

HOUSE COMMITTEE OF REFERENCE REPORT

Chair of Committee

April 21, 2025
Date

Committee on Finance.

After consideration on the merits, the Committee recommends the following:

HB25-1296 be amended as follows, and as so amended, be referred to the Committee on Appropriations with favorable recommendation:

1 Amend printed bill, strike everything below the enacting clause and
2 substitute:

3 **"SECTION 1. Legislative declaration.** (1) The general
4 assembly finds and declares that:

5 (a) (I) House Bill 24-1314 substantially modified the tax credit for
6 qualified costs incurred in the preservation of historic structures by,
7 among other things, expanding the amount of the tax credit available to
8 taxpayers;

9 (II) As part of modifying the tax expenditure, House Bill 24-1314
10 also removed the 5% increase in the percentage of rehabilitation expenses
11 incurred in a disaster area for the rehabilitation of a residential structure,
12 but not a commercial structure, that are considered in determining the
13 amount of the tax expenditure;

14 (III) This act further modifies the tax expenditure by removing the
15 5% increase in the percentage of rehabilitation expenses incurred in a
16 rehabilitation in a disaster area for the rehabilitation of a commercial
17 structure that are considered in determining the amount of the tax
18 expenditure;

19 (IV) The primary purpose of the modification of this tax
20 expenditure is to decrease administrative burden by aligning the treatment
21 of expenses incurred in rehabilitating residential and commercial historic
22 structures; and

23 (V) The modification of this tax expenditure will cause only a de
24 minimis revenue gain that is incidental to the primary purpose of
25 modifying the tax expenditure;

26 (b) (I) One of the five primary categories of sales that are subject
27 to state sales tax is intrastate telephone and telegraph services;

1 (II) Interstate telephone and telegraph services are not subject to
2 state sales tax;

3 (III) Unlike Colorado, twenty-eight states subject interstate
4 telephone and telegraph services to state sales tax if at least one of the
5 nodes of those services is in the state levying the sales tax;

6 (IV) Like the state, many home rule municipalities in Colorado
7 impose sales tax on intrastate telephone and telegraph services, meaning
8 that some telephone and telegraph services are taxed while others are not;

9 (V) The primary purpose of repealing this tax expenditure is to
10 further resolve taxpayer confusion and decrease administrative burden by
11 repealing the sales tax exemption to make it clear that all telephone and
12 telegraph services are subject to sales tax; and

13 (VI) The repeal of this tax expenditure will cause only a de
14 minimis revenue gain that is incidental to the primary purpose of
15 repealing the tax expenditure;

16 (c) (I) The purpose of the business personal property tax income
17 tax credit is to minimize the negative impact of the business personal
18 property tax on businesses;

19 (II) As referenced in the office of the state auditor's 2024
20 evaluation of the business personal property tax income tax credit,
21 Colorado also exempts businesses with business personal property below
22 a dollar threshold from filing and paying the tax altogether. That
23 threshold is currently \$52,000. Only twelve other states have some type
24 of exemption for business personal property. Unlike Colorado, no state
25 has both an exemption and an income tax credit for business personal
26 property taxes paid.

27 (III) The office of the state auditor's 2024 evaluation of the
28 business personal property tax income tax credit indicated that less than
29 1% of business personal property taxpayers in the state claim the income
30 tax credit and many of those credits were claimed erroneously or were
31 miscalculated, suggesting that the cost of administering the income tax
32 credit is larger than its benefit to taxpayers;

33 (IV) Taxpayers can already deduct property taxes as ordinary and
34 necessary business expenses on their federal income tax returns, which
35 also reduces their state tax liability, meaning that the business personal
36 property tax income tax credit is partially duplicative; and

37 (V) Therefore, the purpose of repealing the business personal
38 property tax income tax credit is to reduce administrative burden and
39 increase administrative efficiency by removing a duplicative tax
40 expenditure that is rarely being claimed. The repeal of this tax
41 expenditure will only cause a de minimis revenue gain that is incidental
42 to the primary purpose of repealing the tax expenditure.

43 (d) (I) The purpose of the enterprise zone investment tax credit,

1 which awards a tax credit in proportion to the amount of a taxpayer's
2 investment within certain areas of Colorado, is to incentivize the
3 formation of businesses and the creation of jobs within economically
4 distressed parts of Colorado;

5 (II) As referenced in the office of the state auditor's 2020
6 evaluation on the enterprise zone investment tax credit, most businesses
7 that currently claim the enterprise zone investment tax credit are
8 inherently highly location-dependent and therefore are not as incentivized
9 or disincentivized by a tax expenditure that rewards investment within
10 certain areas of Colorado;

11 (III) The purpose of limiting the amount of, and who may qualify
12 for, the enterprise zone investment tax credit is to narrow the scope of the
13 tax expenditure so that it will achieve its original purpose of incentivizing
14 the formation of businesses and the creation of jobs within economically
15 distressed parts of Colorado; and

16 (IV) The modification of this enterprise zone investment tax credit
17 will cause only a de minimis revenue gain that is incidental to the primary
18 purpose of modifying the enterprise zone investment tax credit to better
19 achieve its original purpose; and

20 (e) Overall, the purpose of all of the modifications to tax
21 expenditures in this House Bill 25-1296 is to better align the tax
22 expenditures with the general assembly's intent in enacting these tax
23 expenditures, to improve administrative efficiency, to reduce
24 administrative burden, and to conform Colorado's tax code with
25 provisions commonly used in other states so that Colorado is less of an
26 outlier around the country in how taxpayers compute their taxes owed.
27 Any revenue gained through the modifications to tax expenditures in this
28 House Bill 25-1296, from modifications that narrow or expand tax
29 expenditures, is clearly de minimis and incidental.

