

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

PREAMENDED

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

LLS NO. 25B-0005.01 Jed Franklin x5484

HOUSE BILL 25B-1004

HOUSE SPONSORSHIP

Stewart R. and Camacho,

SENATE SPONSORSHIP

Marchman and Snyder,

House Committees
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING AUTHORIZING THE DEPARTMENT OF THE TREASURY TO**
102 **SELL TAX CREDITS TO QUALIFIED TAXPAYERS, AND, IN**
103 **CONNECTION THEREWITH, TRANSFERRING THE PROCEEDS TO**
104 **THE GENERAL FUND AND MAKING AN APPROPRIATION.**

Bill Summary

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

The bill authorizes the department of the treasury (department) to issue insurance premium tax credits to insurance companies that are authorized to do business in Colorado and incur premium tax liability,

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.

subject to procedures established by the department. The department may contract or consult with an independent third party to manage the bidding process. The department is required to issue an insurance premium tax credit certificate to each successful purchaser.

A qualified taxpayer may claim the insurance premium tax credit against its premium tax liability. The department, in consultation with the office of state planning and budgeting, prior to the sale of an insurance premium tax credit, may determine the calendar years in which the qualified taxpayer may claim the qualified taxpayer's tax credit against the qualified taxpayer's premium tax liability. The amount of the credit claimed cannot exceed the taxpayer's premium tax liability for a given year. The unused amount carries forward and may be claimed in subsequent years; except that a credit cannot be claimed for premium tax liability incurred in a taxable year that begins after December 31, 2033.

The proceeds from the issuance of insurance premium tax credits must be deposited in the general fund.

The bill also authorizes the department to issue income tax credits to C corporations that are authorized to do business in Colorado and incur income tax liability, subject to procedures established by the department. The department may contract or consult with an independent third party to manage the bidding process. The department is required to issue an income tax credit certificate to each successful purchaser.

A qualified taxpayer may claim the income tax credit against its income tax liability. The department, in consultation with the office of state planning and budgeting, prior to the sale of an income tax credit, may determine the calendar years in which the qualified taxpayer may claim the qualified taxpayer's tax credit against the qualified taxpayer's income tax liability. The amount of the credit claimed cannot exceed the taxpayer's income tax liability for a given year. The unused amount carries forward and may be claimed in subsequent years; except that a credit cannot be claimed for income tax liability incurred in a taxable year that begins after December 31, 2033.

The proceeds from the issuance of income tax credits must be deposited in the general fund.

The department is authorized to issue up to a total of \$125 million in insurance premium tax credit certificates and income tax credit certificates in fiscal year 2025-26.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** part 4 to article
3 36 of title 24 as follows:

4 **PART 4**

1 SALE OF INSURANCE PREMIUM TAX CREDITS

2 **24-36-401. Legislative declaration - tax preference**
3 **performance statement.** (1) THE GENERAL ASSEMBLY FINDS AND
4 DECLARES THAT:

5 (a) THE INSURANCE PREMIUM TAX CREDITS AUTHORIZED BY THIS
6 PART 4 ARE NOT REFUNDABLE AND DO NOT IMPOSE AN OBLIGATION OF
7 PAYMENT IN ANY FUTURE YEAR ON THE STATE;

8 (b) THE USE OF PROCEEDS FROM THE SALE OF INSURANCE PREMIUM
9 TAX CREDITS DOES NOT REQUIRE THE STATE TO BORROW MONEY, EXTEND
10 OR PLEDGE THE STATE'S CREDIT, OR OBLIGATE THE STATE TO MAKE
11 FUTURE PAYMENTS FROM STATE REVENUE;

12 (c) THE SALE AND USE OF THE TAX CREDITS SHALL NOT BE DEEMED
13 OR CONSTRUED AS CREATING INDEBTEDNESS OR OTHER FINANCIAL
14 OBLIGATION WHATSOEVER WITHIN THE MEANING OF ANY PROVISION OF
15 THE STATE CONSTITUTION OR THE LAWS OF THE STATE CONCERNING OR
16 LIMITING THE CREATION OF INDEBTEDNESS OR OTHER FINANCIAL
17 OBLIGATION BY THE STATE;

18 (d) THE TAX CREDITS ALLOW AN INSURANCE COMPANY WITH AN
19 INSURANCE PREMIUM TAX LIABILITY TO PREPAY ITS TAX LIABILITY FOR
20 FUTURE YEARS, WHICH DOES NOT CONSTITUTE A TAX POLICY CHANGE
21 UNDER SECTION 20 (4)(a) OF ARTICLE X OF THE STATE CONSTITUTION; AND

