

CHAPTER 362

TAXATION

SENATE BILL 25-026

BY SENATOR(S) Mullica, Frizell, Weissman, Amabile, Kipp, Coleman;
also REPRESENTATIVE(S) Marshall and Joseph, Bacon.

AN ACT

CONCERNING THE ADJUSTMENT OF CERTAIN TAX EXPENDITURES, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

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

SECTION 1. In Colorado Revised Statutes, 44-3-503, **amend** (9) as follows:

44-3-503. Excise tax - records - rules - definition - repeal. (9) (a) The department shall make a refund or allow a credit to the manufacturer, the wholesaler, or the holder of a winery direct shipper's permit, as the case may be, of the amount of the excise tax paid on alcohol beverages sold in this state when, after payment of the excise tax, the alcohol beverages are rendered unsalable by reason of destruction or damage upon submission of evidence satisfactory to the state licensing authority that the excise tax has actually been paid. Such refund or credit shall be made by the department within sixty days after the submission of evidence satisfactory to the department. No REFUND OR CREDIT IS ALLOWED AFTER DECEMBER 31, 2025.

(b) THIS SUBSECTION (9) IS REPEALED, EFFECTIVE DECEMBER 31, 2030.

SECTION 2. In Colorado Revised Statutes, 39-22-546, **amend** (3)(a) and (7) as follows:

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

(3) (a) For income tax years commencing on or after January 1, 2023, but before ~~January 1, 2025~~ JANUARY 1, 2027, any purchaser that installs an energy storage system in a residential dwelling in this state is allowed a credit against the tax

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

imposed by this article 22 in an amount equal to ten percent of the purchase price paid by the purchaser for the energy storage system.

(7) This section is repealed, effective ~~January 1, 2028~~ JANUARY 1, 2030.

SECTION 3. In Colorado Revised Statutes, 39-26-102, **add** (19)(f.5) as follows:

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

(19) (f.5) "WHOLESALE SALE" INCLUDES SALES OF AGRICULTURAL COMPOUNDS FOR USE IN THE PRODUCTION OF AGRICULTURAL COMMODITIES. FOR PURPOSES OF THIS SUBSECTION (19)(f.5), FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2026, "AGRICULTURAL COMPOUNDS" MEANS SOIL CONDITIONERS, PLANT AMENDMENTS, PLANT GROWTH REGULATORS, MULCHES, COMPOST, SOIL USED FOR ABOVEGROUND PRODUCTION OF AGRICULTURAL COMMODITIES, MANURE, FISH FOR NON-STOCKING PURPOSES, FISH EMBRYOS, AND FISH EGGS.

SECTION 4. In Colorado Revised Statutes, 10-20-113, **add** (3) as follows:

10-20-113. Credits for assessments paid - tax offsets. (3) (a) THE PURPOSE OF THE CREDIT AUTHORIZED IN SUBSECTION (1)(a) OF THIS SECTION IS TO OFFSET THE COST FOR AN INSURER PAYING REQUIRED ASSESSMENTS INTO THE LIFE AND HEALTH INSURANCE PROTECTION ASSOCIATION CREATED IN SECTION 10-20-106 (1).

(b) THE EFFECTIVENESS OF THE CREDIT AUTHORIZED IN SUBSECTION (1)(a) OF THIS SECTION IS MEASURED BY HOW MANY ELIGIBLE INSURERS CLAIM THE CREDIT AND THE AMOUNT CLAIMED RELATIVE TO PAYMENTS INTO THE LIFE AND HEALTH INSURANCE PROTECTION ASSOCIATION CREATED IN SECTION 10-20-106 (1).

SECTION 5. In Colorado Revised Statutes, 39-22-104, **amend** (4)(e) as follows:

39-22-104. Income tax imposed on individuals, estates, and trusts - single rate - report - tax preference performance statement - legislative declaration - definitions - repeal. (4) There shall be subtracted from federal taxable income:

(e) (I) The amount of any refund or credit for overpayment of income taxes imposed by this state or any other taxing jurisdiction to the extent included in gross income for federal income tax purposes but not previously allowed as a deduction for Colorado income tax purposes;

(II) THE PURPOSE OF THE SUBTRACTION AUTHORIZED IN THIS SUBSECTION (4)(e) IS TO AVOID RE-TAXING A TAXPAYER'S STATE INCOME TAX REFUND WHEN A STATE REFUND IS REQUIRED TO BE INCLUDED AS INCOME ON THE TAXPAYER'S FEDERAL RETURN PURSUANT TO THE INTERNAL REVENUE CODE;

(III) THE EFFECTIVENESS OF THE SUBTRACTION AUTHORIZED IN THIS SUBSECTION (4)(e) IS MEASURED BY THE NUMBER OF TAXPAYERS CLAIMING THE SUBTRACTION AND THE TOTAL AMOUNT OF STATE REFUNDS CLAIMED AS SUBTRACTIONS FROM COLORADO TAXABLE INCOME;

SECTION 6. In Colorado Revised Statutes, 39-22-304, **amend** (3)(f) as follows:

39-22-304. Net income of corporation - legislative declaration - definitions - repeal. (3) There shall be subtracted from federal taxable income:

(f) (I) The amount of any refund or credit for overpayment of income taxes imposed by this state to the extent included in federal taxable income;

(II) THE PURPOSE OF THE SUBTRACTION AUTHORIZED IN THIS SUBSECTION (3)(f) IS TO AVOID RE-TAXING A TAXPAYER'S STATE INCOME TAX REFUND WHEN A STATE REFUND IS REQUIRED TO BE INCLUDED AS INCOME ON THE TAXPAYER'S FEDERAL RETURN PURSUANT TO THE INTERNAL REVENUE CODE; AND