30 (f) Therefore, consistent with the Colorado supreme court's
31 holding in *TABOR Found. v. Reg'l Transp. Dist.*, 2018 CO 29, that
32 legislation that causes only an incidental and de minimis tax revenue
33 increase does not amount to a new tax or a tax policy change that requires
34 voter approval in advance under section 20 of article V of the state
35 constitution, the modifications to tax expenditures in this act are neither
36 new taxes nor tax policy changes that require voter approval.

37 **SECTION 2.** In Colorado Revised Statutes, 25-1.5-106, **amend**
38 (16)(a) as follows:

39 **25-1.5-106. Medical marijuana program - powers and duties**
40 **of state health agency - rules - medical review board - medical**
41 **marijuana program cash fund - subaccount - created - "Ethan's**
42 **Law" - definitions - repeal. (16) Fees. (a) The state health agency may**
43 **collect fees from patients who, pursuant to section 14 of article XVIII of**

1 the state constitution or subsection (9) of this section, apply to the medical
2 marijuana program for a registry identification card for the purpose of
3 offsetting the state health agency's direct and indirect costs of
4 administering the program. The amount of the fees shall be set by rule of
5 the state health agency. The amount of the fees set pursuant to this section
6 shall reflect the actual direct and indirect costs of the state licensing
7 authority in the administration and enforcement of this article so that the
8 fees avoid exceeding the statutory limit on uncommitted reserves in
9 administrative agency cash funds as set forth in section 24-75-402 (3).
10 The state health agency shall not assess a medical marijuana registry
11 application fee to an applicant who demonstrates, pursuant to a copy of
12 the applicant's state tax return certified by the department of revenue OR
13 A COPY OF THE APPLICANT'S FEDERAL TAX RETURN RECEIVED FROM THE
14 INTERNAL REVENUE SERVICE, that the applicant's income does not exceed
15 one hundred eighty-five percent of the federal poverty line, adjusted for
16 family size. All fees collected by the state health agency through the
17 medical marijuana program shall be transferred to the state treasurer who
18 shall credit the same to the medical marijuana program cash fund, which
19 fund is hereby created.

20 **SECTION 3.** In Colorado Revised Statutes, 10-3-209, **add** (6)(d)
21 as follows:

22 **10-3-209. Tax on premiums collected - exemptions - penalties**
23 **- filing system - division to contract with third parties - rules - repeal.**
24 (6) (d) IN SUBMITTING TAXES, PENALTIES, FINES, FEES, AND ASSOCIATED
25 FILINGS REQUIRED UNDER THIS SECTION TO THE DIVISION, AN INSURANCE
26 COMPANY SHALL IDENTIFY THE TOTAL ANNUAL DOLLAR AMOUNT OF
27 PREMIUMS COLLECTED OR CONTRACTED FOR ON POLICIES OR CONTRACTS
28 OF INSURANCE COVERING PROPERTY OR RISKS IN COLORADO DURING THE
29 PREVIOUS CALENDAR YEAR FROM ENTITIES THAT ARE EXEMPT FROM
30 TAXATION PURSUANT TO SECTION 10-3-209 (1)(d)(IV).

31 **SECTION 4.** In Colorado Revised Statutes, 39-21-113, **add** (37)
32 as follows:

33 **39-21-113. Reports and returns - rule - repeal.**
34 (37) NOTWITHSTANDING THE PROVISIONS OF THIS SECTION, THE
35 EXECUTIVE DIRECTOR MAY PROVIDE TO THE DEPARTMENT OF EARLY
36 CHILDHOOD SUCH DETAILED TAXPAYER INFORMATION PERTINENT TO A
37 CLAIM FOR AN INCOME TAX CREDIT FOR AN EARLY CHILDHOOD EDUCATOR
38 PURSUANT TO SECTION 39-22-547, AND SUCH DETAILED TAXPAYER
39 INFORMATION PERTINENT TO A CLAIM FOR AN INCOME TAX CREDIT FOR A
40 CARE WORKER PURSUANT TO SECTION 39-22-566. ANY INFORMATION
41 PROVIDED PURSUANT TO THIS SUBSECTION (37) MUST REMAIN
42 CONFIDENTIAL, AND ALL PERSONS ARE SUBJECT TO THE LIMITATIONS
43 SPECIFIED IN SUBSECTION (4) OF THIS SECTION AND THE PENALTIES

1 SPECIFIED IN SUBSECTION (6) OF THIS SECTION.

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

4 **39-22-104. Income tax imposed on individuals, estates, and**
5 **trusts - single rate - report - tax preference performance statement**
6 **- legislative declaration - definitions - repeal.** (3) There shall be added
7 to the federal taxable income:

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

13 (u) THE AMOUNT OF ANY OVERTIME COMPENSATION EXCLUDED OR
14 DEDUCTED FROM FEDERAL GROSS INCOME.

15 **SECTION 6.** In Colorado Revised Statutes, 39-22-509, **amend**
16 (2)(d) as follows:

17 **39-22-509. Credit against tax - employer expenditures for**
18 **alternative transportation options for employees - legislative**
19 **declaration - definitions - repeal.** (2) As used in this section, unless the
20 context otherwise requires:

21 (d) "Local government" means any home rule city, town, COUNTY
22 or city and county, ~~or~~ AND ANY statutory city, ~~or~~ town, OR COUNTY.