22 (e) ANY PROCEEDS FROM THE SALE OF THE TAX CREDITS WILL BE
23 OFFSET BY DECREASES IN FUTURE REVENUE RESULTING FROM THE BUYER'S
24 USE OF THE TAX CREDITS AND THEREFORE WILL NOT CAUSE A NET TAX
25 REVENUE GAIN UNDER SECTION 20 (4)(a) OF ARTICLE X OF THE STATE
26 CONSTITUTION.

27 (2) (a) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH

1 REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE
2 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
3 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FURTHER FINDS AND
4 DECLARES THAT THE GENERAL PURPOSES OF THE TAX CREDITS PROVIDED
5 FOR IN THIS PART 4 ARE TO INDUCE CERTAIN DESIGNATED BEHAVIOR BY
6 TAXPAYERS AND PROVIDE A REDUCTION IN INSURANCE PREMIUM TAX
7 LIABILITY FOR CERTAIN BUSINESSES. SPECIFICALLY, THIS TAX
8 EXPENDITURE IS INTENDED TO INDUCE INSURANCE COMPANIES TO
9 PURCHASE TAX CREDITS THAT WILL REDUCE THEIR FUTURE INSURANCE
10 PREMIUM TAX LIABILITY IN ORDER TO GENERATE MONEY FOR THE
11 GENERAL FUND.

12 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
13 MEASURE THE EFFECTIVENESS OF THE TAX CREDITS IN ACHIEVING THE
14 PURPOSES SPECIFIED IN SUBSECTION (2)(a) OF THIS SECTION BASED ON THE
15 NUMBER AND VALUE OF THE CREDITS CLAIMED AND THE TOTAL AMOUNT
16 OF GENERAL FUND MONEY GENERATED. THE DIVISION OF INSURANCE
17 SHALL PROVIDE THE STATE AUDITOR WITH INFORMATION REGARDING THE
18 TOTAL AMOUNT OF CREDITS CLAIMED AND THE GENERAL FUND MONEY
19 GENERATED.

20 **24-36-402. Definitions.** AS USED IN THIS PART 4, UNLESS THE
21 CONTEXT OTHERWISE REQUIRES:

22 (1) "DEPARTMENT" MEANS THE DEPARTMENT OF THE TREASURY.

23 (2) "PREMIUM TAX LIABILITY" MEANS THE LIABILITY IMPOSED BY
24 SECTION 10-3-209 OR 10-6-128, OR, IN THE CASE OF A REPEAL OR
25 REDUCTION BY THE STATE OF THE LIABILITY IMPOSED BY SECTION
26 10-3-209 OR 10-6-128, ANY OTHER TAX LIABILITY IMPOSED UPON AN
27 INSURANCE COMPANY BY THE STATE.

1 (3) "QUALIFIED TAXPAYER" MEANS AN INSURANCE COMPANY
2 AUTHORIZED TO DO BUSINESS IN COLORADO THAT HAS PREMIUM TAX
3 LIABILITY OWING TO THE STATE AND THAT PURCHASES A TAX CREDIT
4 UNDER THIS PART 4. "QUALIFIED TAXPAYER" ALSO INCLUDES AN
5 INSURANCE COMPANY THAT RECEIVES OR ASSUMES A TAX CREDIT
6 TRANSFERRED IN ACCORDANCE WITH SECTION 24-36-403 (7)(e) OR
7 24-36-404 (5).

8 (4) "TAX CREDIT" MEANS THE TAX CREDIT CREATED IN SECTION
9 24-36-403.

10 (5) "TAX CREDIT SALE PROCEEDS" OR "SALE PROCEEDS" MEANS
11 THE MONEY OR OTHER LIQUID ASSET ACCEPTABLE TO THE STATE
12 TREASURER THAT A QUALIFIED TAXPAYER PAYS TO THE DEPARTMENT
13 THAT IS DEPOSITED IN THE GENERAL FUND.

14 **24-36-403. Insurance premium tax credits - purchase -**
15 **authorization to issue - terms - report.** (1) A QUALIFIED TAXPAYER
16 MAY PURCHASE INSURANCE PREMIUM TAX CREDITS FROM THE
17 DEPARTMENT IN ACCORDANCE WITH THIS SECTION AND MAY APPLY THE
18 TAX CREDITS AGAINST ITS PREMIUM TAX LIABILITY IN ACCORDANCE WITH
19 SECTION 24-36-404.

