

**First Extraordinary Session  
Seventy-fifth General Assembly  
STATE OF COLORADO**

**INTRODUCED**

LLS NO. 25B-0027.01 Rebecca Bayetti x4348

**SENATE BILL 25B-009**

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**SENATE SPONSORSHIP**

**Kirkmeyer and Bright,**

**HOUSE SPONSORSHIP**

**Garcia Sander and Pugliese,**

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**Senate Committees**

State, Veterans, & Military Affairs

**House Committees**

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**A BILL FOR AN ACT**

101      **CONCERNING THE ADJUSTMENT OF CERTAIN INCOME TAX CREDITS,**  
102              **AND, IN CONNECTION THEREWITH, AUTHORIZING THE**  
103              **DEPARTMENT OF REVENUE TO SELL CERTAIN INCOME TAX**  
104              **CREDITS TO QUALIFIED TAXPAYERS AND TEMPORARILY**  
105              **SUSPENDING OR PRORATING INCOME TAX CREDITS BASED ON**  
106              **REVENUE ESTIMATES.**

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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>.)*

**Section 3** of the bill creates a mechanism for temporarily

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.

suspending or prorating all income tax credits, excluding the Colorado affordable housing tax credit and the earned income tax credits (income tax credits), based on estimates of the state's revenue. Beginning with the December 2025 quarterly revenue forecast, each quarterly revenue forecast in June, September, or December, and any interim revenue estimate given between quarterly forecasts, must include 2 estimates of the amount of excess state revenues in relation to the income tax credits available. Excess state revenues, for purposes of these estimates, means the total amount of revenue collected by the state during the state fiscal year in excess of the limitation on state fiscal year spending imposed by the Taxpayer's Bill of Rights that voters statewide have not authorized the state to retain and spend, less: The reimbursement to local governments to offset the reduction in property taxes resulting from property tax exemptions for qualifying seniors, veterans with disabilities, and spouses of veterans who died in the line of duty or as a result of a service-related injury or disease; the reimbursement to local governments to offset the reduction in property taxes resulting from the reduced valuation for assessment of qualified-senior primary residences; and any temporary income tax rate reduction in effect. These estimates are:

- An estimate of the amount of excess state revenues in the state fiscal year during which the income tax year begins, assuming all income tax credits are available in the following income tax year; and
- An estimate of the amount of excess state revenues in the state fiscal year during which the income tax year begins, assuming no income tax credits are available in the following income tax year.

The availability of income tax credits for the applicable income tax year is determined by which of these estimates results in the least amount of excess revenue. If the most recent quarterly June, September, or December revenue forecast, or the most recent interim revenue estimate, shows that:

- The estimate without income tax credits results in the least amount of excess revenue, then no income tax credits are available for the applicable income tax year; or
- The estimate with income tax credits results in the least amount of excess revenue, then all income tax credits are available for the applicable income tax year and are prorated so that the maximum total amount of each income tax credit claimed by all taxpayers claiming that credit does not exceed the amount equal to the estimated excess state revenues divided by the total number of income tax credits available during the applicable income tax year.

The bill also makes the family affordability tax credit nonrefundable beginning in income tax year 2025 (**section 2**).

Lastly, the bill alters the following refundable income tax credits:

- The credit for the sale of new, electric-powered lawn equipment for income tax years commencing on or after January 1, 2024, but before January 1, 2027. Under existing law, this credit is allowed to qualified retailers who sell new, electric-powered lawn equipment and offer a discount on the purchase price (**section 4**);
- The credit for the installation of heat pump technology or a thermal energy network for income tax years commencing on or after January 1, 2024, but before January 1, 2033. Under existing law, this credit is allowed to eligible taxpayers who meet certain industry criteria and install heat pump technology or a thermal energy network, if the eligible taxpayer provides a discount from the amount charged for installation (**section 5**); and
- The credit for the sale of new qualified electric bicycles for income tax years commencing on or after January 1, 2024, but before January 1, 2033. Under existing law, this credit is allowed to qualified retailers who sell a qualified electric bicycle and offer a discount on the bicycle purchase price (**section 6**).

The bill modifies the 3 income tax credits so that income tax year 2025 is the last tax year that each credit can be claimed as it currently exists and allows the department of revenue (department) to sell the income tax credits in state fiscal year 2025-26 to taxpayers who meet the existing eligibility requirements (qualified taxpayers). In state fiscal year 2025-26, the department is authorized to issue up to \$40 million in income tax credit certificates to qualified taxpayers, subject to procedures established by the department. The proceeds of these sales are credited to the general fund. A qualified taxpayer may claim the full amount of tax credit against its income tax liability in income tax year 2030; except that the amount of the credit claimed cannot exceed the taxpayer's income tax liability for a given year. The unused amount of the credit carries forward and may be claimed in subsequent years; except that a credit cannot be carried over to any taxable year that begins after December 31, 2050.

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

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

4 (a) The Taxpayer's Bill of Rights (TABOR) is a critical  
5 constitutional safeguard that ensures Colorado taxpayers are protected

1 from excessive taxation and that government revenue remains within  
2 responsible limits;

3 (b) TABOR imposes strict limitations on the ability of the state  
4 and local governments to raise taxes, requires voter approval for any new  
5 tax or tax increase, and ensures that revenue is not collected in excess of  
6 the state's allowed cap;

7 (c) Colorado's government is committed to maintaining the  
8 principles of fiscal responsibility and transparency, ensuring that taxpayer  
9 dollars are spent efficiently and effectively;

10 (d) Pausing tax credits is allowable up to the constitutional  
11 mandated cap and may constitute a temporary reduction in expenditures  
12 rather than an increase in taxes, as most tax credits are considered a form  
13 of expenditure by the state, reducing the amount of tax revenue that  
14 would otherwise be collected; and

15 (e) Such a pause in tax credits does not increase the overall tax  
16 burden on taxpayers and does not require voter approval under TABOR,  
17 as it is consistent with the constitutional intent to limit state spending  
18 rather than to impose new taxes or tax increases.

19 (2) Therefore, the general assembly finds and declares that the  
20 temporary suspension or reduction of tax credits is within the legal  
21 authority of the general assembly and does not constitute a violation of  
22 TABOR, as it represents a reduction in state expenditures rather than an  
23 increase in taxes.

24 **SECTION 2.** In Colorado Revised Statutes, 39-22-130, **amend**  
25 (10) as follows:

26 **39-22-130. Family affordability tax credit - tax preference**  
27 **performance statement - legislative declaration - definitions - repeal.**

1 (10) (a) (I) ~~The~~ FOR THE INCOME TAX YEAR COMMENCING ON OR AFTER  
2 JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2025, THE amount of the  
3 credit allowed under this section that exceeds the resident individual's  
4 income taxes due is refunded to the individual.

5 (II) THIS SUBSECTION (10)(a) IS REPEALED, EFFECTIVE JANUARY  
6 1, 2027.

7 (b) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
8 1, 2025, BUT BEFORE JANUARY 1, 2034, THE AMOUNT OF THE CREDIT  
9 ALLOWED UNDER THIS SECTION THAT EXCEEDS THE RESIDENT  
10 INDIVIDUAL'S INCOME TAXES DUE IS NOT REFUNDED TO THE INDIVIDUAL.

11 **SECTION 3.** In Colorado Revised Statutes, **add** 39-22-131 as  
12 follows:

13 **39-22-131. Temporary tax credit suspension - prorating -**  
14 **insufficient revenues - rules - definitions.** (1) AS USED IN THIS SECTION,  
15 UNLESS THE CONTEXT OTHERWISE REQUIRES:

16 (a) "APPLICABLE INCOME TAX YEAR" MEANS THE INCOME TAX  
17 YEAR FOLLOWING THE JUNE, SEPTEMBER, AND DECEMBER REVENUE  
18 FORECASTS PREPARED BY THE LEGISLATIVE COUNCIL STAFF AND THE  
19 OFFICE OF STATE PLANNING AND BUDGETING AND ANY INTERIM REVENUE  
20 ESTIMATE.