23 **SECTION 7.** In Colorado Revised Statutes, 39-22-514.5, **amend**
24 (8)(c)(III) introductory portion as follows:

25 **39-22-514.5. Tax credit for qualified costs incurred in**
26 **preservation of historic structures - commercial historic preservation**
27 **tax credit program cash fund - tax preference performance statement**
28 **- legislative declaration - short title - definitions.** (8) **Deadline for**
29 **incurring specified amount of estimated costs of rehabilitation - proof**
30 **of compliance - audit of cost and expense certification - issuance of**
31 **tax credit certificate - commercial structures.** (c) Notwithstanding
32 subsection (8)(b) of this section:

33 (III) FOR INCOME TAX YEARS COMMENCING PRIOR TO JANUARY 1,
34 2030, AND FOR APPLICATIONS SUBMITTED PURSUANT TO SUBSECTION (5)
35 OF THIS SECTION PRIOR TO JANUARY 1, 2026, with respect to a certified
36 historic structure that is a qualified commercial structure that is located
37 in an area that the president of the United States has determined to be a
38 major disaster area under section 102 (2) of the federal "Robert T.
39 Stafford Disaster Relief and Emergency Assistance Act", 42 U.S.C. sec.
40 5121 et seq., or that is located in an area that the governor has determined
41 to be a disaster area under the "Colorado Disaster Emergency Act", part
42 7 of article 33.5 of title 24, the tax credit amounts specified in subsections
43 (8)(b)(I) and (8)(b)(II) of this section must be increased as follows for an

1 application that is filed within six years after the disaster determination:

2 **SECTION 8.** In Colorado Revised Statutes, 39-22-517, **amend**
3 (1), (2), and (4) as follows:

4 **39-22-517. Tax credit for child care center investments -**
5 **repeal.** (1) With respect to taxable years commencing on or after January
6 1, 1992, and prior to ~~January 1, 2026~~ JANUARY 1, 2029, there is allowed
7 to any person operating a child care center licensed pursuant to section
8 26-6-905 or 26.5-5-309, family child care home licensed pursuant to
9 section 26.5-5-309, or foster care home licensed pursuant to section
10 26-6-905 a credit against the tax imposed by this article 22 in the amount
11 of twenty percent of the taxpayer's annual investment in tangible personal
12 property to be used in such child care center, family child care home, or
13 foster care home.

14 (2) With respect to taxable years commencing on or after July 1,
15 1992, and prior to ~~January 1, 2026~~ JANUARY 1, 2029, there is allowed to
16 any sole proprietorship, partnership, limited liability corporation,
17 subchapter S corporation, or regular corporation that provides child care
18 facilities that are incidental to their business and are licensed pursuant to
19 section 26-6-905 or 26.5-5-309 for the use of its employees a credit
20 against the tax imposed by this article 22 in the amount of ten percent of
21 the taxpayer's annual investment in tangible personal property to be used
22 in such child care facilities.

23 (4) This section is repealed, effective ~~December 31, 2033~~
24 DECEMBER 31, 2036.

25 **SECTION 9.** In Colorado Revised Statutes, 39-22-537.5, **amend**
26 (3)(a); and **add** (5) as follows:

27 **39-22-537.5. Credit for personal property taxes paid -**
28 **legislative declaration - definitions - repeal.** (3) (a) For income tax
29 years commencing on or after January 1, 2019, BUT BEFORE JANUARY 1,
30 2026, a taxpayer is allowed a credit against the tax imposed by this article
31 22 equal to the property tax paid in Colorado during the income tax year
32 on up to eighteen thousand dollars of the total actual value of the
33 taxpayer's personal property.

34 (5) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2036.

35 **SECTION 10.** In Colorado Revised Statutes, 39-22-544, **amend**
36 (4)(c) as follows:

37 **39-22-544. Credit against tax - qualifying seniors - creation -**
38 **legislative declaration - definitions - repeal.** (4) (c) (I) For the income
39 tax year commencing on January 1, 2022, notwithstanding subsections
40 (4)(a) and (4)(b) of this section, a taxpayer who also qualifies for a grant
41 under article 31 of this title 39 during calendar year 2022 is eligible to
42 receive the full credit without an income-based reduction that otherwise
43 applies for the taxpayer under subsection (4)(a) or (4)(b) of this section.

1 (II) THIS SUBSECTION (4)(c) IS REPEALED, EFFECTIVE DECEMBER
2 31, 2026.

3 **SECTION 11.** In Colorado Revised Statutes, 39-22-566, **amend**
4 (2)(j), (2)(k), and (2)(l) as follows:

5 **39-22-566. Qualified care worker tax credit - tax preference**
6 **performance statement - legislative declaration - definitions - repeal.**

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

8 (j) "Informal family friend or neighbor child care worker" means
9 an individual described in section 26.5-5-304 (1)(f) who provides care for
10 children other than their own who are five years of age or younger,
11 EXCEPT THAT AN INFORMAL FAMILY FRIEND OR NEIGHBOR CHILD CARE
12 WORKER IS NOT REQUIRED TO PROVIDE CARE IN THE INDIVIDUAL'S
13 PERMANENT PLACE OF RESIDENCE.

14 (k) "Licensed early childhood education program" means an early
15 childhood education program, as defined in section 26.5-2-202 (3), that
16 held a valid license issued pursuant to part 3 of article 5 of title 26.5, ~~for~~
17 ~~at least six months~~ during the income tax year.

18 (l) "Licensed family child care home" means a family child care
19 home, as defined in section 26.5-5-303 (7), that held a valid license issued
20 pursuant to part 3 of article 5 of title 26.5, ~~for at least six months~~ during
21 the income tax year.