20 (2) (a) THE DEPARTMENT IS AUTHORIZED TO ISSUE TAX CREDIT
21 CERTIFICATES TO QUALIFIED TAXPAYERS PURSUANT TO THIS PART 4 AND
22 PART 5 OF THIS ARTICLE 36 EQUAL TO THE LESSER OF A TOTAL FACE VALUE
23 OF UP TO ONE HUNDRED TWENTY-FIVE MILLION DOLLARS AND ANY
24 REASONABLE AND NECESSARY ADMINISTRATIVE, MONITORING, AND
25 CLOSING COSTS USING PROCEEDS FROM THE SALE OF TAX CREDITS OR
26 TOTAL SALES PROCEEDS OF UP TO ONE HUNDRED MILLION DOLLARS.

27 (b) THE DEPARTMENT MAY CONTRACT WITH AN INDEPENDENT

1 THIRD PARTY TO CONDUCT OR CONSULT ON A BIDDING PROCESS AMONG
2 QUALIFIED TAXPAYERS TO PURCHASE THE TAX CREDITS.

3 (c) THE DEPARTMENT SHALL CONSULT WITH INSURANCE
4 COMPANIES IN ADVANCE OF ISSUING ANY TAX CREDITS IN ACCORDANCE
5 WITH THIS SECTION.

6 (3) AN INSURANCE COMPANY AUTHORIZED TO DO BUSINESS IN
7 COLORADO SEEKING TO PURCHASE TAX CREDITS MUST APPLY TO THE
8 DEPARTMENT IN THE MANNER PRESCRIBED BY THE DEPARTMENT.

9 (4) USING PROCEDURES ADOPTED BY THE DEPARTMENT OR, IF
10 APPLICABLE, BY AN INDEPENDENT THIRD PARTY, EACH INSURANCE
11 COMPANY THAT SUBMITS AN APPLICATION SHALL MAKE A TIMELY AND
12 IRREVOCABLE OFFER, CONTINGENT ONLY ON THE DEPARTMENT'S ISSUANCE
13 TO THE INSURANCE COMPANY OF THE TAX CREDIT CERTIFICATES, TO MAKE
14 A SPECIFIED PURCHASE PAYMENT AMOUNT TO THE DEPARTMENT ON DATES
15 SPECIFIED BY THE DEPARTMENT, WHICH MUST NOT BURDEN ANY SINGLE
16 TAX YEAR. THE OFFER MUST INCLUDE:

17 (a) THE REQUESTED AMOUNT OF TAX CREDITS, WHICH MUST NOT
18 BE LESS THAN ANY MINIMUM AMOUNT ESTABLISHED IN PROCEDURES BY
19 THE DEPARTMENT OR, IF APPLICABLE, THE INDEPENDENT THIRD PARTY;

20 (b) THE QUALIFIED TAXPAYER'S PROPOSED TAX CREDIT PURCHASE
21 AMOUNT FOR EACH TAX CREDIT DOLLAR REQUESTED. THE MINIMUM
22 PROPOSED TAX CREDIT PURCHASE AMOUNT MUST BE THE GREATER OF
23 EITHER:

24 (I) THE PERCENTAGE OF THE REQUESTED DOLLAR AMOUNT OF TAX
25 CREDITS THAT THE DEPARTMENT AND, IF APPLICABLE, THE INDEPENDENT
26 THIRD PARTY DETERMINES TO BE CONSISTENT WITH MARKET CONDITIONS
27 AS OF THE OFFER DATE; OR

1 (II) SEVENTY-FIVE PERCENT OF THE REQUESTED DOLLAR AMOUNT
2 OF TAX CREDITS; AND

3 (c) ANY OTHER INFORMATION THE DEPARTMENT OR, IF
4 APPLICABLE, THE INDEPENDENT THIRD PARTY REQUIRES.

5 (5) THE DEPARTMENT SHALL PROVIDE WRITTEN NOTICE TO EACH
6 INSURANCE COMPANY THAT SUBMITS AN APPLICATION INDICATING
7 WHETHER THE INSURANCE COMPANY HAS BEEN APPROVED AS A
8 PURCHASER OF TAX CREDITS AND, IF SO, THE AMOUNT OF TAX CREDITS
9 ALLOCATED AND THE DATE BY WHICH PAYMENT OF THE TAX CREDIT SALE
10 PROCEEDS MUST BE MADE.