21 (b) "EXCESS STATE REVENUES" MEANS THE TOTAL AMOUNT OF  
22 REVENUE COLLECTED BY THE STATE DURING THE STATE FISCAL YEAR IN  
23 EXCESS OF THE LIMITATION ON STATE FISCAL YEAR SPENDING IMPOSED BY  
24 SECTION 20 (7)(a) OF ARTICLE X OF THE STATE CONSTITUTION THAT  
25 VOTERS STATEWIDE HAVE NOT AUTHORIZED THE STATE TO RETAIN AND  
26 SPEND AND THAT THE STATE IS REQUIRED TO REFUND UNDER SECTION 20  
27 (7)(d) OF ARTICLE X OF THE STATE CONSTITUTION, INCLUDING ANY

1 ADJUSTMENT FOR AMOUNTS SPECIFIED IN SECTION 24-77-103.7 OR  
2 24-77-103.8, LESS THE MAXIMUM AMOUNTS THAT MAY BE REFUNDED  
3 PURSUANT TO SECTIONS 39-1-104.6, 39-3-209, AND 39-22-627 FOR THE  
4 PROPERTY TAX AND INCOME TAX YEARS THAT COMMENCED DURING THE  
5 STATE FISCAL YEAR.

6 (c) "INCOME TAX CREDIT" MEANS ANY CREDIT ALLOWED TO A  
7 TAXPAYER AGAINST THE INCOME TAXES IMPOSED BY THIS ARTICLE 22.

8 "INCOME TAX CREDIT" DOES NOT INCLUDE:

9 (I) THE COLORADO AFFORDABLE HOUSING TAX CREDIT ALLOWED  
10 IN PART 21 OF THIS ARTICLE 22; AND

11 (II) THE EARNED INCOME TAX CREDITS ALLOWED IN SECTIONS  
12 39-22-123 AND 39-22-123.5.

13 (d) "INTERIM REVENUE ESTIMATE" MEANS AN UPDATED REVENUE  
14 ESTIMATE IN THE TIME BETWEEN TWO ESTIMATES MADE BY THE  
15 GOVERNOR PURSUANT TO SECTION 24-75-201.3 (2), WHICH INTERIM  
16 ESTIMATE IS PREPARED BY THE GOVERNOR, DESIGNATED BY THE  
17 GOVERNOR AS AN INTERIM REVENUE ESTIMATE THAT IS AN UPDATE TO THE  
18 MOST RECENT PRIOR REVENUE ESTIMATE, AND TRANSMITTED TO THE  
19 GENERAL ASSEMBLY.

20 (e) "STATE REVENUE ESTIMATE WITH FULL INCOME TAX CREDITS"  
21 MEANS AN ESTIMATE OF THE AMOUNT OF EXCESS STATE REVENUES IN THE  
22 STATE FISCAL YEAR DURING WHICH THE INCOME TAX YEAR BEGINS,  
23 ASSUMING THAT ALL INCOME TAX CREDITS ARE FULLY AVAILABLE FOR THE  
24 APPLICABLE INCOME TAX YEAR.

25 (f) "STATE REVENUE ESTIMATE WITHOUT INCOME TAX CREDITS"  
26 MEANS AN ESTIMATE OF THE AMOUNT OF EXCESS STATE REVENUES IN THE  
27 STATE FISCAL YEAR DURING WHICH THE INCOME TAX YEAR BEGINS,

1     ASSUMING THAT NO INCOME TAX CREDITS ARE AVAILABLE FOR THE  
2     APPLICABLE INCOME TAX YEAR.

3             (2) (a) BEGINNING WITH THE QUARTERLY DECEMBER 2025  
4     FORECAST, AND EACH QUARTERLY JUNE, SEPTEMBER, OR DECEMBER  
5     REVENUE FORECAST THEREAFTER, THE LEGISLATIVE COUNCIL STAFF AND  
6     THE OFFICE OF STATE PLANNING AND BUDGETING SHALL INCLUDE A STATE  
7     REVENUE ESTIMATE WITH COMPLETE INCOME TAX CREDITS AND A STATE  
8     REVENUE ESTIMATE WITHOUT INCOME TAX CREDITS.

9             (b) THE GOVERNOR SHALL INCLUDE IN EACH INTERIM REVENUE  
10    ESTIMATE A STATE REVENUE ESTIMATE WITH COMPLETE INCOME TAX  
11    CREDITS AND A STATE REVENUE ESTIMATE WITHOUT INCOME TAX CREDITS.

12            (3) NOTWITHSTANDING ANY PROVISION OF LAW TO THE  
13    CONTRARY, THE AVAILABILITY OF INCOME TAX CREDITS FOR THE  
14    APPLICABLE INCOME TAX YEAR IS DETERMINED BY WHICH INCOME TAX  
15    CREDIT ESTIMATE REQUIRED BY SUBSECTION (2) OF THIS SECTION RESULTS  
16    IN THE LEAST AMOUNT OF EXCESS STATE REVENUE. IF THE MOST RECENT  
17    QUARTERLY JUNE, SEPTEMBER, OR DECEMBER REVENUE FORECAST, AS  
18    PREPARED BY THE LEGISLATIVE COUNCIL STAFF AND THE OFFICE OF STATE  
19    PLANNING AND BUDGETING, OR THE MOST RECENT INTERIM REVENUE  
20    ESTIMATE, SHOWS THAT:

21            (a) THE STATE REVENUE ESTIMATE WITHOUT INCOME TAX CREDITS  
22    RESULTS IN THE LEAST AMOUNT OF EXCESS STATE REVENUE OF THE  
23    INCOME TAX CREDIT ESTIMATES, THEN NO INCOME TAX CREDITS ARE  
24    AVAILABLE FOR THE APPLICABLE INCOME TAX YEAR; OR

25            (b) THE STATE REVENUE ESTIMATE WITH FULL INCOME TAX  
26    CREDITS RESULTS IN THE LEAST AMOUNT OF EXCESS STATE REVENUE OF  
27    THE INCOME TAX CREDIT ESTIMATES, THEN ALL INCOME TAX CREDITS ARE

1 AVAILABLE FOR THE APPLICABLE INCOME TAX YEAR AND ARE PRORATED  
2 SO THAT THE MAXIMUM TOTAL AMOUNT OF EACH INCOME TAX CREDIT  
3 CLAIMED BY ALL TAXPAYERS CLAIMING THAT CREDIT DOES NOT EXCEED  
4 THE AMOUNT EQUAL TO THE ESTIMATED EXCESS STATE REVENUE DIVIDED  
5 BY THE TOTAL NUMBER OF INCOME TAX CREDITS AVAILABLE DURING THE  
6 APPLICABLE INCOME TAX YEAR OR THE AMOUNT.

7 **SECTION 4.** In Colorado Revised Statutes, 39-22-550, **amend**  
8 (3)(a), (4), (5), and (6); and **add** (4.3) and (4.5) as follows:

9 **39-22-550. Tax credit for reducing emissions from certain**  
10 **lawn equipment - sale of tax credits - authorization to issue - tax**  
11 **preference performance statement - legislative declaration -**  
12 **definitions - report - repeal.** (3) (a) For income tax years commencing  
13 on or after January 1, 2024, but before ~~January 1, 2027~~ JANUARY 1, 2026,  
14 a retailer qualified pursuant to subsection (3)(e)(II) of this section is  
15 allowed a tax credit against the tax imposed pursuant to this article 22 in  
16 an amount equal to thirty-three percent of the aggregate purchase price  
17 for all retail sales of new, electric-powered lawn equipment that the  
18 qualified retailer sold in the state during the tax year.

19 (4) If a credit authorized by SUBSECTION (3) OF this section  
20 exceeds the income tax due on the income of the qualified retailer for the  
21 taxable year, the excess credit may not be carried forward and must be  
22 refunded to the qualified retailer.

23 (4.3) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

24 (a) THE TAX CREDITS AUTHORIZED BY SUBSECTION (4.5) OF THIS  
25 SECTION AS A METHOD TO PROVIDE MONEY TO THE GENERAL FUND ARE  
26 AVAILABLE ONLY TO QUALIFIED RETAILERS THAT INCUR INCOME TAX  
27 LIABILITY IN THE STATE;



1           (b) THE TAX CREDITS CAN ONLY BE USED BY A QUALIFIED  
2 RETAILER TO OFFSET INCOME TAX LIABILITY ACTUALLY INCURRED BY THE  
3 RETAILER;

4           (c) THE TAX CREDITS ARE NOT REFUNDABLE AND DO NOT IMPOSE  
5 AN OBLIGATION OF PAYMENT IN ANY FUTURE YEAR UPON THE STATE;

6           (d) THE USE OF PROCEEDS FROM THE SALE OF THE TAX CREDITS  
7 FOR THE GENERAL FUND ALLOWS THE STATE TO AUGMENT THE GENERAL  
8 FUND THROUGH THE USE OF FUTURE TAX EXPENDITURES AND THEREFORE:

9           (I) DOES NOT REQUIRE THE STATE TO BORROW MONEY, EXTEND OR  
10 PLEDGE THE STATE'S CREDIT, OR OBLIGATE THE STATE TO MAKE FUTURE  
11 PAYMENTS FROM STATE REVENUES; AND

12           (II) DOES NOT OTHERWISE CREATE ANY MULTIPLE FISCAL YEAR  
13 DIRECT OR INDIRECT DISTRICT DEBT OR OTHER FINANCIAL OBLIGATION  
14 WHATSOEVER FOR PURPOSES OF SECTION 20 (4)(a) OF ARTICLE X OF THE  
15 STATE CONSTITUTION.