22 **SECTION 12.** In Colorado Revised Statutes, 39-22-604, **amend**
23 (3)(a), (3)(b), (4)(b), (5), (6)(a), (8), (10), (13), (16)(a), (16)(b)(I), and
24 (20) as follows:

25 **39-22-604. Withholding tax - requirement to withhold - tax**
26 **lien - exemption from lien - annual statement - notice - definitions -**
27 **repeal.** (3) (a) (I) Every employer making payment of wages shall deduct
28 and withhold from wages an amount measured by a percentage or
29 percentages of the total amount required to be deducted and withheld by
30 an employer from wages of an employee for federal income tax purposes,
31 or measured by withholding tax tables promulgated by the executive
32 director, or by such other methods as the executive director may prescribe
33 if such percentage, percentages, tables, or other methods result in the
34 withholding from the employee's wages during each pay period an
35 amount which shall approximate as nearly as possible the income tax due
36 to the state of Colorado by such employee.

37 (II) IN ADDITION TO THE AMOUNT REQUIRED TO BE DEDUCTED AND
38 WITHHELD PURSUANT TO SUBSECTION (3)(a)(I) OF THIS SECTION, THE
39 EXECUTIVE DIRECTOR MAY REQUIRE EVERY EMPLOYER MAKING PAYMENT
40 OF COMPENSATION OTHER THAN WAGES TO DEDUCT AND WITHHOLD AN
41 AMOUNT MEASURED BY A PERCENTAGE OR PERCENTAGES, OR MEASURED
42 BY WITHHOLDING TAX TABLES ESTABLISHED BY THE EXECUTIVE
43 DIRECTOR, OR BY SUCH OTHER METHODS AS THE EXECUTIVE DIRECTOR

1 MAY PRESCRIBE IF SUCH PERCENTAGE, PERCENTAGES, TABLES, OR OTHER
2 METHODS RESULT IN THE WITHHOLDING FROM THE OTHER COMPENSATION
3 PAID TO AN EMPLOYEE DURING EACH PAY PERIOD AN AMOUNT WHICH
4 SHALL APPROXIMATE AS NEARLY AS POSSIBLE THE INCOME TAX DUE TO
5 THE STATE OF COLORADO BY SUCH EMPLOYEE ON SUCH OTHER
6 COMPENSATION.

7 (b) The executive director may, upon written application ~~having~~
8 ~~been made to him~~, approve a method of withholding in lieu of the method
9 provided in ~~paragraph (a) of this subsection (3)~~ SUBSECTION (3)(a) OF THIS
10 SECTION to authorize a withholding based upon a percentage fixed by the
11 executive director of the adjusted gross income, which percentage shall
12 approximate as nearly as possible the amount of income tax due to the
13 state of Colorado and as nearly as possible the ~~amount so~~ AMOUNTS
14 REQUIRED TO BE deducted and withheld in ~~paragraph (a) of this subsection~~
15 ~~(3)~~ SUBSECTION (3)(a) OF THIS SECTION.

16 (4) (b) WHERE PRACTICABLE, the rules and regulations
17 promulgated pursuant to this section shall not prescribe ~~filing or~~
18 INFORMATION REPORT, FILING, PAYMENT, OR withholding requirements
19 which are more frequent or more stringent than corresponding federal
20 requirements; EXCEPT THE EXECUTIVE DIRECTOR MAY PRESCRIBE
21 ADDITIONAL OR DIFFERENT REQUIREMENTS WHEN NECESSARY FOR THE
22 EFFICIENT ADMINISTRATION OF DIFFERENCES BETWEEN THE INTERNAL
23 REVENUE CODE AND THIS ARTICLE 22.

24 (5) All amounts deducted and withheld shall be considered as tax
25 collected under the provisions of this section and no employee shall have
26 any right of action against ~~his~~ AN employer in respect to any ~~moneys so~~
27 AMOUNT deducted and withheld from ~~his~~ THE EMPLOYEE'S wages AND
28 OTHER COMPENSATION and paid over to the department in compliance or
29 in intended compliance with this section.

30 (6) (a) Every employer shall, in accordance with such rules as
31 shall be prescribed by the department of revenue, provide each employee
32 with a statement of the amounts ~~of moneys~~ deducted and withheld from
33 such employee's wages AND OTHER COMPENSATION in accordance with
34 the provisions of this section. Every employer shall also make an annual
35 statement for each employee to the department of revenue, on such forms
36 as are provided or approved by the department, a copy of which shall be
37 provided each employee, summarizing the total compensation paid and
38 the tax withheld for such employee during the preceding calendar year or
39 any portion thereof, and the said annual statement shall be filed on or
40 before the date established pursuant to section 6071 of the internal
41 revenue code for filing similar federal statements. Failure to file the
42 statements within the time prescribed therefor, unless shown to have been
43 due to reasonable cause, or the willful filing or furnishing of false or

1 fraudulent statements shall subject the employer to a penalty, at the
2 discretion of the executive director, of not less than five dollars nor more
3 than fifty dollars, which shall be in addition to any criminal penalty
4 otherwise provided for failure to file a return or for filing a false or
5 fraudulent return.

6 (8) The entire amount of income from wages AND OTHER
7 COMPENSATION upon which tax was deducted and withheld shall be
8 included in the gross income of the income tax return required to be made
9 by the employee, the recipient of the wages AND OTHER COMPENSATION,
10 without exclusion of such amounts deducted and withheld under this
11 section, and any tax so deducted and withheld shall be credited against the
12 total income tax, as computed in the employee's return, made in
13 accordance with the provisions of this section.

14 (10) In the event the excess tax deducted and withheld is one
15 dollar or less, no refund shall be made, unless a specific claim for refund
16 is filed by the taxpayer at the time the return is filed. The excess, subject
17 to being refunded, shall in no event and under no condition be allowed as
18 a credit against any tax accruing on a return filed for a year subsequent to
19 the year during which the wages OR OTHER COMPENSATION were received,
20 and can only be credited against a tax accruing upon a return of wages OR
21 OTHER COMPENSATION from which such excess was deducted and
22 withheld.

