
9 sell such stamps for cash to licensed wholesalers at a discount of four
10 percent of their face value for sales occurring after July 1, 2005, but
11 before January 1, 2021, and four-tenths percent of their face value for
12 sales occurring on and after January 1, 2021, BUT BEFORE JANUARY 1,
13 2027, if payment is made on or before the tenth day of the month
14 following the month in which the purchase is made to cover the licensed
15 wholesaler's expense in the collection and remittance of such tax; but, if
16 any licensed wholesaler is delinquent in remitting such payment, other
17 than in unusual circumstances shown to the satisfaction of the executive
18 director of the department, the licensed wholesaler shall not be allowed
19 to retain any amounts THAT MAY BE AVAILABLE FOR TAX PERIODS BEFORE
20 JANUARY 1, 2027, to cover ~~his or her~~ THE WHOLESALER'S expense in
21 collecting and remitting said tax, and, in addition, FOR ANY TAX PERIOD,
22 the penalty imposed under section 39-28-108 (2) shall apply. The
23 department shall keep accurate records of all stamps sold to each
24 wholesaler. No wholesaler shall sell or transfer any stamps purchased
25 pursuant to this article 28.

26 **SECTION 25.** In Colorado Revised Statutes, 39-28-108, **amend**
27 (2)(b) as follows:

1 **39-28-108. Penalty.**

2 (2) (b) If a person fails to pay the tax in the time ~~allowed for the~~
3 ~~discount in~~ REQUIRED PURSUANT TO section 39-28-104 (1) or
4 39-28-103.3, a penalty equal to ten percent thereof plus one-half of one
5 percent per month from the date when due, not to exceed eighteen percent
6 in the aggregate, together with interest on such delinquent taxes at the rate
7 computed under section 39-21-110.5, shall apply.

8 **SECTION 26.** In Colorado Revised Statutes, 39-28.5-106,
9 **amend** (2) as follows:

10 **39-28.5-106. Returns and remittance of tax - civil penalty.**

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

1 the penalty imposed under section 39-28.5-110 (2)(b) shall apply.

2 **SECTION 27.** In Colorado Revised Statutes, 39-28.6-107,
3 **amend** (2) as follows:

4 **39-28.6-107. Returns and remittance of tax - civil penalty -**
5 **rules.**

6 (2) Every distributor shall file a return with the department by the
7 twentieth day of the month following the month reported and shall
8 therewith remit the amount of tax due. ~~less~~ FOR TAX PERIODS BEGINNING
9 BEFORE JANUARY 1, 2027, A DISTRIBUTOR IS ENTITLED TO CLAIM A
10 DISCOUNT OF one and one-tenth percent of any amount remitted to cover
11 the distributor's expense in the collection and remittance of the tax. ~~For~~
12 ~~tax periods beginning before January 1, 2027,~~ If any distributor is
13 delinquent in remitting the tax, other than in unusual circumstances
14 shown to the satisfaction of the executive director of the department, the
15 distributor is not allowed to retain any amounts ALLOWED FOR TAX
16 PERIODS BEFORE JANUARY 1, 2027, to cover ~~his or her~~ THE DISTRIBUTOR'S
17 expense in collecting and remitting the tax and, in addition, FOR ANY TAX
18 PERIOD, the penalty imposed under section 39-28.6-111 (2)(b) applies.

19 **SECTION 28.** In Colorado Revised Statutes, 39-30-104, **amend**
20 **(2)(c)(I) introductory portion and (2.6)(a) introductory portion; and add**
21 **(1)(a)(III), (1)(b)(VIII), (4)(c), and (8) as follows:**

22 **39-30-104. Credit against tax - investment in certain property**
23 **- definitions - repeal - tax preference performance statement -**
24 **legislative declaration.**

25 (1) (a) (III) NOTWITHSTANDING SUBSECTION (1)(a)(I) OF THIS
26 SECTION, FOR CREDITS ALLOWED BEGINNING IN INCOME TAX YEARS
27 COMMENCING ON OR AFTER JANUARY 1, 2027, A TAXPAYER IS NOT

1 ALLOWED A CREDIT WITH RESPECT TO A QUALIFIED INVESTMENT IN A
2 COMMERCIAL TRUCK, TRUCK TRACTOR, TRACTOR, OR SEMITRAILER WITH
3 A GROSS VEHICLE WEIGHT RATING OF FIFTY-FOUR THOUSAND POUNDS OR
4 GREATER THAT IS DESIGNATED AS CLASS A PERSONAL PROPERTY AS
5 SPECIFIED IN SECTION 42-3-106 (2)(a).

6 (b) (VIII) THIS SUBSECTION (1)(b) IS REPEALED, EFFECTIVE
7 DECEMBER 31, 2026.