16           (4.5) (a) A QUALIFIED RETAILER MAY PURCHASE TAX CREDITS  
17 FROM THE DEPARTMENT IN ACCORDANCE WITH THIS SECTION AND MAY  
18 APPLY THE TAX CREDITS AGAINST ITS LIABILITY FOR THE TAX IMPOSED  
19 PURSUANT TO THIS ARTICLE 22, IN ACCORDANCE WITH THIS SUBSECTION  
20 (4.5).

21           (b) (I) THE DEPARTMENT IS AUTHORIZED TO ISSUE TAX CREDIT  
22 CERTIFICATES TO QUALIFIED RETAILERS EQUAL TO THE LESSER OF A TOTAL  
23 FACE VALUE OF UP TO FORTY MILLION DOLLARS OR TOTAL SALES  
24 PROCEEDS OF UP TO THIRTY MILLION DOLLARS IN FISCAL YEAR 2025-26.

25           (II) THE DEPARTMENT MAY CONTRACT WITH AN INDEPENDENT  
26 THIRD PARTY TO CONDUCT OR CONSULT ON A BIDDING PROCESS AMONG  
27 QUALIFIED RETAILERS TO PURCHASE THE TAX CREDITS.

1           (c) A QUALIFIED RETAILER SEEKING TO PURCHASE TAX CREDITS  
2       MUST APPLY TO THE DEPARTMENT IN THE MANNER PRESCRIBED BY THE  
3       DEPARTMENT.

4           (d) USING PROCEDURES ADOPTED BY THE DEPARTMENT OR, IF  
5       APPLICABLE, BY AN INDEPENDENT THIRD PARTY, EACH QUALIFIED  
6       RETAILER THAT SUBMITS AN APPLICATION SHALL MAKE A TIMELY AND  
7       IRREVOCABLE OFFER, CONTINGENT ONLY UPON THE DEPARTMENT'S  
8       ISSUANCE TO THE QUALIFIED RETAILER OF THE TAX CREDIT CERTIFICATES,  
9       TO MAKE A SPECIFIED PURCHASE PAYMENT AMOUNT TO THE DEPARTMENT  
10      ON DATES SPECIFIED BY THE DEPARTMENT. THE OFFER MUST INCLUDE THE  
11      FOLLOWING:

12           (I) THE REQUESTED AMOUNT OF TAX CREDITS, WHICH MUST NOT  
13      BE LESS THAN ANY MINIMUM AMOUNT ESTABLISHED IN PROCEDURES BY  
14      THE DEPARTMENT OR, IF APPLICABLE, THE INDEPENDENT THIRD PARTY;

15           (II) THE QUALIFIED RETAILER'S PROPOSED TAX CREDIT PURCHASE  
16      AMOUNT FOR EACH TAX CREDIT DOLLAR REQUESTED. THE MINIMUM  
17      PROPOSED TAX CREDIT PURCHASE AMOUNT MUST BE EITHER:

18           (A) THE PERCENTAGE OF THE REQUESTED DOLLAR AMOUNT OF TAX  
19      CREDITS THAT THE DEPARTMENT OR, IF APPLICABLE, THE INDEPENDENT  
20      THIRD PARTY DETERMINES TO BE CONSISTENT WITH MARKET CONDITIONS  
21      AS OF THE OFFER DATE; OR

22           (B) IF NO AMOUNT IS ESTABLISHED BY THE DEPARTMENT OR THE  
23      INDEPENDENT THIRD PARTY PURSUANT TO SUBSECTION (4.5)(d)(II)(A) OF  
24      THIS SECTION, SEVENTY-FIVE PERCENT OF THE REQUESTED DOLLAR  
25      AMOUNT OF TAX CREDITS; AND

26           (III) ANY OTHER INFORMATION THAT THE DEPARTMENT OR, IF  
27      APPLICABLE, THE INDEPENDENT THIRD PARTY REQUIRES.

1           (e) THE DEPARTMENT SHALL PROVIDE WRITTEN NOTICE TO EACH  
2     QUALIFIED RETAILER THAT SUBMITS AN APPLICATION INDICATING  
3     WHETHER OR NOT THE QUALIFIED RETAILER HAS BEEN APPROVED AS A  
4     PURCHASER OF TAX CREDITS AND, IF SO, THE AMOUNT OF TAX CREDITS  
5     ALLOCATED AND THE DATE BY WHICH PAYMENT OF THE TAX CREDIT SALE  
6     PROCEEDS MUST BE MADE.

7           (f) ON RECEIPT OF PAYMENT OF THE SALE PROCEEDS, THE  
8     DEPARTMENT SHALL ISSUE TO EACH QUALIFIED RETAILER A TAX CREDIT  
9     CERTIFICATE. THE TAX CREDIT CERTIFICATE MUST STATE THE FOLLOWING:

10          (I) THE TOTAL AMOUNT OF TAX CREDITS THAT THE QUALIFIED  
11     RETAILER MAY CLAIM;

12          (II) THE AMOUNT THAT THE QUALIFIED RETAILER HAS PAID OR  
13     AGREED TO PAY IN RETURN FOR THE ISSUANCE OF THE TAX CREDIT  
14     CERTIFICATES AND THE DATE OF THE PAYMENT;

15          (III) THE DATES ON WHICH THE TAX CREDITS WILL BE AVAILABLE  
16     FOR USE BY THE QUALIFIED RETAILER;

17          (IV) ANY PENALTIES OR OTHER REMEDIES FOR NONCOMPLIANCE;

18          (V) THE SERIAL NUMBER OF THE TAX CREDIT CERTIFICATE; AND

19          (VI) ANY OTHER REQUIREMENTS DEEMED NECESSARY BY THE  
20     DEPARTMENT AS A CONDITION OF ISSUING THE TAX CREDIT CERTIFICATE.

21          (g) (I) THE DEPARTMENT SHALL NOT ISSUE A TAX CREDIT  
22     CERTIFICATE TO ANY QUALIFIED RETAILER THAT FAILS TO PROVIDE THE  
23     TAX CREDIT SALE PROCEEDS WITHIN THE TIME SPECIFIED BY THE  
24     DEPARTMENT.

25          (II) A QUALIFIED RETAILER THAT FAILS TO PROVIDE THE TAX  
26     CREDIT SALE PROCEEDS WITHIN THE TIME SPECIFIED BY THE DEPARTMENT  
27     IS SUBJECT TO A PENALTY EQUAL TO TEN PERCENT OF THE AMOUNT OF THE

1 PURCHASE PRICE THAT REMAINS UNPAID. THE PENALTY MUST BE PAID TO  
2 THE DEPARTMENT WITHIN THIRTY DAYS AFTER DEMAND.

3 (III) THE DEPARTMENT MAY OFFER TO REALLOCATE THE  
4 DEFAULTED TAX CREDITS AMONG OTHER QUALIFIED RETAILERS SO THAT  
5 THE RESULT AFTER REALLOCATION IS THE SAME AS IF THE INITIAL  
6 ALLOCATION HAD BEEN PERFORMED WITHOUT CONSIDERING THE TAX  
7 CREDIT ALLOCATION TO THE DEFAULTING QUALIFIED RETAILER.

8 (IV) IF THE REALLOCATION OF TAX CREDITS UNDER SUBSECTION  
9 (4.5)(g)(III) OF THIS SECTION RESULTS IN THE PAYMENT BY ANOTHER  
10 QUALIFIED RETAILER OF THE AMOUNT OF TAX CREDIT SALE PROCEEDS NOT  
11 PAID BY THE DEFAULTING QUALIFIED RETAILER, THE DEPARTMENT MAY  
12 WAIVE THE PENALTY IMPOSED UNDER SUBSECTION (4.5)(g)(II) OF THIS  
13 SECTION.