23 (13) The department is empowered to make rules and regulations
24 for the enforcement of the provisions of this section, including rules and
25 regulations for determining the amount, up to but not exceeding the
26 amount limited in this section, to be deducted and withheld by employers
27 from wages ~~of~~ AND OTHER COMPENSATION PAID TO nonresident
28 employees, only a part of whose wages OR OTHER COMPENSATION are
29 paid for services performed within the state of Colorado.

30 (16) (a) On or before the date of the commencement of
31 employment with an employer, the employee shall furnish the employer
32 with a signed withholding certificate. EXCEPT AS PROVIDED BY RULES
33 ESTABLISHED BY THE EXECUTIVE DIRECTOR PURSUANT TO THIS SECTION,
34 a comparable withholding certificate filed pursuant to the internal revenue
35 code shall be deemed to satisfy the filing requirement under this
36 subsection (16). Where necessary to cause the proper amount to be
37 withheld, the executive director may adjust the employee's withholding
38 to the amount properly allowable under the internal revenue code OR THIS
39 SECTION.

40 (b) (I) To enforce the provisions of this section, the executive
41 director may file with the employer a withholding certificate on behalf of
42 the employee. Prior to the filing of such certificate, the executive director
43 shall first notify the employee that the certificate previously filed by the

1 employee is being examined and that the employee may submit
2 satisfactory evidence pursuant to the internal revenue code within ten
3 days of receipt of said notice as to the correct number of withholding
4 exemptions and allowances. Should the executive director, after
5 reviewing any evidence so submitted, find the certificate filed by the
6 employee to be defective, the employer shall accept the certificate filed
7 by the director in lieu of any certificate previously filed by the employee,
8 and such certificate filed by the executive director shall thereafter form
9 the basis for withholding FROM wages AND OTHER COMPENSATION as
10 required by this section. The executive director may also require from the
11 employer a copy of any withholding certificate signed by the employee.

12 (20) No amount is required to be deducted and withheld from an
13 employee's wages OR OTHER COMPENSATION pursuant to this section for
14 income tax due to the state if the employee's withholding certificate
15 indicates that the compensation is eligible to be subtracted from federal
16 taxable income pursuant to section 39-22-104 (4)(u).

17 **SECTION 13.** In Colorado Revised Statutes, 39-26-102, **amend**
18 (19)(g) as follows:

19 **39-26-102. Definitions - repeal.** As used in this article 26, unless
20 the context otherwise requires:

21 (19) (g) (I) (A) For purposes of this subsection (19), BEFORE JULY
22 1, 2025, "agricultural commodities" does not include products regulated
23 under article 10 of title 44.

24 (B) THIS SUBSECTION (19)(g)(I) IS REPEALED, EFFECTIVE JULY 1,
25 2026.

26 (II) FOR PURPOSES OF THIS SUBSECTION (19), ON OR AFER JULY1,
27 2025, "AGRICULTURAL COMMODITIES" INCLUDES PRODUCTS REGULATED
28 UNDER ARTICLE 10 OF TITLE 44.

29 **SECTION 14.** In Colorado Revised Statutes, 39-26-104, **add**
30 (1)(c.5) as follows:

31 **39-26-104. Property and services taxed - definitions.** (1) There
32 is levied and there shall be collected and paid a tax in the amount stated
33 in section 39-26-106 as follows:

34 (c.5) (I) BEGINNING JULY 1, 2025, UPON TELEPHONE AND
35 TELEGRAPH SERVICES, WHETHER FURNISHED BY PUBLIC OR PRIVATE
36 CORPORATIONS OR ENTERPRISES FOR INTERSTATE TELEPHONE AND
37 TELEGRAPH SERVICE, IF THE TELEPHONE AND TELEGRAPH SERVICE
38 ORIGINATES OR TERMINATES IN THE STATE AND IS CHARGED TO A
39 COLORADO ADDRESS.

40 (II) IN ACCORDANCE WITH THE FEDERAL "MOBILE
41 TELECOMMUNICATIONS SOURCING ACT", 4 U.S.C. SECS. 116 TO 126, AS
42 AMENDED, MOBILE TELECOMMUNICATION SERVICE PROVIDED TO A
43 CUSTOMER WHOSE PLACE OF PRIMARY USE IS OUTSIDE OF THE BORDERS OF

1 THE STATE OF COLORADO IS EXEMPT FROM THE TAX IMPOSED BY THIS
2 SECTION.

3 (III) A TAXPAYER WHO PAYS A TAX LEGALLY IMPOSED BY
4 ANOTHER STATE ON A TELEPHONE OR TELEGRAPH SERVICE THAT IS
5 TAXABLE PURSUANT TO THIS SUBSECTION (1)(c.5) IS ALLOWED A CREDIT
6 AGAINST THE TAX IMPOSED BY THIS SECTION IN AN AMOUNT EQUAL TO THE
7 AMOUNT OF THE TAX IMPOSED ON A TELEPHONE OR TELEGRAPH SERVICE
8 BY THE OTHER STATE. A CREDIT ALLOWED PURSUANT TO THIS SUBSECTION
9 (1)(c.5)(III) SHALL NOT EXCEED THE TAX IMPOSED ON A TELEPHONE OR
10 TELEGRAPH SERVICE PURSUANT TO THIS SECTION.