11 (6) ON RECEIPT OF PAYMENT OF THE SALE PROCEEDS, THE
12 DEPARTMENT SHALL ISSUE TO EACH QUALIFIED TAXPAYER A TAX CREDIT
13 CERTIFICATE. THE TAX CREDIT CERTIFICATE MUST STATE:

14 (a) THE TOTAL AMOUNT OF PREMIUM TAX CREDITS THAT THE
15 QUALIFIED TAXPAYER MAY CLAIM;

16 (b) THE AMOUNT THAT THE QUALIFIED TAXPAYER HAS PAID OR
17 AGREED TO PAY IN RETURN FOR THE ISSUANCE OF THE TAX CREDIT
18 CERTIFICATES AND THE DATE OF THE PAYMENT;

19 (c) THE DATES ON WHICH THE TAX CREDITS WILL BE AVAILABLE
20 FOR USE BY THE QUALIFIED TAXPAYER;

21 (d) ANY PENALTIES OR OTHER REMEDIES FOR NONCOMPLIANCE;

22 (e) THE PROCEDURES TO BE USED FOR TRANSFERRING OR
23 ASSUMING THE TAX CREDITS IN ACCORDANCE WITH SUBSECTION (7)(e) OF
24 THIS SECTION OR SECTION 24-36-404 (5);

25 (f) THE SERIAL NUMBER OF THE TAX CREDIT CERTIFICATE; AND

26 (g) ANY OTHER REQUIREMENTS DEEMED NECESSARY BY THE
27 DEPARTMENT AS A CONDITION OF ISSUING THE TAX CREDIT CERTIFICATE.

1 (7) (a) THE DEPARTMENT SHALL NOT ISSUE A TAX CREDIT
2 CERTIFICATE TO ANY QUALIFIED TAXPAYER THAT FAILS TO PROVIDE THE
3 TAX CREDIT SALE PROCEEDS WITHIN THE TIME THE DEPARTMENT
4 SPECIFIES.

5 (b) A QUALIFIED TAXPAYER THAT FAILS TO PROVIDE THE TAX
6 CREDIT SALE PROCEEDS WITHIN THE TIME THE DEPARTMENT SPECIFIES IS
7 SUBJECT TO A PENALTY EQUAL TO TEN PERCENT OF THE AMOUNT OF THE
8 PURCHASE PRICE THAT REMAINS UNPAID. THE PENALTY MUST BE PAID TO
9 THE DEPARTMENT WITHIN THIRTY DAYS AFTER DEMAND.

10 (c) THE DEPARTMENT MAY OFFER TO REALLOCATE THE DEFAULTED
11 TAX CREDITS AMONG OTHER QUALIFIED TAXPAYERS, SO THAT THE RESULT
12 AFTER REALLOCATION IS THE SAME AS IF THE INITIAL ALLOCATION HAD
13 BEEN PERFORMED WITHOUT CONSIDERING THE TAX CREDIT ALLOCATION
14 TO THE DEFAULTING QUALIFIED TAXPAYER.

15 (d) IF THE REALLOCATION OF TAX CREDITS UNDER SUBSECTION
16 (7)(c) OF THIS SECTION RESULTS IN THE PAYMENT BY ANOTHER QUALIFIED
17 TAXPAYER OF THE AMOUNT OF TAX CREDIT SALE PROCEEDS NOT PAID BY
18 THE DEFAULTING QUALIFIED TAXPAYER, THE DEPARTMENT MAY WAIVE
19 THE PENALTY IMPOSED UNDER SUBSECTION (7)(b) OF THIS SECTION.

20 (e) A QUALIFIED TAXPAYER THAT FAILS TO PAY THE TAX CREDIT
21 SALE PROCEEDS WITHIN THE TIME SPECIFIED MAY AVOID THE IMPOSITION
22 OF THE PENALTY BY TRANSFERRING THE ALLOCATION OF TAX CREDITS TO
23 A NEW OR EXISTING QUALIFIED TAXPAYER WITHIN THIRTY DAYS AFTER THE
24 DUE DATE OF THE DEFAULTED INSTALLMENT. ANY TRANSFEREE OF AN
25 ALLOCATION OF TAX CREDITS OF A DEFAULTING QUALIFIED TAXPAYER
26 UNDER THIS SUBSECTION (7) SHALL AGREE TO PAY THE TAX CREDIT SALE
27 PROCEEDS WITHIN FIVE DAYS AFTER THE DATE OF THE TRANSFER.