14 (V) A QUALIFIED RETAILER THAT FAILS TO PAY THE TAX CREDIT  
15 SALE PROCEEDS WITHIN THE TIME SPECIFIED BY THE DEPARTMENT MAY  
16 AVOID THE IMPOSITION OF THE PENALTY BY TRANSFERRING THE  
17 ALLOCATION OF TAX CREDITS TO A NEW OR EXISTING QUALIFIED RETAILER  
18 WITHIN THIRTY DAYS AFTER THE DUE DATE OF THE DEFAULTED  
19 INSTALLMENT. ANY TRANSFEREE OF AN ALLOCATION OF TAX CREDITS OF  
20 A DEFAULTING QUALIFIED RETAILER UNDER THIS SUBSECTION (4.5)(g)  
21 SHALL AGREE TO PAY THE TAX CREDIT SALE PROCEEDS WITHIN FIVE DAYS  
22 AFTER THE DATE OF THE TRANSFER.

23 (h) FOR A TAX CREDIT CERTIFICATE ISSUED IN FISCAL YEAR  
24 2025-26, THE QUALIFIED RETAILER MAY CLAIM UP TO THE FULL AMOUNT  
25 OF THE CREDIT AGAINST ITS INCOME TAX LIABILITY INCURRED FOR A  
26 TAXABLE YEAR THAT BEGINS ON OR AFTER JANUARY 1, 2030; EXCEPT  
27 THAT A QUALIFIED RETAILER MAY NOT REDUCE ITS ESTIMATED TAX

1 PAYMENTS IN PROPORTION TO SUCH CREDIT PRIOR TO JULY 1, 2030.

2 (i) (I) THE TOTAL CREDIT TO BE APPLIED BY A QUALIFIED RETAILER  
3 IN ANY ONE YEAR MUST NOT EXCEED THE INCOME TAX LIABILITY OF THE  
4 QUALIFIED RETAILER FOR THE TAXABLE YEAR. IF THE QUALIFIED RETAILER  
5 CANNOT USE THE ENTIRE AMOUNT OF THE TAX CREDIT FOR THE TAXABLE  
6 YEAR IN WHICH THE QUALIFIED RETAILER IS ELIGIBLE FOR THE CREDIT, THE  
7 EXCESS MAY BE CARRIED OVER TO SUCCEEDING TAXABLE YEARS AND  
8 USED AS A CREDIT AGAINST THE INCOME TAX LIABILITY OF THE QUALIFIED  
9 RETAILER FOR THOSE TAXABLE YEARS; EXCEPT THAT, FOR A CREDIT  
10 ISSUED IN FISCAL YEAR 2025-26, THE CREDIT MAY NOT BE CARRIED OVER  
11 TO ANY TAXABLE YEAR THAT BEGINS AFTER DECEMBER 31, 2050.

12 (II) ANY AMOUNT OF THE CREDIT THAT IS NOT TIMELY CLAIMED  
13 EXPIRES AND IS NOT REFUNDABLE.

14 (j) A QUALIFIED RETAILER CLAIMING A CREDIT UNDER THIS  
15 SUBSECTION (4.5) SHALL SUBMIT THE TAX CREDIT CERTIFICATE WITH ITS  
16 TAX RETURN.

17 (k) A QUALIFIED RETAILER CLAIMING A CREDIT UNDER THIS  
18 SUBSECTION (4.5) SHALL NOT BE REQUIRED TO PAY ANY ADDITIONAL OR  
19 RETALIATORY TAX AS A RESULT OF CLAIMING THE CREDIT.

20 (l) IF A QUALIFIED RETAILER HOLDING AN UNCLAIMED TAX CREDIT  
21 IS PART OF A MERGER, ACQUISITION, OR LINE OF BUSINESS DIVESTITURE  
22 TRANSACTION, THE TAX CREDIT MAY BE TRANSFERRED TO AND ASSUMED  
23 BY THE RESULTING ENTITY IF THE RESULTING ENTITY IS A RETAILER  
24 AUTHORIZED TO DO BUSINESS IN COLORADO THAT HAS INCOME TAX  
25 LIABILITY. THE QUALIFIED RETAILER THAT ORIGINALLY PURCHASED THE  
26 CREDIT AND THE RESULTING ENTITY SHALL NOTIFY THE DEPARTMENT IN  
27 WRITING OF THE TRANSFER OR ASSUMPTION OF THE CREDIT IN

1 ACCORDANCE WITH PROCEDURES ADOPTED BY THE DEPARTMENT. THE  
2 DEPARTMENT SHALL MAINTAIN A RECORD OF THE TRANSFER OR  
3 ASSUMPTION OF THE TAX CREDIT. THE TRANSFER OR ASSUMPTION OF THE  
4 TAX CREDIT DOES NOT AFFECT THE TIME SCHEDULE FOR CLAIMING THE  
5 TAX CREDIT AS PROVIDED IN THIS SUBSECTION (4.5).

6 (5) Pursuant to section 39-21-304 (3), notwithstanding section  
7 24-1-136 (11)(a)(I), and for the purpose of providing data that allows the  
8 general assembly and the state auditor to measure the effectiveness of the  
9 tax credit created in ~~subsection (3)~~ of this section, the department of  
10 revenue, on or before January 1, 2025, and on or before January 1 of each  
11 year thereafter through January 1, 2028, shall submit to the general  
12 assembly and the state auditor a report detailing the sales of new,  
13 electric-powered lawn equipment, as reported by a qualified retailer  
14 claiming the tax credit authorized under subsection (3) of this section OR  
15 A QUALIFIED RETAILER WHO HAS RECEIVED A TAX CREDIT CERTIFICATE  
16 PURSUANT TO SUBSECTION (4.5) OF THIS SECTION. The tax credit  
17 established in this section meets its purpose if sales of new,  
18 gasoline-powered lawn equipment are significantly reduced within five  
19 years after the tax credit becomes effective, as determined by the general  
20 assembly and the state auditor pursuant to section 39-21-304 (3).

21 (6) This section is repealed, effective ~~December 31, 2033~~  
22 DECEMBER 31, 2055.

23 **SECTION 5.** In Colorado Revised Statutes, 39-22-554, **amend**  
24 (3)(a), (3)(c), (4), (8), and (9); **repeal** (3)(f); and **add** (4.3) and (4.5) as  
25 follows:

26 **39-22-554. Heat pump technology and thermal energy**  
27 **network tax credit - sale of tax credits - authorization to issue - tax**

1     **preference performance statement - legislative declaration -**

2     **definitions - repeal.** (3) (a) For income tax years commencing on or

3     after January 1, 2024, but before ~~January 1, 2033~~ JANUARY 1, 2026, an

4     eligible taxpayer that installs heat pump technology in a building in the

5     state, on a campus in the state, or develops, through purchase and

6     installation of necessary equipment, a thermal energy network in the state

7     is allowed a credit against the tax imposed under this article 22 in an

8     amount set forth in subsection (3)(c) of this section in the tax year that the

9     heat pump technology or thermal energy network is placed into service.

10           (c) Subject to the modifications set forth in subsection (3)(d) of

11     this section and the annual review required pursuant to subsection (3)(e)

12     of this section, ~~and except as otherwise provided in subsection (3)(f) of~~

13     ~~this section~~, the amount of the credit allowed pursuant to this section is

14     calculated as follows:

15           (I) For the installation of an air-source heat pump system or for a

16     variable refrigerant flow heat pump system,

17           ~~(A)~~ for tax years commencing on or after January 1, 2024, but

18     before January 1, 2026, one thousand five hundred dollars;

19           ~~(B)~~ ~~For tax years commencing on or after January 1, 2026, but~~

20     ~~before January 1, 2029, one thousand dollars; and~~

21           ~~(C)~~ ~~For tax years commencing on or after January 1, 2029, but~~

22     ~~before January 1, 2033, five hundred dollars;~~

23           (II) For the installation of a ground-source heat pump system,

24     water-source heat pump system, a combined air-source and ground-source

25     heat pump system, a combined water-source and ground-source heat

26     pump system, a combined variable refrigerant flow and ground-source

27     heat pump system, or a combined variable refrigerant flow and

1 water-source heat pump system,

2 (A) for tax years commencing on or after January 1, 2024, but

3 before January 1, 2026, three thousand dollars; AND

4 ~~(B) For tax years commencing on or after January 1, 2026, but~~

5 ~~before January 1, 2029, two thousand dollars; and~~

6 ~~(C) For tax years commencing on or after January 1, 2029, but~~

7 ~~before January 1, 2033, one thousand dollars; and~~

8 (III) For the installation of a heat pump water heater,

9 (A) for tax years commencing on or after January 1, 2024, but

10 before January 1, 2026, five hundred dollars. and

11 ~~(B) For tax years commencing on or after January 1, 2026, but~~

12 ~~before January 1, 2033, two hundred fifty dollars.~~

13 (f) ~~If the June 2025 revenue forecast, and each June revenue~~

14 ~~forecast through the June 2031 revenue forecast as prepared by either~~

15 ~~legislative council staff or the office of state planning and budgeting,~~

16 ~~projects that state revenues, as defined in section 24-77-103.6 (6)(c), will~~