11 **SECTION 15.** In Colorado Revised Statutes, **amend** 39-26-726
12 as follows:

13 **39-26-726. Medical marijuana - debilitating conditions and**
14 **ability to purchase.** (1) All sales of medical marijuana to a patient who
15 is determined to be indigent for purposes of waiving the fee required by
16 section 25-1.5-106 ~~C.R.S., shall be~~ ARE exempt from taxation under part
17 1 of this ~~article~~ ARTICLE 26. If the patient is determined to be indigent, the
18 state health agency shall mark ~~his or her~~ THE PATIENT'S registry
19 identification card as such and the patient shall present the card to the
20 licensed medical marijuana center to receive the tax exemption.

21 (2) ON OR AFTER JULY 1, 2025, ALL SALES OF MEDICAL MARIJUANA
22 TO AN INDIVIDUAL WHO PRESENTS A VALID ELECTRONIC BENEFITS
23 TRANSFER CARD OR OTHER FORM OF IDENTIFICATION USED TO RECEIVE
24 STATE OR FEDERAL BENEFITS AT THE TIME OF SALE TO A LICENSED
25 MEDICAL MARIJUANA CENTER ARE EXEMPT FROM TAXATION UNDER PART
26 1 OF THIS ARTICLE 26.

27 **SECTION 16.** In Colorado Revised Statutes, 39-30-104, **amend**
28 (1)(a), (2)(c)(I) introductory portion, (2)(c)(I)(B), (2)(c)(III), and
29 (2)(c)(IV); **repeal** (2)(b); and **repeal and reenact, with amendments,**
30 (2.5) as follows:

31 **39-30-104. Credit against tax - investment in certain property**
32 **- definitions.** (1) (a) (I) There ~~shall be~~ IS allowed to any person as a
33 credit against the tax imposed by article 22 of this title 39, for income tax
34 years commencing on or after January 1, 1986, an amount equal to the
35 total of three percent of the total qualified investment, as determined
36 under section 46 (c)(2) of the federal "Internal Revenue Code of 1986",
37 as amended, in such taxable year in qualified property as defined in
38 section 48 of the internal revenue code to the extent that such investment
39 is in property that is used solely and exclusively in an enterprise zone for
40 at least one year. The references in this subsection (1) to sections 46
41 (c)(2) and 48 of the internal revenue code mean sections 46 (c)(2) and 48
42 of the internal revenue code as they existed immediately prior to the
43 enactment of the federal "Revenue Reconciliation Act of 1990".

1 (II) (A) NOTWITHSTANDING SUBSECTION (1)(a)(I) OF THIS
2 SECTION, FOR CREDITS ALLOWED BEGINNING IN INCOME TAX YEARS
3 COMMENCING ON OR AFTER JANUARY 1, 2026, A TAXPAYER IS NOT
4 ALLOWED A TOTAL CREDIT AMOUNT AGAINST THE TAX IMPOSED BY
5 ARTICLE 22 OF THIS TITLE 39 PURSUANT TO SUBSECTION (1)(a)(I) OF THIS
6 SECTION IN EXCESS OF TWO MILLION DOLLARS AND A TAXPAYER MAY NOT
7 CLAIM A CREDIT PURSUANT TO THIS SUBSECTION (1)(a) IF THE QUALIFIED
8 PROPERTY IS DIRECTLY USED IN: THE RETAIL SALE OF GASOLINE OR DIESEL
9 FUEL FOR USE IN MOTOR VEHICLES OR A WIRELESS TELECOMMUNICATIONS
10 FACILITY.

11 (B) A TAXPAYER MAY SEEK A WAIVER OF THE LIMITATION ON THE
12 AMOUNT OF CREDIT ESTABLISHED IN SUBSECTION (1)(a)(II)(A) OF THIS
13 SECTION BY COMPLETING A WRITTEN APPLICATION TO THE COLORADO
14 ECONOMIC DEVELOPMENT COMMISSION FOR PERMISSION TO BE ALLOWED
15 A CREDIT IN EXCESS OF THAT LIMITATION FOR THE INCOME TAX YEAR IN
16 WHICH THE TOTAL QUALIFIED INVESTMENT IS MADE. THE APPLICATION
17 MUST INCLUDE IDENTIFICATION OF THE SUBSTANTIAL POSITIVE IMPACT
18 THAT THE WAIVER OF THE LIMITATION WOULD HAVE ON INVESTMENTS AND
19 ON WELL-PAYING JOBS IN THE ENTERPRISE ZONE, DOCUMENTATION THAT
20 DEMONSTRATES THAT WITHOUT THE WAIVER OF THE LIMITATION THE
21 SUBSTANTIAL POSITIVE IMPACT ON INVESTMENTS AND ON WELL-PAYING
22 JOBS IN THE ENTERPRISE ZONE IS NOT LIKELY TO OCCUR, AND
23 INFORMATION THAT THE WAIVER OF THE LIMITATION IS A SUBSTANTIAL
24 FACTOR IN THE TAXPAYER'S DECISION TO MAKE A QUALIFIED INVESTMENT
25 IN THE START-UP, RETENTION, EXPANSION, OR RELOCATION OF THE
26 TAXPAYER'S BUSINESS, SUCH THAT WITHOUT THE WAIVER THE TAXPAYER
27 IS NOT LIKELY TO MAKE THE QUALIFIED INVESTMENT. IN DECIDING
28 WHETHER TO GRANT THE WAIVER OF THE LIMITATION, THE COMMISSION
29 MUST CONSIDER THE OVERALL ECONOMIC HEALTH OF THIS STATE AND THE
30 ECONOMIC VIABILITY OF THE ARGUMENTS MADE BY THE TAXPAYER IN
31 SUPPORT OF THE TAXPAYER'S APPLICATION. THE COLORADO ECONOMIC
32 DEVELOPMENT COMMISSION MAY REQUIRE THE TAXPAYER TO PROVIDE AN
33 INDEPENDENT ANALYSIS, AT THE TAXPAYER'S EXPENSE, THAT
34 SUBSTANTIATES THE TAXPAYER'S ARGUMENTS IN SUPPORT OF THE
35 APPLICATION. THE TAXPAYER'S APPLICATION MUST BE CONSIDERED AT A
36 REGULARLY SCHEDULED MEETING OF THE COLORADO ECONOMIC
37 DEVELOPMENT COMMISSION AT WHICH THE PUBLIC IS ALLOWED TO
38 COMMENT.