8 (2) (c) (I) For income tax years commencing on or after January
9 1, 2014, except as provided in sections 24-46-104.3 and 24-46-108 and
10 subsection (2)(c)(II) of this section, the amount OF THE CREDIT SET FORTH
11 IN SUBSECTION (1) OF THIS SECTION that may be claimed by a taxpayer for
12 an income tax year and that is not applied or refunded under section
13 24-46-108 is limited to the lesser of:

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

27 (4) (c) IF THE AMOUNT OF THE CREDIT ALLOWED PURSUANT TO

1 SUBSECTION (1) OF THIS SECTION EXCEEDS THE AMOUNT OF INCOME TAXES
2 OTHERWISE DUE ON THE INCOME OF THE TAXPAYER IN THE INCOME TAX
3 YEAR FOR WHICH THE CREDIT IS CLAIMED, THE AMOUNT OF THE CREDIT
4 NOT USED AS AN OFFSET AGAINST INCOME TAXES IN THE CURRENT INCOME
5 TAX YEAR MAY BE CARRIED FORWARD AND USED AS A CREDIT AGAINST
6 INCOME TAX LIABILITY IN SUBSEQUENT YEARS FOR A PERIOD NOT TO
7 EXCEED FOURTEEN YEARS AND MUST BE APPLIED FIRST TO THE EARLIEST
8 POSSIBLE INCOME TAX YEAR. ANY CREDIT REMAINING AFTER THAT PERIOD
9 IS NOT REFUNDED OR CREDITED TO THE TAXPAYER.

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

22 **SECTION 29.** In Colorado Revised Statutes, 39-30-105.1,
23 **amend (1)(b) as follows:**

24 **39-30-105.1. Credit for new enterprise zone business**
25 **employees - definitions.**

26

27 (b) (I) EXCEPT AS PROVIDED IN SUBSECTION (1)(b)(II) OF THIS

1 SECTION, in addition to the credit available under ~~paragraph (a)~~ of this
2 ~~subsection~~ SUBSECTION (1)(a) OF THIS SECTION, for any income tax year
3 commencing on or after January 1, 2014, a taxpayer qualified under ~~said~~
4 ~~paragraph (a)~~ SUBSECTION (1)(a) OF THIS SECTION is allowed for ~~the first~~
5 ~~two~~ ANY TWO OF THE FIRST TEN full income tax years while located in an
6 enterprise zone a credit in an amount equal to one thousand dollars for
7 each business facility employee who is insured under a health insurance
8 plan or program provided through ~~his or her~~ THE EMPLOYEE'S employer.
9 To be eligible for the credit, the employer must contribute fifty percent or
10 more of the total cost of a health insurance plan or program, and such
11 plan or program must be in accordance with the provisions of article 8 of
12 title 10 or part 1, 2, 3, or 4 of article 16 of title 10, ~~C.R.S.~~, or be a
13 self-insurance program and include partial or complete coverage for
14 hospital and physician services.

15 (II) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,
16 2027, A TAXPAYER THAT HAS FIFTY OR MORE BUSINESS FACILITY
17 EMPLOYEES AT ANY TIME DURING AN INCOME TAX YEAR SHALL NOT CLAIM
18 THE CREDIT PROVIDED FOR IN THIS ~~SUBSECTION (1)(b)~~ FOR THAT TAX
19 YEAR.

20 
21 **SECTION 30.** In Colorado Revised Statutes, 39-30-105.5,
22 **amend** (1) introductory portion; and **add** (1)(c) and (1.5) as follows:

23 **39-30-105.5. Credit against Colorado income taxes based on**
24 **expenditures for research and experimental activities - repeal.**

25 (1) FOR INCOME TAX YEARS BEGINNING BEFORE JANUARY 1, 2027,
26 any taxpayer who makes expenditures in research and experimental
27 activities, as defined in section 174 of the federal "Internal Revenue Code

1 of 1986", as amended, which activities are conducted in an enterprise
2 zone for the purpose of carrying out a trade or business, shall be allowed
3 a credit against the income tax imposed by article 22 of this ~~title~~ TITLE 39
4 as follows:

5 (c) THIS SUBSECTION (1) IS REPEALED, EFFECTIVE DECEMBER 31,
6 2033.

7 (1.5) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY
8 1, 2027, ANY TAXPAYER WHO MAKES AT LEAST ONE HUNDRED FIFTY
9 THOUSAND DOLLARS IN EXPENDITURES IN RESEARCH AND EXPERIMENTAL
10 ACTIVITIES, AS DEFINED IN SECTION 174A OF THE FEDERAL "INTERNAL
11 REVENUE CODE OF 1986", AS AMENDED, WHICH ACTIVITIES ARE
12 CONDUCTED IN AN ENTERPRISE ZONE FOR THE PURPOSE OF CARRYING OUT
13 A TRADE OR BUSINESS, SHALL BE ALLOWED A CREDIT AGAINST THE INCOME
14 TAX IMPOSED BY ARTICLE 22 OF THIS TITLE 39 IN AN AMOUNT EQUAL TO
15 THREE PERCENT OF THE AMOUNT BY WHICH THE AMOUNT THAT THE
16 TAXPAYER EXPENDED FOR RESEARCH AND EXPERIMENTAL ACTIVITIES IN
17 THE ENTERPRISE ZONE IN THE INCOME TAX YEAR EXCEEDS THE AVERAGE
18 OF THE TAXPAYER'S TOTAL EXPENDITURES FOR RESEARCH AND
19 EXPERIMENTAL ACTIVITIES IN THE IMMEDIATELY PRECEDING TWO INCOME
20 TAX YEARS IN THE AREA THAT COMPROMISED THE RELEVANT ENTERPRISE
21 ZONE.