17 ~~not increase by at least four percent for the next fiscal year, the amount~~

18 ~~of the credit allowed pursuant to subsection (3)(c)(I)(B), (3)(c)(I)(C),~~

19 ~~(3)(c)(II)(B), (3)(c)(II)(C), or (3)(c)(III)(B) of this section, as may be~~

20 ~~modified by subsections (3)(d) and (3)(e) of this section, for any tax year~~

21 ~~commencing in the calendar year that begins during said next fiscal year~~

22 ~~is reduced by fifty percent if the heat pump technology is installed at an~~

23 ~~existing residential or nonresidential building; except that if the amount~~

24 ~~of the reduced credit is equal to or less than two hundred fifty dollars,~~

25 ~~then no credit is available for such a tax year.~~

26 (4) An eligible taxpayer may retain an applicable percentage of

27 the amount of the tax credit allowed under subsection (3)(c) of this



1 section to support the industry-wide adoption and deployment of heat  
2 pump technologies in the state. The office shall annually determine the  
3 applicable percentage, which must be the same for each eligible taxpayer,  
4 pursuant to guidelines established by the office. The office shall maintain  
5 the current applicable percentage on its website and shall provide the  
6 applicable percentage in writing to the department no later than December  
7 31, 2023, and ~~each December 31 thereafter through December 31, 2031~~  
8 DECEMBER 31, 2024.

9 (4.3) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

10 (a) THE TAX CREDITS AUTHORIZED BY SUBSECTION (4.5) OF THIS  
11 SECTION AS A METHOD TO PROVIDE MONEY TO THE GENERAL FUND ARE  
12 AVAILABLE ONLY TO ELIGIBLE TAXPAYERS THAT INCUR INCOME TAX  
13 LIABILITY IN THE STATE;

14 (b) THE TAX CREDITS CAN ONLY BE USED BY AN ELIGIBLE  
15 TAXPAYER TO OFFSET INCOME TAX LIABILITY ACTUALLY INCURRED BY THE  
16 TAXPAYER;

17 (c) THE TAX CREDITS ARE NOT REFUNDABLE AND DO NOT IMPOSE  
18 AN OBLIGATION OF PAYMENT IN ANY FUTURE YEAR UPON THE STATE;

19 (d) THE USE OF PROCEEDS FROM THE SALE OF THE TAX CREDITS  
20 FOR THE GENERAL FUND ALLOWS THE STATE TO AUGMENT THE GENERAL  
21 FUND THROUGH THE USE OF FUTURE TAX EXPENDITURES AND THEREFORE:

22 (I) DOES NOT REQUIRE THE STATE TO BORROW MONEY, EXTEND OR  
23 PLEDGE THE STATE'S CREDIT, OR OBLIGATE THE STATE TO MAKE FUTURE  
24 PAYMENTS FROM STATE REVENUES; AND

25 (II) DOES NOT OTHERWISE CREATE ANY MULTIPLE FISCAL YEAR  
26 DIRECT OR INDIRECT DISTRICT DEBT OR OTHER FINANCIAL OBLIGATION  
27 WHATSOEVER FOR PURPOSES OF SECTION 20 (4)(a) OF ARTICLE X OF THE

1 STATE CONSTITUTION.

2 (4.5) (a) AN ELIGIBLE TAXPAYER MAY PURCHASE TAX CREDITS  
3 FROM THE DEPARTMENT IN ACCORDANCE WITH THIS SECTION AND MAY  
4 APPLY THE TAX CREDITS AGAINST ITS LIABILITY FOR THE TAX IMPOSED  
5 PURSUANT TO THIS ARTICLE 22, IN ACCORDANCE WITH THIS SUBSECTION  
6 (4.5).

7 (b) (I) THE DEPARTMENT IS AUTHORIZED TO ISSUE TAX CREDIT  
8 CERTIFICATES TO ELIGIBLE TAXPAYERS EQUAL TO THE LESSER OF A TOTAL  
9 FACE VALUE OF UP TO FORTY MILLION DOLLARS OR TOTAL SALES  
10 PROCEEDS OF UP TO THIRTY MILLION DOLLARS IN FISCAL YEAR 2025-26.

11 (II) THE DEPARTMENT MAY CONTRACT WITH AN INDEPENDENT  
12 THIRD PARTY TO CONDUCT OR CONSULT ON A BIDDING PROCESS AMONG  
13 ELIGIBLE TAXPAYERS TO PURCHASE THE TAX CREDITS.

14 (III) THE DEPARTMENT SHALL CONSULT WITH THE OFFICE IN  
15 ADVANCE OF ISSUING ANY TAX CREDITS IN ACCORDANCE WITH THIS  
16 SUBSECTION (4.5).

17 (c) AN ELIGIBLE TAXPAYER SEEKING TO PURCHASE TAX CREDITS  
18 MUST APPLY TO THE DEPARTMENT IN THE MANNER PRESCRIBED BY THE  
19 DEPARTMENT.

20 (d) USING PROCEDURES ADOPTED BY THE DEPARTMENT OR, IF  
21 APPLICABLE, BY AN INDEPENDENT THIRD PARTY, EACH ELIGIBLE TAXPAYER  
22 THAT SUBMITS AN APPLICATION SHALL MAKE A TIMELY AND IRREVOCABLE  
23 OFFER, CONTINGENT ONLY UPON THE DEPARTMENT'S ISSUANCE TO THE  
24 ELIGIBLE TAXPAYER OF THE TAX CREDIT CERTIFICATES, TO MAKE A  
25 SPECIFIED PURCHASE PAYMENT AMOUNT TO THE DEPARTMENT ON DATES  
26 SPECIFIED BY THE DEPARTMENT. THE OFFER MUST INCLUDE THE  
27 FOLLOWING:

1           (I) THE REQUESTED AMOUNT OF TAX CREDITS, WHICH MUST NOT  
2 BE LESS THAN ANY MINIMUM AMOUNT ESTABLISHED IN PROCEDURES BY  
3 THE DEPARTMENT OR, IF APPLICABLE, THE INDEPENDENT THIRD PARTY;

4           (II) THE ELIGIBLE TAXPAYER'S PROPOSED TAX CREDIT PURCHASE  
5 AMOUNT FOR EACH TAX CREDIT DOLLAR REQUESTED. THE MINIMUM  
6 PROPOSED TAX CREDIT PURCHASE AMOUNT MUST BE EITHER:

7           (A) THE PERCENTAGE OF THE REQUESTED DOLLAR AMOUNT OF TAX  
8 CREDITS THAT THE DEPARTMENT OR, IF APPLICABLE, THE INDEPENDENT  
9 THIRD PARTY DETERMINES TO BE CONSISTENT WITH MARKET CONDITIONS  
10 AS OF THE OFFER DATE; OR

11           (B) IF NO AMOUNT IS ESTABLISHED BY THE DEPARTMENT OR THE  
12 INDEPENDENT THIRD PARTY PURSUANT TO SUBSECTION (4.5)(d)(II)(A) OF  
13 THIS SECTION, SEVENTY-FIVE PERCENT OF THE REQUESTED DOLLAR  
14 AMOUNT OF TAX CREDITS; AND

15           (III) ANY OTHER INFORMATION THAT THE DEPARTMENT OR, IF  
16 APPLICABLE, THE INDEPENDENT THIRD PARTY REQUIRES.

17           (e) THE DEPARTMENT SHALL PROVIDE WRITTEN NOTICE TO EACH  
18 ELIGIBLE TAXPAYER THAT SUBMITS AN APPLICATION INDICATING WHETHER  
19 OR NOT THE ELIGIBLE TAXPAYER HAS BEEN APPROVED AS A PURCHASER OF  
20 TAX CREDITS AND, IF SO, THE AMOUNT OF TAX CREDITS ALLOCATED AND  
21 THE DATE BY WHICH PAYMENT OF THE TAX CREDIT SALE PROCEEDS MUST  
22 BE MADE.