1 (8) THE TAX CREDIT SALE PROCEEDS PROVIDED BY A QUALIFYING
2 TAXPAYER IN RETURN FOR A TAX CREDIT CERTIFICATE MUST BE DEPOSITED
3 IN THE GENERAL FUND.

4 (9) (a) THE DEPARTMENT SHALL PROVIDE, WITHIN THIRTY DAYS
5 AFTER THE CLOSE OF THE FISCAL YEAR, A DATA FILE TO THE DIVISION OF
6 INSURANCE IN THE DEPARTMENT OF REGULATORY AGENCIES AND THE
7 DEPARTMENT OF REVENUE FOR EACH FISCAL YEAR IN WHICH IT ISSUES TAX
8 CREDIT CERTIFICATES PURSUANT TO THIS PART 4. THE DATA FILE MUST
9 INCLUDE:

10 (I) THE NAME AND IDENTIFYING NUMBER ISSUED BY THE
11 NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, OR ANY
12 SUCCESSOR ORGANIZATION, OF EACH QUALIFIED TAXPAYER TO WHICH THE
13 DEPARTMENT ISSUED A TAX CREDIT CERTIFICATE;

14 (II) THE TOTAL AMOUNT OF THE TAX CREDIT ALLOCATED TO THE
15 QUALIFIED TAXPAYER; AND

16 (III) THE SERIAL NUMBER OF THE TAX CREDIT CERTIFICATE ISSUED
17 TO THE QUALIFIED TAXPAYER.

18 (b) THE DEPARTMENT SHALL MAINTAIN RECORDS OF EACH TAX
19 CREDIT CERTIFICATE ISSUED, TRANSFERRED, OR ASSUMED THAT ARE
20 SUFFICIENT TO ALLOW THE DEPARTMENT OF REVENUE OR THE DIVISION OF
21 INSURANCE IN THE DEPARTMENT OF REGULATORY AGENCIES TO VERIFY
22 THE ISSUANCE AND OWNERSHIP OF THE CREDIT. THE DEPARTMENT SHALL
23 PROVIDE THE RECORDS TO THE OFFICE OF THE STATE AUDITOR UPON
24 REQUEST SO THAT THE STATE AUDITOR CAN EVALUATE THE
25 EFFECTIVENESS OF THE TAX CREDITS IN ACCORDANCE WITH SECTIONS
26 24-36-401 (2)(b) AND 39-21-305.

27 (10) THE DEPARTMENT MAY PAY AN INDEPENDENT THIRD PARTY

1 AND ANY CONSULTANTS REASONABLE AND NECESSARY ADMINISTRATIVE,
2 MONITORING, AND CLOSING COSTS USING THE PROCEEDS FROM THE SALE
3 OF TAX CREDITS.

4 **24-36-404. Use of insurance premium tax credits - carry over.**

5 (1) FOR A TAX CREDIT CERTIFICATE ISSUED IN FISCAL YEAR 2025-26, THE
6 DEPARTMENT, IN CONSULTATION WITH THE OFFICE OF STATE PLANNING
7 AND BUDGETING, PRIOR TO THE SALE, MAY DETERMINE THE CALENDAR
8 YEARS IN WHICH THE QUALIFIED TAXPAYER MAY CLAIM THE QUALIFIED
9 TAXPAYER'S TAX CREDIT AGAINST THE QUALIFIED TAXPAYER'S PREMIUM
10 TAX LIABILITY.

11 (2) THE TOTAL CREDIT TO BE APPLIED BY A QUALIFIED TAXPAYER
12 IN ANY ONE YEAR MUST NOT EXCEED THE PREMIUM TAX LIABILITY OF THE
13 QUALIFIED TAXPAYER FOR THE TAXABLE YEAR. IF THE QUALIFIED
14 TAXPAYER CANNOT USE THE ENTIRE AMOUNT OF THE TAX CREDIT FOR THE
15 TAXABLE YEAR IN WHICH THE TAXPAYER IS ELIGIBLE FOR THE CREDIT, THE
16 EXCESS MAY BE CARRIED OVER TO SUCCEEDING TAXABLE YEARS AND
17 USED AS A CREDIT AGAINST THE PREMIUM TAX LIABILITY OF THE
18 TAXPAYER FOR THOSE TAXABLE YEARS; EXCEPT THAT THE CREDIT MAY
19 NOT BE CARRIED OVER TO ANY TAXABLE YEAR THAT BEGINS AFTER
20 DECEMBER 31, 2033. ANY AMOUNT OF THE CREDIT THAT IS NOT TIMELY
21 CLAIMED EXPIRES AND IS NOT REFUNDABLE.