(III) THE EFFECTIVENESS OF THE SUBTRACTION AUTHORIZED IN THIS SUBSECTION (3)(f) IS MEASURED BY THE NUMBER OF TAXPAYERS CLAIMING THE SUBTRACTION AND THE TOTAL AMOUNT OF STATE REFUNDS CLAIMED AS SUBTRACTIONS FROM COLORADO TAXABLE INCOME;

SECTION 7. In Colorado Revised Statutes, 39-27-102.5, **add** (2.3) as follows:

39-27-102.5. Exemptions on tax imposed - ex-tax purchases - performance statement - definition - repeal. (2.3) (a) THE PURPOSE OF THE EXEMPTION AUTHORIZED IN SUBSECTIONS (1.5) AND (2)(a) OF THIS SECTION IS TO ENTIRELY EXCLUDE DYED DIESEL OR KEROSENE FROM THE SPECIAL FUELS EXCISE TAX WHERE THE DYED FUEL IS USED FOR SPECIFIED OFF-ROAD PURPOSES OR BY GOVERNMENTAL ENTITIES.

(b) THE EFFECTIVENESS OF THE EXEMPTION AUTHORIZED IN SUBSECTIONS (1.5) AND (2)(a) OF THIS SECTION IS MEASURED BY THE NUMBER OF TAXPAYERS CLAIMING THE EXEMPTION AND THE AMOUNT OF TAX THAT WOULD HAVE BEEN PAID WITHOUT THE EXEMPTION.

SECTION 8. In Colorado Revised Statutes, 39-27-103, **add** (8) as follows:

39-27-103. Refunds - penalties - checkoff - limits on collections - performance statement. (8) (a) THE PURPOSE OF THE REFUND AUTHORIZED IN SUBSECTIONS (2.7) AND (3) OF THIS SECTION IS TO COMPENSATE TAXPAYERS WHO BUY AND PAY THE TAX ON OTHERWISE TAXABLE FUELS FOR THE PURPOSE OF USING THE FUELS FOR SPECIFIED NON-TAXABLE PURPOSES UNDER FEDERAL LAW.

(b) THE EFFECTIVENESS OF THE REFUND AUTHORIZED IN SUBSECTIONS (2.7) AND (3) OF THIS SECTION IS MEASURED BY THE NUMBER OF TAXPAYERS CLAIMING A REFUND AND THE AMOUNT OF TAX THAT WAS ALREADY COLLECTED AND IS REFUNDED.

SECTION 9. In Colorado Revised Statutes, 39-26-102, **amend** (19)(a) as follows:

39-26-102. Performance statement - definitions. As used in this article 26, unless the context otherwise requires:

(19) (a) (I) "Wholesale sale" means a sale by wholesalers to retail merchants, jobbers, dealers, or other wholesalers for resale and does not include a sale by wholesalers to users or consumers not for resale, and the latter sales shall be deemed retail sales and subject to the provisions of this ~~article~~ ARTICLE 26.

(II) THE PURPOSE OF THE WHOLESALE SALE EXEMPTION FROM THE TAX LEVIED PURSUANT TO SECTION 39-26-104 (1)(a) IS TO ENSURE THAT SALES TAX IS LEVIED AND COLLECTED ONLY ON A FINAL END SALE TO A RETAIL CONSUMER AND NOT ON WHOLESALE SALES TO AVOID A SINGLE PRODUCT BEING TAXED MULTIPLE TIMES BEFORE IT IS SOLD TO A CONSUMER.

(III) THE EFFECTIVENESS OF THE WHOLESALE EXEMPTION FROM THE TAX LEVIED PURSUANT TO SECTION 39-26-104 (1)(a) IS MEASURED BY THE NUMBER OF TAXPAYERS CLAIMING THE WHOLESALE EXEMPTION FROM TAX AND THE AMOUNT OF TAX LIABILITY NOT PAID.

SECTION 10. In Colorado Revised Statutes, 39-26-402, **amend** (1) as follows:

39-26-402. Refund of state sales and use tax for biotechnology - application requirements and procedures. (1) For the calendar year commencing January 1, 1999, and for each calendar year thereafter prior to ~~January 1, 2026~~ JANUARY 1, 2027, each qualified biotechnology taxpayer shall be allowed to claim a refund of all state sales and use tax paid by the qualified biotechnology taxpayer, pursuant to parts 1 and 2 of this article 26, on the sale, storage, use, or consumption of tangible personal property to be used in Colorado directly and predominately in research and development of biotechnology during that calendar year.

SECTION 11. In Colorado Revised Statutes, 39-1-104.2, **amend** (3)(s)(I) introductory portion as follows:

39-1-104.2. Residential real property - valuation for assessment - legislative declaration - definitions. (3) (s) (I) For property tax years commencing on or after January 1, 2025, but before January 1, 2027, ~~if there are sufficient excess state revenues~~, the valuation for assessment for qualified-senior primary residence real property, including multi-family qualified-senior primary residence real property, is:

SECTION 12. Appropriation. (1) For the 2025-26 state fiscal year, \$13,137 is appropriated to the department of revenue. This appropriation is from the general fund. To implement this act, the department may use this appropriation as follows:

(a) \$8,343 for tax administration IT system (GenTax) support;

(b) \$1,504 for use by the taxation business group for taxation services related to personal services; and

(c) \$3,290 for use by the executive director's office for personal services related to administration and support.

SECTION 13. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final

adjournment of the general assembly; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2026 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: June 3, 2025