23           (f) ON RECEIPT OF PAYMENT OF THE SALE PROCEEDS, THE  
24 DEPARTMENT SHALL ISSUE TO EACH ELIGIBLE TAXPAYER A TAX CREDIT  
25 CERTIFICATE. THE TAX CREDIT CERTIFICATE MUST STATE THE FOLLOWING:

26           (I) THE TOTAL AMOUNT OF TAX CREDITS THAT THE ELIGIBLE  
27 TAXPAYER MAY CLAIM;

1           (II) THE AMOUNT THAT THE ELIGIBLE TAXPAYER HAS PAID OR  
2        AGREED TO PAY IN RETURN FOR THE ISSUANCE OF THE TAX CREDIT  
3        CERTIFICATES AND THE DATE OF THE PAYMENT;

4           (III) THE DATES ON WHICH THE TAX CREDITS WILL BE AVAILABLE  
5        FOR USE BY THE ELIGIBLE TAXPAYER;

6           (IV) ANY PENALTIES OR OTHER REMEDIES FOR NONCOMPLIANCE;

7           (V) THE SERIAL NUMBER OF THE TAX CREDIT CERTIFICATE; AND

8           (VI) ANY OTHER REQUIREMENTS DEEMED NECESSARY BY THE  
9        DEPARTMENT AS A CONDITION OF ISSUING THE TAX CREDIT CERTIFICATE.

10          (g) (I) THE DEPARTMENT SHALL NOT ISSUE A TAX CREDIT  
11        CERTIFICATE TO ANY ELIGIBLE TAXPAYER THAT FAILS TO PROVIDE THE TAX  
12        CREDIT SALE PROCEEDS WITHIN THE TIME SPECIFIED BY THE DEPARTMENT.

13          (II) AN ELIGIBLE TAXPAYER THAT FAILS TO PROVIDE THE TAX  
14        CREDIT SALE PROCEEDS WITHIN THE TIME SPECIFIED BY THE DEPARTMENT  
15        IS SUBJECT TO A PENALTY EQUAL TO TEN PERCENT OF THE AMOUNT OF THE  
16        PURCHASE PRICE THAT REMAINS UNPAID. THE PENALTY MUST BE PAID TO  
17        THE DEPARTMENT WITHIN THIRTY DAYS AFTER DEMAND.

18          (III) THE DEPARTMENT MAY OFFER TO REALLOCATE THE  
19        DEFAULTED TAX CREDITS AMONG OTHER ELIGIBLE TAXPAYER SO THAT THE  
20        RESULT AFTER REALLOCATION IS THE SAME AS IF THE INITIAL ALLOCATION  
21        HAD BEEN PERFORMED WITHOUT CONSIDERING THE TAX CREDIT  
22        ALLOCATION TO THE DEFAULTING ELIGIBLE TAXPAYER.

23          (IV) IF THE REALLOCATION OF TAX CREDITS UNDER SUBSECTION  
24        (4.5)(g)(III) OF THIS SECTION RESULTS IN THE PAYMENT BY ANOTHER  
25        ELIGIBLE TAXPAYER OF THE AMOUNT OF TAX CREDIT SALE PROCEEDS NOT  
26        PAID BY THE DEFAULTING ELIGIBLE TAXPAYER, THE DEPARTMENT MAY  
27        WAIVE THE PENALTY IMPOSED UNDER SUBSECTION (4.5)(g)(II) OF THIS

1 SECTION.

2 (V) AN ELIGIBLE TAXPAYER THAT FAILS TO PAY THE TAX CREDIT  
3 SALE PROCEEDS WITHIN THE TIME SPECIFIED BY THE DEPARTMENT MAY  
4 AVOID THE IMPOSITION OF THE PENALTY BY TRANSFERRING THE  
5 ALLOCATION OF TAX CREDITS TO A NEW OR EXISTING ELIGIBLE TAXPAYER  
6 WITHIN THIRTY DAYS AFTER THE DUE DATE OF THE DEFAULTED  
7 INSTALLMENT. ANY TRANSFEREE OF AN ALLOCATION OF TAX CREDITS OF  
8 A DEFAULTING ELIGIBLE TAXPAYER UNDER THIS SUBSECTION (4.5)(g)  
9 SHALL AGREE TO PAY THE TAX CREDIT SALE PROCEEDS WITHIN FIVE DAYS  
10 AFTER THE DATE OF THE TRANSFER.

11 (h) FOR A TAX CREDIT CERTIFICATE ISSUED IN FISCAL YEAR  
12 2025-26, THE ELIGIBLE TAXPAYER MAY CLAIM UP TO THE FULL AMOUNT  
13 OF THE CREDIT AGAINST ITS INCOME TAX LIABILITY INCURRED FOR A  
14 TAXABLE YEAR THAT BEGINS ON OR AFTER JANUARY 1, 2030; EXCEPT  
15 THAT A TAXPAYER MAY NOT REDUCE ITS ESTIMATED TAX PAYMENTS IN  
16 PROPORTION TO SUCH CREDIT PRIOR TO JULY 1, 2030.

17 (i) (I) THE TOTAL CREDIT TO BE APPLIED BY AN ELIGIBLE  
18 TAXPAYER IN ANY ONE YEAR MUST NOT EXCEED THE INCOME TAX  
19 LIABILITY OF THE TAXPAYER FOR THE TAXABLE YEAR. IF THE ELIGIBLE  
20 TAXPAYER CANNOT USE THE ENTIRE AMOUNT OF THE TAX CREDIT FOR THE  
21 TAXABLE YEAR IN WHICH THE TAXPAYER IS ELIGIBLE FOR THE CREDIT, THE  
22 EXCESS MAY BE CARRIED OVER TO SUCCEEDING TAXABLE YEARS AND  
23 USED AS A CREDIT AGAINST THE INCOME TAX LIABILITY OF THE ELIGIBLE  
24 TAXPAYER FOR THOSE TAXABLE YEARS; EXCEPT THAT, FOR A CREDIT  
25 ISSUED IN FISCAL YEAR 2025-26, THE CREDIT MAY NOT BE CARRIED OVER  
26 TO ANY TAXABLE YEAR THAT BEGINS AFTER DECEMBER 31, 2050.

27 (II) ANY AMOUNT OF THE CREDIT THAT IS NOT TIMELY CLAIMED

1 EXPIRES AND IS NOT REFUNDABLE.

2 (j) AN ELIGIBLE TAXPAYER CLAIMING A CREDIT UNDER THIS  
3 SUBSECTION (4.5) SHALL SUBMIT THE TAX CREDIT CERTIFICATE WITH ITS  
4 TAX RETURN.

5 (k) AN ELIGIBLE TAXPAYER CLAIMING A CREDIT UNDER THIS  
6 SUBSECTION (4.5) SHALL NOT BE REQUIRED TO PAY ANY ADDITIONAL OR  
7 RETALIATORY TAX AS A RESULT OF CLAIMING THE CREDIT.

8 (l) IF AN ELIGIBLE TAXPAYER HOLDING AN UNCLAIMED TAX CREDIT  
9 IS PART OF A MERGER, ACQUISITION, OR LINE OF BUSINESS DIVESTITURE  
10 TRANSACTION, THE TAX CREDIT MAY BE TRANSFERRED TO AND ASSUMED  
11 BY THE RESULTING ENTITY IF THE RESULTING ENTITY IS AN ELIGIBLE  
12 TAXPAYER THAT HAS INCOME TAX LIABILITY. THE ELIGIBLE TAXPAYER  
13 THAT ORIGINALLY PURCHASED THE CREDIT AND THE RESULTING ENTITY  
14 SHALL NOTIFY THE DEPARTMENT IN WRITING OF THE TRANSFER OR  
15 ASSUMPTION OF THE CREDIT IN ACCORDANCE WITH PROCEDURES ADOPTED  
16 BY THE DEPARTMENT. THE DEPARTMENT SHALL MAINTAIN A RECORD OF  
17 THE TRANSFER OR ASSUMPTION OF THE TAX CREDIT. THE TRANSFER OR  
18 ASSUMPTION OF THE TAX CREDIT DOES NOT AFFECT THE TIME SCHEDULE  
19 FOR CLAIMING THE TAX CREDIT AS PROVIDED IN THIS SUBSECTION (4.5).

20 (8) If a credit authorized by SUBSECTION (3) OF this section  
21 exceeds the income tax due on the income of the eligible taxpayer for the  
22 taxable year, the excess credit may not be carried forward and must be  
23 refunded to the eligible taxpayer or the installer.

24 (9) This section is repealed, effective ~~December 31, 2038~~  
25 DECEMBER 31, 2055.