39 (C) THE COLORADO ECONOMIC DEVELOPMENT COMMISSION MAY
40 ALLOW ALL, PART, OR NONE OF A TAXPAYER'S APPLICATION TO WAIVE THE
41 LIMITATION ON THE AMOUNT OF CREDIT ESTABLISHED IN SUBSECTION
42 (1)(a)(II)(A) OF THIS SECTION. THE COLORADO ECONOMIC DEVELOPMENT
43 COMMISSION MUST ISSUE A CREDIT CERTIFICATE THAT SETS FORTH THE

1 AMOUNT OF THE CREDIT THAT THE TAXPAYER IS ALLOWED FOR THE
2 INCOME TAX YEAR IN WHICH THE TOTAL QUALIFIED INVESTMENT IS MADE.
3 THE TAXPAYER SHALL SUBMIT THE CREDIT CERTIFICATE TO THE
4 DEPARTMENT OF REVENUE WITH THE TAXPAYER'S INCOME TAX RETURN
5 FOR THE TAX YEAR FOR WHICH THE COLORADO ECONOMIC DEVELOPMENT
6 COMMISSION ISSUED THE CREDIT CERTIFICATE.

7 (D) IF THE COLORADO ECONOMIC DEVELOPMENT COMMISSION
8 APPROVES, IN WHOLE OR IN PART, A TAXPAYER'S APPLICATION TO WAIVE
9 THE LIMITATION ON THE AMOUNT OF CREDIT ESTABLISHED IN SUBSECTION
10 (1)(a)(II)(A) OF THIS SECTION, THE COLORADO ECONOMIC DEVELOPMENT
11 COMMISSION SHALL INCLUDE ITS DECISION IN THE ENTERPRISE ZONE
12 ANNUAL REPORT TO THE GENERAL ASSEMBLY, INCLUDING THE TAXPAYER'S
13 NAME, THE AMOUNT OF THE CREDIT THAT THE COMMISSION ALLOWED,
14 AND THE COLORADO ECONOMIC DEVELOPMENT COMMISSION'S
15 JUSTIFICATION FOR APPROVING THE APPLICATION.

16 (E) FOR PURPOSES OF THIS SUBSECTION (1)(a), "WIRELESS
17 TELECOMMUNICATIONS FACILITY" OR "FACILITY" MEANS EQUIPMENT AT
18 A FIXED LOCATION THAT ENABLES WIRELESS COMMUNICATIONS BETWEEN
19 USER EQUIPMENT AND A COMMUNICATIONS NETWORK, INCLUDING MACRO
20 AND SMALL WIRELESS FACILITIES, TRANSCEIVERS, ANTENNAS, BACKUP
21 POWER SUPPLIES, AND COMPARABLE EQUIPMENT, REGARDLESS OF
22 TECHNOLOGICAL CONFIGURATION; AND THE SUPPORT STRUCTURE OR
23 IMPROVEMENTS ON, UNDER, OR WITHIN WHICH THE EQUIPMENT IS
24 COLLOCATED.

25 ~~(2) (b) In addition to the limitations set forth in paragraph (a) of~~
26 ~~this subsection (2), for income tax years commencing on or after January~~
27 ~~1, 2011, but prior to January 1, 2014, any taxpayer that is eligible to claim~~
28 ~~a credit pursuant to subsection (1) of this section in excess of five~~
29 ~~hundred thousand dollars shall defer claiming any amount of the credit~~
30 ~~allowed pursuant to this section that exceeds five hundred thousand~~
31 ~~dollars until an income tax year commencing on or after January 1, 2014.~~
32 ~~The five hundred thousand dollar limitation specified in this paragraph~~
33 ~~(b) shall apply to any credit allowed in the income tax years commencing~~
34 ~~on or after January 1, 2011, but prior to January 1, 2014, including any~~
35 ~~amount carried forward from a prior year.~~

36 (c) (I) For income tax years commencing on or after January 1,
37 2014, except as provided in ~~section~~ SECTIONS 24-46-104.3 AND 24-46-108
38 and subsection (2)(c)(II) of this section, the amount that may be claimed
39 by a taxpayer for an income tax year and that is not applied or refunded
40 under section 24-46-108 is limited to the lesser of:

41 (B) Seven hundred fifty thousand dollars plus any investment tax
42 credit carryovers previously allowed in subsection (2.5) of this section
43 FOR INVESTMENTS MADE IN INCOME TAX YEARS COMMENCING BEFORE

1 JANUARY 1, 2014.

2 (III) (A) Except as otherwise provided in sections 24-46-104.3;
3 ~~24-46-107~~; and 24-46-108 and subsection (2)(c)(III)(B) of this section,
4 any excess credit allowed pursuant to this subsection (2)(c) shall be an
5 investment tax credit carryover to each of the fourteen income tax years
6 following the unused credit year.