22 (3) A QUALIFIED TAXPAYER CLAIMING A CREDIT UNDER THIS PART
23 4 SHALL SUBMIT THE TAX CREDIT CERTIFICATE WITH ITS TAX RETURN.

24 (4) A QUALIFIED TAXPAYER CLAIMING A TAX CREDIT UNDER THIS
25 PART 4 SHALL NOT BE REQUIRED TO PAY ANY ADDITIONAL OR
26 RETALIATORY TAX AS A RESULT OF CLAIMING THE CREDIT.

27 (5) IF A QUALIFIED TAXPAYER HOLDING AN UNCLAIMED TAX

1 CREDIT IS PART OF A MERGER, ACQUISITION, OR LINE OF BUSINESS
2 DIVESTITURE TRANSACTION, THE TAX CREDIT MAY BE TRANSFERRED TO
3 AND ASSUMED BY THE RESULTING ENTITY IF THE RESULTING ENTITY IS AN
4 INSURANCE COMPANY AUTHORIZED TO DO BUSINESS IN COLORADO THAT
5 HAS PREMIUM TAX LIABILITY. THE QUALIFIED TAXPAYER THAT
6 ORIGINALLY PURCHASED THE CREDIT AND THE RESULTING ENTITY SHALL
7 NOTIFY THE DEPARTMENT IN WRITING OF THE TRANSFER OR ASSUMPTION
8 OF THE CREDIT IN ACCORDANCE WITH PROCEDURES ADOPTED BY THE
9 DEPARTMENT. THE TRANSFER OR ASSUMPTION OF THE TAX CREDIT DOES
10 NOT AFFECT THE TIME SCHEDULE FOR CLAIMING THE TAX CREDIT AS
11 PROVIDED IN THIS SECTION.

12 (6) THE DEPARTMENT SHALL PROVIDE A REPORT TO THE DIVISION
13 OF INSURANCE IN THE DEPARTMENT OF REGULATORY AGENCIES FOR EACH
14 FISCAL YEAR IN WHICH IT ISSUES TAX CREDIT CERTIFICATES PURSUANT TO
15 THIS PART 4 WITHIN THIRTY DAYS AFTER THE CLOSE OF THE FISCAL YEAR.
16 THE REPORT MUST INCLUDE:

17 (a) THE NAME AND IDENTIFYING NUMBER ISSUED BY THE
18 NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, OR ANY
19 SUCCESSOR ORGANIZATION, OF EACH QUALIFIED TAXPAYER TO WHICH THE
20 DEPARTMENT ISSUED A TAX CREDIT CERTIFICATE;

21 (b) THE TOTAL AMOUNT OF THE TAX CREDIT ALLOCATED TO THE
22 QUALIFIED TAXPAYER; AND

23 (c) THE SERIAL NUMBER OF THE TAX CREDIT CERTIFICATE ISSUED,
24 TRANSFERRED, OR ASSUMED THAT IS SUFFICIENT TO ALLOW THE DIVISION
25 OF INSURANCE IN THE DEPARTMENT OF REGULATORY AGENCIES TO VERIFY
26 THE ISSUANCE AND OWNERSHIP OF THE TAX CREDIT.

27 **24-36-405. Repeal of part.** THIS PART 4 IS REPEALED, EFFECTIVE

1 DECEMBER 31, 2040.

2 **SECTION 2.** In Colorado Revised Statutes, **add** part 5 to article
3 36 of title 24 as follows:

4 **PART 5**

5 **SALE OF CORPORATE TAX CREDITS**

6 **24-36-501. Legislative declaration - tax preference**
7 **performance statement.** (1) THE GENERAL ASSEMBLY FINDS AND
8 DECLARES THAT:

9 (a) THE CORPORATE TAX CREDITS AUTHORIZED BY THIS PART 5 ARE
10 NOT REFUNDABLE AND DO NOT IMPOSE AN OBLIGATION OF PAYMENT IN
11 ANY FUTURE YEAR ON THE STATE;