26 **SECTION 6.** In Colorado Revised Statutes, 39-22-555, **amend**  
27 (3)(a), (3)(e)(II), (5), and (8); **repeal** (6); and **add** (5.3) and (5.5) as

1 follows:

2           **39-22-555. Electric bicycle tax credit - sale of tax credits -**  
3 **authorization to issue - tax preference performance statement -**  
4 **legislative declaration - definitions - repeal.** (3) (a) ~~Except as otherwise~~  
5 ~~provided in subsection (6) of this section,~~ For income tax years  
6 commencing on or after January 1, 2024, but before ~~January 1, 2033~~  
7 JANUARY 1, 2026, a qualified retailer is allowed a credit against the tax  
8 imposed pursuant to this article 22 in an amount equal to five hundred  
9 dollars for each retail sale of new qualified electric bicycles sold in the  
10 state during the income tax year to a qualified purchaser; except that for  
11 the income tax year commencing on January 1, 2024, the credit is allowed  
12 only for retail sales made on or after April 1, 2024, but on or before  
13 December 31, 2024.

14           (e) (II) For THE income tax ~~years~~ YEAR commencing on or after  
15 January 1, 2025, BUT BEFORE JANUARY 1, 2026, the qualified retailer may  
16 elect advance payments of the credit allowed pursuant to this section as  
17 specified in section 39-22-629.

18           (5) If a credit authorized by SUBSECTION (3) OF this section  
19 exceeds the income tax due on the income of the qualified retailer for the  
20 taxable year, the excess credit may not be carried forward and must be  
21 refunded to the qualified retailer.

22           (5.3) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

23           (a) THE TAX CREDITS AUTHORIZED BY SUBSECTION (5.5) OF THIS  
24 SECTION AS A METHOD TO PROVIDE MONEY TO THE GENERAL FUND ARE  
25 AVAILABLE ONLY TO QUALIFIED RETAILERS THAT INCUR INCOME TAX  
26 LIABILITY IN THE STATE;

27           (b) THE TAX CREDITS CAN ONLY BE USED BY A QUALIFIED

1     RETAILER TO OFFSET INCOME TAX LIABILITY ACTUALLY INCURRED BY THE  
2     RETAILER;

3             (c) THE TAX CREDITS ARE NOT REFUNDABLE AND DO NOT IMPOSE  
4     AN OBLIGATION OF PAYMENT IN ANY FUTURE YEAR UPON THE STATE;

5             (d) THE USE OF PROCEEDS FROM THE SALE OF THE TAX CREDITS  
6     FOR THE GENERAL FUND ALLOWS THE STATE TO AUGMENT THE GENERAL  
7     FUND THROUGH THE USE OF FUTURE TAX EXPENDITURES AND THEREFORE:

8             (I) DOES NOT REQUIRE THE STATE TO BORROW MONEY, EXTEND OR  
9     PLEDGE THE STATE'S CREDIT, OR OBLIGATE THE STATE TO MAKE FUTURE  
10    PAYMENTS FROM STATE REVENUES; AND

11            (II) DOES NOT OTHERWISE CREATE ANY MULTIPLE FISCAL YEAR  
12    DIRECT OR INDIRECT DISTRICT DEBT OR OTHER FINANCIAL OBLIGATION  
13    WHATSOEVER FOR PURPOSES OF SECTION 20 (4)(a) OF ARTICLE X OF THE  
14    STATE CONSTITUTION.

15            (5.5) (a) A QUALIFIED RETAILER MAY PURCHASE TAX CREDITS  
16    FROM THE DEPARTMENT IN ACCORDANCE WITH THIS SECTION AND MAY  
17    APPLY THE TAX CREDITS AGAINST ITS LIABILITY FOR THE TAX IMPOSED  
18    PURSUANT TO THIS ARTICLE 22, IN ACCORDANCE WITH THIS SUBSECTION  
19    (5.5).

20            (b) (I) THE DEPARTMENT IS AUTHORIZED TO ISSUE TAX CREDIT  
21    CERTIFICATES TO QUALIFIED RETAILERS EQUAL TO THE LESSER OF A TOTAL  
22    FACE VALUE OF UP TO FORTY MILLION DOLLARS OR TOTAL SALES  
23    PROCEEDS OF UP TO THIRTY MILLION DOLLARS IN FISCAL YEAR 2025-26.

24            (II) THE DEPARTMENT MAY CONTRACT WITH AN INDEPENDENT  
25    THIRD PARTY TO CONDUCT OR CONSULT ON A BIDDING PROCESS AMONG  
26    QUALIFIED RETAILERS TO PURCHASE THE TAX CREDITS.

27            (III) THE DEPARTMENT SHALL CONSULT WITH THE OFFICE IN



1 ADVANCE OF ISSUING ANY TAX CREDITS IN ACCORDANCE WITH THIS  
2 SUBSECTION (5.5).

3 (c) A QUALIFIED RETAILER SEEKING TO PURCHASE TAX CREDITS  
4 MUST APPLY TO THE DEPARTMENT IN THE MANNER PRESCRIBED BY THE  
5 DEPARTMENT.

6 (d) USING PROCEDURES ADOPTED BY THE DEPARTMENT OR, IF  
7 APPLICABLE, BY AN INDEPENDENT THIRD PARTY, EACH QUALIFIED  
8 RETAILER THAT SUBMITS AN APPLICATION SHALL MAKE A TIMELY AND  
9 IRREVOCABLE OFFER, CONTINGENT ONLY UPON THE DEPARTMENT'S  
10 ISSUANCE TO THE QUALIFIED RETAILER OF THE TAX CREDIT CERTIFICATES,  
11 TO MAKE A SPECIFIED PURCHASE PAYMENT AMOUNT TO THE DEPARTMENT  
12 ON DATES SPECIFIED BY THE DEPARTMENT. THE OFFER MUST INCLUDE THE  
13 FOLLOWING:

14 (I) THE REQUESTED AMOUNT OF TAX CREDITS, WHICH MUST NOT  
15 BE LESS THAN ANY MINIMUM AMOUNT ESTABLISHED IN PROCEDURES BY  
16 THE DEPARTMENT OR, IF APPLICABLE, THE INDEPENDENT THIRD PARTY;

17 (II) THE QUALIFIED RETAILER'S PROPOSED TAX CREDIT PURCHASE  
18 AMOUNT FOR EACH TAX CREDIT DOLLAR REQUESTED. THE MINIMUM  
19 PROPOSED TAX CREDIT PURCHASE AMOUNT MUST BE EITHER:

20 (A) THE PERCENTAGE OF THE REQUESTED DOLLAR AMOUNT OF TAX  
21 CREDITS THAT THE DEPARTMENT OR, IF APPLICABLE, THE INDEPENDENT  
22 THIRD PARTY DETERMINES TO BE CONSISTENT WITH MARKET CONDITIONS  
23 AS OF THE OFFER DATE; OR

24 (B) IF NO AMOUNT IS ESTABLISHED BY THE DEPARTMENT OR THE  
25 INDEPENDENT THIRD PARTY PURSUANT TO SUBSECTION (5.5)(d)(II)(A) OF  
26 THIS SECTION, SEVENTY-FIVE PERCENT OF THE REQUESTED DOLLAR  
27 AMOUNT OF TAX CREDITS; AND

1           (III) ANY OTHER INFORMATION THAT THE DEPARTMENT OR, IF  
2       APPLICABLE, THE INDEPENDENT THIRD PARTY REQUIRES.

3           (e) THE DEPARTMENT SHALL PROVIDE WRITTEN NOTICE TO EACH  
4       QUALIFIED RETAILER THAT SUBMITS AN APPLICATION INDICATING  
5       WHETHER OR NOT THE QUALIFIED RETAILER HAS BEEN APPROVED AS A  
6       PURCHASER OF TAX CREDITS AND, IF SO, THE AMOUNT OF TAX CREDITS  
7       ALLOCATED AND THE DATE BY WHICH PAYMENT OF THE TAX CREDIT SALE  
8       PROCEEDS MUST BE MADE.

9           (f) ON RECEIPT OF PAYMENT OF THE SALE PROCEEDS, THE  
10       DEPARTMENT SHALL ISSUE TO EACH QUALIFIED RETAILER A TAX CREDIT  
11       CERTIFICATE. THE TAX CREDIT CERTIFICATE MUST STATE THE FOLLOWING:

12           (I) THE TOTAL AMOUNT OF TAX CREDITS THAT THE QUALIFIED  
13       RETAILER MAY CLAIM;

14           (II) THE AMOUNT THAT THE QUALIFIED RETAILER HAS PAID OR  
15       AGREED TO PAY IN RETURN FOR THE ISSUANCE OF THE TAX CREDIT  
16       CERTIFICATES AND THE DATE OF THE PAYMENT;

17           (III) THE DATES ON WHICH THE TAX CREDITS WILL BE AVAILABLE  
18       FOR USE BY THE QUALIFIED RETAILER;

19           (IV) ANY PENALTIES OR OTHER REMEDIES FOR NONCOMPLIANCE;

20           (V) THE SERIAL NUMBER OF THE TAX CREDIT CERTIFICATE; AND

21           (VI) ANY OTHER REQUIREMENTS DEEMED NECESSARY BY THE  
22       DEPARTMENT AS A CONDITION OF ISSUING THE TAX CREDIT CERTIFICATE.