7 (B) Except as otherwise provided in ~~sections~~ SECTION
8 24-46-104.3, ~~and 24-46-107~~, any excess credit allowed pursuant to this
9 subsection (2)(c) for a renewable energy investment made in an income
10 tax year commencing before January 1, 2018, shall be an investment tax
11 credit carryover for twenty-two income tax years following the year the
12 credit was originally allowed.

13 (IV) The limitation contained in this ~~paragraph (c)~~ SUBSECTION
14 (2)(c) on the amount a taxpayer may claim for the income tax year in
15 which the total qualified investment is made does not limit the total
16 amount of the credit allowed under ~~subsection (1)~~ SUBSECTION (1)(a) of
17 this section, nor does it limit the ability of a taxpayer to ~~carryover~~ CARRY
18 OVER a credit to subsequent tax years as allowed in ~~subparagraph (H) of~~
19 ~~this paragraph (c)~~ SUBSECTION (2)(c)(III) OF THIS SECTION or previously
20 allowed in subsection (2.5) of this section FOR INVESTMENTS MADE IN
21 INCOME TAX YEARS COMMENCING BEFORE JANUARY 1, 2014.

22 (2.5) (a) (I) Notwithstanding section 39-22-507.5 (7)(b), except
23 as provided in ~~sections~~ SECTION 24-46-107 ~~and 24-46-108~~, and except as
24 otherwise provided in subsections (2.5)(a)(II) and (2.5)(b) of this section,
25 any excess credit allowed pursuant to this section ~~and not applied or~~
26 ~~refunded under section 24-46-108~~ FOR AN INVESTMENT MADE IN AN
27 INCOME TAX YEAR COMMENCING BEFORE JANUARY 1, 2014, shall be an
28 investment tax credit carryover to each of the twelve income tax years
29 following the unused credit year.

30 (II) Except as provided in section 24-46-107, any excess credit
31 claimed pursuant to this section for a renewable energy investment made
32 in an income tax year commencing before ~~January 1, 2018, shall be~~
33 JANUARY 1, 2014, IS an investment tax credit carryover for twenty income
34 tax years following the year the credit was originally allowed.

35 (b) (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
36 JANUARY 1, 2011, BUT PRIOR TO JANUARY 1, 2014, ANY TAXPAYER THAT
37 IS ELIGIBLE TO CLAIM A CREDIT PURSUANT TO SUBSECTION (1) OF THIS
38 SECTION IN EXCESS OF FIVE HUNDRED THOUSAND DOLLARS SHALL DEFER
39 CLAIMING ANY AMOUNT OF THE CREDIT ALLOWED PURSUANT TO THIS
40 SECTION THAT EXCEEDS FIVE HUNDRED THOUSAND DOLLARS UNTIL AN
41 INCOME TAX YEAR COMMENCING ON OR AFTER JANUARY 1, 2014. THE FIVE
42 HUNDRED THOUSAND DOLLAR LIMITATION SPECIFIED IN THIS SUBSECTION
43 (2.5)(b) APPLIES TO ANY CREDIT ALLOWED IN THE INCOME TAX YEARS

1 COMMENCING ON OR AFTER JANUARY 1, 2011, BUT PRIOR TO JANUARY 1,
2 2014, INCLUDING ANY AMOUNT CARRIED FORWARD FROM A PRIOR YEAR.

3 (II) EXCEPT AS PROVIDED IN SECTION 24-46-107 AND SUBSECTION
4 (2.5)(b)(III) OF THIS SECTION, A TAXPAYER THAT DEFERRED CLAIMING
5 ANY CREDIT IN EXCESS OF FIVE HUNDRED THOUSAND DOLLARS DURING AN
6 INCOME TAX YEAR COMMENCING ON OR AFTER JANUARY 1, 2011, BUT
7 PRIOR TO JANUARY 1, 2014, PURSUANT TO SUBSECTION (2.5)(b)(I) OF THIS
8 SECTION SHALL BE ALLOWED TO CLAIM THE DEFERRED CREDIT AS AN
9 INVESTMENT TAX CREDIT CARRYOVER FOR TWELVE INCOME TAX YEARS
10 FOLLOWING THE YEAR THE CREDIT WAS ORIGINALLY ALLOWED PLUS ONE
11 ADDITIONAL INCOME TAX YEAR FOR EACH INCOME TAX YEAR THAT THE
12 CREDIT WAS DEFERRED PURSUANT TO SUBSECTION (2.5)(b)(I) OF THIS
13 SECTION.

14 (III) EXCEPT AS PROVIDED IN SECTION 24-46-107, A TAXPAYER IS
15 ALLOWED TO CLAIM THE DEFERRED CREDIT DESCRIBED IN SUBSECTION
16 (2.5)(b)(II) OF THIS SECTION FOR A RENEWABLE ENERGY INVESTMENT
17 MADE IN AN INCOME TAX YEAR COMMENCING BEFORE JANUARY 1, 2014,
18 AS AN INVESTMENT TAX CREDIT CARRYOVER FOR TWENTY INCOME TAX
19 YEARS FOLLOWING THE YEAR THE CREDIT WAS ORIGINALLY ALLOWED PLUS
20 ONE ADDITIONAL INCOME TAX YEAR FOR EACH INCOME TAX YEAR THAT
21 THE CREDIT WAS DEFERRED PURSUANT TO SUBSECTION (2.5)(b)(I) OF THIS
22 SECTION.

23 (c) THIS SUBSECTION (2.5) IS REPEALED, EFFECTIVE JANUARY 1,
24 2040.

25 **SECTION 17. Safety clause.** The general assembly finds,
26 determines, and declares that this act is necessary for the immediate
27 preservation of the public peace, health, or safety or for appropriations for
28 the support and maintenance of the departments of the state and state
29 institutions."

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