22 **SECTION 31.** In Colorado Revised Statutes, 39-30-105.6,
23 **amend** (1) as follows:

24 **39-30-105.6. Credit against tax - rehabilitation of vacant**
25 **buildings - repeal.**

26 (1) (a) (I) For income tax years commencing on or after January
27 1, 1989, BUT BEFORE JANUARY 1, 2027, any taxpayer who is the owner or

1 tenant of a building ~~which~~ THAT is located in an enterprise zone, which
2 is at least twenty years old, and which has been unoccupied for at least
3 two years and who makes qualified expenditures for the purpose of
4 rehabilitating said building shall be allowed a credit against the income
5 tax imposed by article 22 of this ~~title~~ TITLE 39 in an amount equal to
6 twenty-five percent of the aggregate qualified expenditures per building
7 or fifty thousand dollars per building, whichever is less.

8 (II) THIS SUBSECTION (1)(a) IS REPEALED, EFFECTIVE DECEMBER
9 31, 2033.

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

22



23 **SECTION 32.** In Colorado Revised Statutes, 39-22-303, **amend**
24 (12)(b)(I) and (12)(b)(II); and **add** (12)(b)(III) as follows:

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

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

1 (b) "Listed jurisdiction" means:

2 (I) For income tax years commencing before January 1, 2026,
3 Andorra, Anguilla, Antigua and Barbuda, Aruba, the Bahamas, Bahrain,
4 Barbados, Belize, Bermuda, Bonaire, British Virgin Islands, Cayman
5 Islands, Cook Islands, Curac^oao, Cyprus, Dominica, Gibraltar, Grenada,
6 Guernsey-Sark-Alderney, Isle of Man, Jersey, Liberia, Luxembourg,
7 Malta, Marshall Islands, Mauritius, Monaco, Montserrat, Nauru, Niue,
8 Panama, Saba, Samoa, San Marino, Seychelles, Sint Eustatius, Sint
9 Maarten, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines,
10 Turks and Caicos Islands, U.S. Virgin Islands, and Vanuatu; ~~and~~

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

15 (III) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
16 1, 2027, THE JURISDICTIONS LISTED IN SUBSECTION (12)(b)(I) OF THIS
17 SECTION AND HONG KONG, REPUBLIC OF IRELAND, NETHERLANDS, AND
18 SINGAPORE.

19 **SECTION 33.** In Colorado Revised Statutes, 42-1-225, **amend**
20 (1)(c) and (2)(c); and **add** (3) and (4) as follows:

21 **42-1-225. Commercial vehicle enterprise tax fund - creation**
22 **- repeal.**

23 (1) (c) On or after July 1, 2025, BUT BEFORE JULY 1, 2027, the
24 fund consists of money collected and transmitted to the fund pursuant to
25 section 42-4-1701 (4)(a)(II). The general assembly shall annually
26 appropriate the money in the fund to cover the actual cost of
27 administering section 39-30-104 (1)(b). After receiving the statement

1 pursuant to section 39-30-104 (1)(b)(VI), the state treasurer shall credit
2 the total cost of the amount of the tax credits stated therein to the general
3 fund. Any money remaining in the commercial vehicle enterprise tax fund
4 at the end of the STATE fiscal year shall not revert to the general fund,
5 EXCEPT AS PROVIDED IN SUBSECTION (3) OF THIS SECTION.

6 (2) (c) On July 1, 2025, and ~~each July 1 thereafter~~ ON JULY 1,
7 2026, the department shall allocate the fund balance, not including the
8 amount appropriated to cover the actual cost of administering section
9 39-30-104 (1)(b), to offset the income tax credit granted in section
10 39-30-104 (1)(b).

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

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

15 **SECTION 34.** In Colorado Revised Statutes, 42-4-1701, **amend**
16 (4)(a)(II)(B) as follows:

17 **42-4-1701. Traffic offenses and infractions classified -**
18 **penalties - penalty and surcharge schedule - repeal.**

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

1 **SECTION 35. Safety clause.** The general assembly finds,
2 determines, and declares that this act is necessary for the immediate
3 preservation of the public peace, health, or safety or for appropriations for
4 the support and maintenance of the departments of the state and state
5 institutions.