23           (g) (I) THE DEPARTMENT SHALL NOT ISSUE A TAX CREDIT  
24       CERTIFICATE TO ANY QUALIFIED RETAILER THAT FAILS TO PROVIDE THE  
25       TAX CREDIT SALE PROCEEDS WITHIN THE TIME SPECIFIED BY THE  
26       DEPARTMENT.

27           (II) A QUALIFIED RETAILER THAT FAILS TO PROVIDE THE TAX

1 CREDIT SALE PROCEEDS WITHIN THE TIME SPECIFIED BY THE DEPARTMENT  
2 IS SUBJECT TO A PENALTY EQUAL TO TEN PERCENT OF THE AMOUNT OF THE  
3 PURCHASE PRICE THAT REMAINS UNPAID. THE PENALTY MUST BE PAID TO  
4 THE DEPARTMENT WITHIN THIRTY DAYS AFTER DEMAND.

5 (III) THE DEPARTMENT MAY OFFER TO REALLOCATE THE  
6 DEFAULTED TAX CREDITS AMONG OTHER QUALIFIED RETAILERS SO THAT  
7 THE RESULT AFTER REALLOCATION IS THE SAME AS IF THE INITIAL  
8 ALLOCATION HAD BEEN PERFORMED WITHOUT CONSIDERING THE TAX  
9 CREDIT ALLOCATION TO THE DEFAULTING QUALIFIED RETAILER.

10 (IV) IF THE REALLOCATION OF TAX CREDITS UNDER SUBSECTION  
11 (5.5)(g)(III) OF THIS SECTION RESULTS IN THE PAYMENT BY ANOTHER  
12 QUALIFIED RETAILER OF THE AMOUNT OF TAX CREDIT SALE PROCEEDS NOT  
13 PAID BY THE DEFAULTING QUALIFIED RETAILER, THE DEPARTMENT MAY  
14 WAIVE THE PENALTY IMPOSED UNDER SUBSECTION (5.5)(g)(II) OF THIS  
15 SECTION.

16 (V) A QUALIFIED RETAILER THAT FAILS TO PAY THE TAX CREDIT  
17 SALE PROCEEDS WITHIN THE TIME SPECIFIED BY THE DEPARTMENT MAY  
18 AVOID THE IMPOSITION OF THE PENALTY BY TRANSFERRING THE  
19 ALLOCATION OF TAX CREDITS TO A NEW OR EXISTING QUALIFIED RETAILER  
20 WITHIN THIRTY DAYS AFTER THE DUE DATE OF THE DEFAULTED  
21 INSTALLMENT. ANY TRANSFEREE OF AN ALLOCATION OF TAX CREDITS OF  
22 A DEFAULTING QUALIFIED RETAILER UNDER THIS SUBSECTION (5.5)(g)  
23 SHALL AGREE TO PAY THE TAX CREDIT SALE PROCEEDS WITHIN FIVE DAYS  
24 AFTER THE DATE OF THE TRANSFER.

25 (h) FOR A TAX CREDIT CERTIFICATE ISSUED IN FISCAL YEAR  
26 2025-26, THE QUALIFIED RETAILER MAY CLAIM UP TO THE FULL AMOUNT  
27 OF THE CREDIT AGAINST ITS INCOME TAX LIABILITY INCURRED FOR A

1 TAXABLE YEAR THAT BEGINS ON OR AFTER JANUARY 1, 2030; EXCEPT  
2 THAT A QUALIFIED RETAILER MAY NOT REDUCE ITS ESTIMATED TAX  
3 PAYMENTS IN PROPORTION TO SUCH CREDIT PRIOR TO JULY 1, 2030.

4 (i) (I) THE TOTAL CREDIT TO BE APPLIED BY A QUALIFIED RETAILER  
5 IN ANY ONE YEAR MUST NOT EXCEED THE INCOME TAX LIABILITY OF THE  
6 QUALIFIED RETAILER FOR THE TAXABLE YEAR. IF THE QUALIFIED RETAILER  
7 CANNOT USE THE ENTIRE AMOUNT OF THE TAX CREDIT FOR THE TAXABLE  
8 YEAR IN WHICH THE QUALIFIED RETAILER IS ELIGIBLE FOR THE CREDIT, THE  
9 EXCESS MAY BE CARRIED OVER TO SUCCEEDING TAXABLE YEARS AND  
10 USED AS A CREDIT AGAINST THE INCOME TAX LIABILITY OF THE QUALIFIED  
11 RETAILER FOR THOSE TAXABLE YEARS; EXCEPT THAT, FOR A CREDIT  
12 ISSUED IN FISCAL YEAR 2025-26, THE CREDIT MAY NOT BE CARRIED OVER  
13 TO ANY TAXABLE YEAR THAT BEGINS AFTER DECEMBER 31, 2050.

14 (II) ANY AMOUNT OF THE CREDIT THAT IS NOT TIMELY CLAIMED  
15 EXPIRES AND IS NOT REFUNDABLE.

16 (j) A QUALIFIED RETAILER CLAIMING A CREDIT UNDER THIS  
17 SUBSECTION (5.5) SHALL SUBMIT THE TAX CREDIT CERTIFICATE WITH ITS  
18 TAX RETURN.

19 (k) A QUALIFIED RETAILER CLAIMING A CREDIT UNDER THIS  
20 SUBSECTION (5.5) SHALL NOT BE REQUIRED TO PAY ANY ADDITIONAL OR  
21 RETALIATORY TAX AS A RESULT OF CLAIMING THE CREDIT.

22 (l) IF A QUALIFIED RETAILER HOLDING AN UNCLAIMED TAX CREDIT  
23 IS PART OF A MERGER, ACQUISITION, OR LINE OF BUSINESS DIVESTITURE  
24 TRANSACTION, THE TAX CREDIT MAY BE TRANSFERRED TO AND ASSUMED  
25 BY THE RESULTING ENTITY IF THE RESULTING ENTITY IS AN RETAILER  
26 AUTHORIZED TO DO BUSINESS IN COLORADO THAT HAS INCOME TAX  
27 LIABILITY. THE QUALIFIED RETAILER THAT ORIGINALLY PURCHASED THE

1 CREDIT AND THE RESULTING ENTITY SHALL NOTIFY THE DEPARTMENT IN  
2 WRITING OF THE TRANSFER OR ASSUMPTION OF THE CREDIT IN  
3 ACCORDANCE WITH PROCEDURES ADOPTED BY THE DEPARTMENT. THE  
4 DEPARTMENT SHALL MAINTAIN A RECORD OF THE TRANSFER OR  
5 ASSUMPTION OF THE TAX CREDIT. THE TRANSFER OR ASSUMPTION OF THE  
6 TAX CREDIT DOES NOT AFFECT THE TIME SCHEDULE FOR CLAIMING THE  
7 TAX CREDIT AS PROVIDED IN THIS SUBSECTION (5.5).

8 ~~(6) If the June 2025 revenue forecast, and each June revenue~~  
9 ~~forecast through the June 2031 revenue forecast as prepared by either~~  
10 ~~legislative council staff or the office of state planning and budgeting,~~  
11 ~~projects that state revenues, as defined in section 24-77-103.6 (6)(c), will~~  
12 ~~not increase by at least four percent for the next fiscal year, the amount~~  
13 ~~of the credit allowed pursuant to this section, the discount required~~  
14 ~~pursuant to subsection (3)(b) of this section, and the administrative fee~~  
15 ~~allowed pursuant to subsection (3)(d) of this section for any tax year~~  
16 ~~commencing in the calendar year that begins during said next fiscal year,~~  
17 ~~is reduced by fifty percent.~~

18 (8) This section is repealed, effective ~~December 31, 2038~~  
19 DECEMBER 31, 2055.

20 **SECTION 7. Safety clause.** The general assembly finds,  
21 determines, and declares that this act is necessary for the immediate  
22 preservation of the public peace, health, or safety or for appropriations for  
23 the support and maintenance of the departments of the state and state  
24 institutions.