12 (b) THE USE OF PROCEEDS FROM THE SALE OF CORPORATE TAX
13 CREDITS DOES NOT REQUIRE THE STATE TO BORROW MONEY, EXTEND OR
14 PLEDGE THE STATE'S CREDIT, OR OBLIGATE THE STATE TO MAKE FUTURE
15 PAYMENTS FROM STATE REVENUE;

16 (c) THE SALE AND USE OF THE CORPORATE TAX CREDITS SHALL
17 NOT BE DEEMED OR CONSTRUED AS CREATING INDEBTEDNESS OR OTHER
18 FINANCIAL OBLIGATION WHATSOEVER WITHIN THE MEANING OF ANY
19 PROVISION OF THE STATE CONSTITUTION OR THE LAWS OF THE STATE
20 CONCERNING OR LIMITING THE CREATION OF INDEBTEDNESS OR OTHER
21 FINANCIAL OBLIGATION BY THE STATE;

22 (d) THE TAX CREDITS ALLOW A CORPORATION WITH AN INCOME
23 TAX LIABILITY TO PREPAY ITS TAX LIABILITY FOR FUTURE YEARS, WHICH
24 DOES NOT CONSTITUTE A TAX POLICY CHANGE UNDER SECTION 20 (4)(a)
25 OF ARTICLE X OF THE STATE CONSTITUTION; AND

26 (e) ANY PROCEEDS FROM THE SALE OF THE TAX CREDITS WILL BE
27 OFFSET BY DECREASES IN FUTURE REVENUE RESULTING FROM THE BUYER'S

1 USE OF THE TAX CREDITS AND THEREFORE WILL NOT CAUSE A NET TAX
2 REVENUE GAIN UNDER SECTION 20 (4)(a) OF ARTICLE X OF THE STATE
3 CONSTITUTION.

4 (2) (a) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH
5 REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE
6 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
7 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FURTHER FINDS AND
8 DECLARES THAT THE GENERAL PURPOSES OF THE TAX CREDITS PROVIDED
9 FOR IN THIS PART 5 ARE TO INDUCE CERTAIN DESIGNATED BEHAVIOR BY
10 TAXPAYERS AND PROVIDE A REDUCTION IN INCOME TAX LIABILITY FOR
11 CERTAIN BUSINESSES. SPECIFICALLY, THIS TAX EXPENDITURE IS INTENDED
12 TO INDUCE C CORPORATIONS TO PURCHASE TAX CREDITS THAT WILL
13 REDUCE THEIR FUTURE INCOME TAX LIABILITY IN ORDER TO GENERATE
14 MONEY FOR THE GENERAL FUND.

15 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
16 MEASURE THE EFFECTIVENESS OF THE TAX CREDITS IN ACHIEVING THE
17 PURPOSES SPECIFIED IN SUBSECTION (2)(a) OF THIS SECTION BASED ON THE
18 NUMBER AND VALUE OF THE CREDITS CLAIMED AND THE TOTAL AMOUNT
19 OF GENERAL FUND MONEY GENERATED. THE DEPARTMENT OF REVENUE
20 SHALL PROVIDE THE STATE AUDITOR WITH INFORMATION REGARDING THE
21 TOTAL AMOUNT OF CREDITS CLAIMED AND THE GENERAL FUND MONEY
22 GENERATED.

23 **24-36-502. Definitions.** AS USED IN THIS PART 5, UNLESS THE
24 CONTEXT OTHERWISE REQUIRES:

25 (1) "C CORPORATION" HAS THE SAME MEANING AS IN SECTION
26 39-22-104 (2.5).

27 (2) "DEPARTMENT" MEANS THE DEPARTMENT OF THE TREASURY.

1 (3) "INCOME TAX LIABILITY" MEANS THE LIABILITY IMPOSED BY
2 SECTION 39-22-301.

3 (4) "QUALIFIED TAXPAYER" MEANS A C CORPORATION
4 AUTHORIZED TO DO BUSINESS IN COLORADO THAT HAS OR WILL HAVE AN
5 INCOME TAX LIABILITY OWING TO THE STATE. "QUALIFIED TAXPAYER"
6 ALSO INCLUDES A C CORPORATION THAT RECEIVES OR ASSUMES A TAX
7 CREDIT TRANSFERRED IN ACCORDANCE WITH SECTION 26-36-503 (7)(e).

