

**First Regular Session  
Seventy-fourth General Assembly  
STATE OF COLORADO**

**PREAMENDED**

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

LLS NO. 23-0143.01 Megan McCall x4215

**HOUSE BILL 23-1018**

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**HOUSE SPONSORSHIP**

**Lynch**, Snyder, Story

**SENATE SPONSORSHIP**

**Simpson**, Cutter, Danielson, Ginal, Jaquez Lewis

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**House Committees**

Agriculture, Water & Natural Resources  
Finance

**Senate Committees**

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**A BILL FOR AN ACT**

101      **CONCERNING INCENTIVES TO PROMOTE THE TIMBER INDUSTRY IN**  
102              **COLORADO, AND, IN CONNECTION THEREWITH,**  
103              **CREATING A STATE INCOME TAX CREDIT FOR THE PURCHASE OF**  
104              **QUALIFYING ITEMS USED IN TIMBER PRODUCTION AND FOREST**  
105              **HEALTH.**

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**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/>.)*

**Wildfire Matters Review Committee.** The bill creates the timber, forest health, and wildfire mitigation industries workforce development

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.

program (program) in the state forest service. The program provides partial reimbursement to timber businesses and forest health or wildfire mitigation entities for the costs of hiring interns. The forest service must adopt rules, policies, and procedures for the program, including criteria for an internship to qualify, best practices for recruiting and selecting interns to increase representation of historically underrepresented communities in the industries, the criteria to use in selecting qualified interns, the required educational experience for an intern, and administrative requirements for the program.

For income tax years beginning on or after January 1, 2023, but before January 1, 2028, a business involved in forestry, logging, the timber trade, the production of wood and secondary products, or forest health and wildfire mitigation activities in Colorado may claim a credit against state income tax for 20% of the cost incurred by the taxpayer in purchasing certain equipment, vehicles, and equipment infrastructure. The total aggregate credit in any one income tax year is limited to \$10,000. Any amount of the credit that exceeds the taxpayer's income tax liability is not refundable but may be carried forward for up to 5 years.

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



3 **SECTION 1.** In Colorado Revised Statutes, **add** 39-22-549 as  
4 follows:

5 **39-22-549. Credit for purchase of equipment, vehicles, and**  
6 **structures used in the timber, forest health, and wildfire mitigation**  
7 **industries - legislative declaration - definitions - repeal.** (1) (a) IN  
8 ACCORDANCE WITH SECTION 39-21-304 (1), WHICH REQUIRES EACH BILL  
9 THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE A TAX PREFERENCE  
10 PERFORMANCE STATEMENT AS PART OF A STATUTORY LEGISLATIVE  
11 DECLARATION, THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES  
12 THAT THE GENERAL LEGISLATIVE PURPOSES OF THE TAX CREDIT CREATED  
13 IN THIS SECTION ARE TO:

14 (I) IMPROVE INDUSTRY COMPETITIVENESS FOR THE STATE'S TIMBER  
15 INDUSTRY AND PROVIDE TAX RELIEF FOR CERTAIN BUSINESSES ENGAGED

1 IN TIMBER, FOREST HEALTH, AND WILDFIRE MITIGATION ACTIVITIES,  
2 THEREBY IMPROVING THE HEALTH OF COLORADO'S FORESTS AND  
3 REDUCING THE RISK OF CATASTROPHIC WILDFIRE; AND

4 (II) REDUCE BASIC OPERATIONAL COSTS FOR BUSINESSES OR  
5 ENTITIES ENGAGED IN THE STATE'S TIMBER, FOREST HEALTH, AND  
6 WILDFIRE MITIGATION INDUSTRIES BY ALLOWING SUCH BUSINESSES OR  
7 ENTITIES A SPECIFIED CREDIT AGAINST THEIR INCOME TAXES FOR THEIR  
8 PURCHASE OF MECHANIZED EQUIPMENT, VEHICLES, AND EQUIPMENT  
9 INFRASTRUCTURE USED TO MAKE WOOD PRODUCTS OR CONDUCT  
10 PRESCRIBED BURNING OR OTHER SCIENCE-BASED FOREST MANAGEMENT  
11 PRACTICES, THEREBY PROMOTING THE STATE'S TIMBER, FOREST HEALTH,  
12 AND WILDFIRE MITIGATION INDUSTRIES.

13 (b) IN ORDER TO ALLOW THE GENERAL ASSEMBLY AND THE STATE  
14 AUDITOR TO MEASURE THE EFFECTIVENESS OF THE CREDIT, THE  
15 DEPARTMENT OF REVENUE SHALL TRACK THE NUMBER OF CREDITS  
16 ALLOWED, THE TOTAL VALUE OF THE CREDITS ALLOWED, THE AVERAGE  
17 AMOUNT OF EACH CREDIT ALLOWED, AND THE NUMBER OF QUALIFYING  
18 ITEMS PURCHASED FOR WHICH THE CREDIT WAS ALLOWED.

19 (2) AS USED IN THIS SECTION:

20 (a) "EQUIPMENT INFRASTRUCTURE" MEANS ANY EQUIPMENT USED  
21 IN THE MANUFACTURING OF WOOD PRODUCTS AND INCLUDES, WITHOUT  
22 LIMITATION, DRY KILNS, SAWMILLS, DEBARKERS, PELLET MILLS, AND  
23 STRUCTURES NECESSARY TO ENCLOSE LOGGING OR OTHER OPERATIONS  
24 ENGAGED IN BY A TAXPAYER.

25 (b) "QUALIFYING ITEMS" MEANS:

26 (I) ANY MECHANIZED EQUIPMENT THAT IS USED FOR THE  
27 HARVESTING, SKIDDING, PROCESSING, AND LOADING OF TREES;

1 (II) ANY TRUCK OR TRAILER THAT IS USED FOR THE HAULING OF  
2 LOGS;

3 (III) ANY EQUIPMENT INFRASTRUCTURE THAT IS USED IN THE  
4 MANUFACTURING OF WOOD PRODUCTS;

5 (IV) ANY EQUIPMENT THAT IS USED IN SMALL-DIAMETER TREE  
6 REMOVAL AND PROCESSING; AND

7 (V) ANY EQUIPMENT THAT IS USED IN CONDUCTING PRESCRIBED  
8 BURNING AS DEFINED IN SECTION 24-33.5-1202 (8.3).

9 (c) "TAXPAYER" MEANS ANY SOLE PROPRIETORSHIP, PARTNERSHIP,  
10 LIMITED LIABILITY CORPORATION, SUBCHAPTER S CORPORATION, OR  
11 REGULAR CORPORATION DOING BUSINESS IN THE STATE THAT CONCERNS  
12 ITSELF WITH FORESTRY, LOGGING, THE TIMBER TRADE, THE PRODUCTION  
13 OF WOOD PRODUCTS SUCH AS FURNITURE, AND SECONDARY PRODUCTS  
14 SUCH AS WOOD PULP FOR THE PULP AND PAPER INDUSTRY, OR WITH FOREST  
15 HEALTH AND WILDFIRE MITIGATION ACTIVITIES INCLUDING PRESCRIBED  
16 BURNING AS PROVIDED FOR IN SECTION 24-33.5-1217 OR OTHER  
17 SCIENCE-BASED FOREST MANAGEMENT PRACTICES.

18 (3) WITH RESPECT TO TAX YEARS COMMENCING ON OR AFTER  
19 JANUARY 1, 2023, BUT PRIOR TO JANUARY 1, 2028, THERE IS ALLOWED TO  
20 ANY TAXPAYER A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE 22  
21 IN THE AMOUNT OF TWENTY PERCENT OF THE COST INCURRED BY THE  
22 TAXPAYER IN PURCHASING A QUALIFYING ITEM, NOT TO EXCEED TEN  
23 THOUSAND DOLLARS IN THE AGGREGATE FOR ALL QUALIFYING ITEMS  
24 PURCHASED IN ANY ONE INCOME TAX YEAR.

25 (4) (a) IF A QUALIFYING ITEM THAT WAS PRODUCED IN COLORADO  
26 IS AVAILABLE, THE TAX CREDIT ALLOWED BY THIS SECTION MAY ONLY BE  
27 CLAIMED FOR QUALIFYING ITEMS PRODUCED IN COLORADO. IF A

1 QUALIFYING ITEM PRODUCED IN COLORADO IS NOT AVAILABLE, THE TAX  
2 CREDIT ALLOWED BY THIS SECTION MAY BE CLAIMED REGARDLESS OF  
3 WHERE THE QUALIFYING ITEM IS PRODUCED.

4 (b) IF AN ELECTRIC-POWERED QUALIFYING ITEM IS AVAILABLE, THE  
5 TAX CREDIT ALLOWED BY THIS SECTION MAY ONLY BE CLAIMED FOR  
6 ELECTRIC-POWERED QUALIFYING ITEMS. IF AN ELECTRIC-POWERED  
7 QUALIFYING ITEM IS NOT AVAILABLE, THE TAX CREDIT MAY BE CLAIMED  
8 REGARDLESS OF THE POWER SOURCE OF THE QUALIFYING ITEM.

9 (5) IF THE AMOUNT OF THE CREDIT SPECIFIED IN SUBSECTION (3) OF  
10 THIS SECTION EXCEEDS THE AMOUNT OF INCOME TAXES DUE ON THE  
11 INCOME OF THE TAXPAYER IN THE INCOME TAX YEAR FOR WHICH THE  
12 CREDIT IS BEING CLAIMED, THE AMOUNT OF THE CREDIT NOT USED AS AN  
13 OFFSET AGAINST INCOME TAXES IN SAID INCOME TAX YEAR IS NOT  
14 REFUNDABLE BUT MAY BE CARRIED FORWARD AS A CREDIT AGAINST  
15 SUBSEQUENT YEARS' TAX LIABILITY FOR A PERIOD NOT EXCEEDING FIVE  
16 YEARS AND SHALL BE APPLIED FIRST TO THE EARLIEST INCOME TAX YEARS  
17 POSSIBLE. ANY AMOUNT OF THE CREDIT THAT IS NOT USED DURING SAID  
18 PERIOD IS NOT REFUNDABLE TO THE TAXPAYER.

19 (6) TO CLAIM A CREDIT UNDER THIS SECTION, A TAXPAYER MUST  
20 SUBMIT TO THE DEPARTMENT OF REVENUE DOCUMENTATION IN A FORM  
21 SATISFACTORY TO THE DEPARTMENT OF REVENUE THAT DEMONSTRATES  
22 THE TAXPAYER PURCHASED THE QUALIFYING ITEM AND THE COST OF THE  
23 ITEM PURCHASED BY THE TAXPAYER.

24 (7) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2036.

25 **SECTION 2. Act subject to petition - effective date.** This act  
26 takes effect at 12:01 a.m. on the day following the expiration of the  
27 ninety-day period after final adjournment of the general assembly; except

1 that, if a referendum petition is filed pursuant to section 1 (3) of article V  
2 of the state constitution against this act or an item, section, or part of this  
3 act within such period, then the act, item, section, or part will not take  
4 effect unless approved by the people at the general election to be held in  
5 November 2024 and, in such case, will take effect on the date of the  
6 official declaration of the vote thereon by the governor.