8 (5) "TAX CREDIT" MEANS THE TAX CREDIT CREATED IN SECTION
9 24-36-503.

10 (6) "TAX CREDIT SALE PROCEEDS" OR "SALE PROCEEDS" MEANS
11 THE MONEY OR OTHER LIQUID ASSET ACCEPTABLE TO THE STATE
12 TREASURER THAT A QUALIFIED TAXPAYER PAYS TO THE DEPARTMENT
13 THAT IS DEPOSITED IN THE GENERAL FUND.

14 **24-36-503. Corporate tax credits - purchase - authorization to**
15 **issue - terms - report.** (1) A QUALIFIED TAXPAYER MAY PURCHASE
16 INCOME TAX CREDITS FROM THE DEPARTMENT IN ACCORDANCE WITH THIS
17 SECTION AND MAY APPLY THE TAX CREDITS AGAINST ITS INCOME TAX
18 LIABILITY IN ACCORDANCE WITH SECTION 24-36-504.

19 (2) (a) THE DEPARTMENT IS AUTHORIZED TO ISSUE TAX CREDIT
20 CERTIFICATES TO QUALIFIED TAXPAYERS PURSUANT TO THIS PART 5 AND
21 PART 4 OF THIS ARTICLE 36 EQUAL TO THE LESSER OF A TOTAL FACE VALUE
22 OF UP TO ONE HUNDRED TWENTY-FIVE MILLION DOLLARS AND ANY
23 REASONABLE AND NECESSARY ADMINISTRATIVE, MONITORING, AND
24 CLOSING COSTS USING PROCEEDS FROM THE SALE OF TAX CREDITS OR
25 TOTAL SALES PROCEEDS OF UP TO ONE HUNDRED MILLION DOLLARS.

26 (b) THE DEPARTMENT MAY CONTRACT WITH AN INDEPENDENT
27 THIRD PARTY TO CONDUCT OR CONSULT ON A BIDDING PROCESS AMONG

1 QUALIFIED TAXPAYERS TO PURCHASE THE TAX CREDITS.

2 (c) THE DEPARTMENT SHALL CONSULT WITH C CORPORATIONS IN
3 ADVANCE OF ISSUING ANY TAX CREDITS IN ACCORDANCE WITH THIS
4 SECTION.

5 (3) A C CORPORATION AUTHORIZED TO DO BUSINESS IN COLORADO
6 SEEKING TO PURCHASE TAX CREDITS MUST APPLY TO THE DEPARTMENT IN
7 THE MANNER PRESCRIBED BY THE DEPARTMENT.

8 (4) USING PROCEDURES ADOPTED BY THE DEPARTMENT OR, IF
9 APPLICABLE, BY AN INDEPENDENT THIRD PARTY, EACH C CORPORATION
10 THAT SUBMITS AN APPLICATION SHALL MAKE A TIMELY AND IRREVOCABLE
11 OFFER, CONTINGENT ONLY ON THE DEPARTMENT'S ISSUANCE TO THE C
12 CORPORATION OF THE TAX CREDIT CERTIFICATES, TO MAKE A SPECIFIED
13 PURCHASE PAYMENT AMOUNT TO THE DEPARTMENT ON DATES SPECIFIED
14 BY THE DEPARTMENT, WHICH MUST NOT BURDEN ANY SINGLE TAX YEAR.
15 THE OFFER MUST INCLUDE:

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

19 (b) THE QUALIFIED TAXPAYER'S PROPOSED TAX CREDIT PURCHASE
20 AMOUNT FOR EACH TAX CREDIT DOLLAR REQUESTED. THE MINIMUM
21 PROPOSED TAX CREDIT PURCHASE AMOUNT MUST BE THE GREATER OF
22 EITHER:

23 (I) THE PERCENTAGE OF THE REQUESTED DOLLAR AMOUNT OF TAX
24 CREDITS THAT THE DEPARTMENT AND, IF APPLICABLE, THE INDEPENDENT
25 THIRD PARTY DETERMINES TO BE CONSISTENT WITH MARKET CONDITIONS
26 AS OF THE OFFER DATE; OR

27 (II) SEVENTY-FIVE PERCENT OF THE REQUESTED DOLLAR AMOUNT

1 OF TAX CREDITS; AND

2 (c) ANY OTHER INFORMATION THE DEPARTMENT OR, IF
3 APPLICABLE, THE INDEPENDENT THIRD PARTY REQUIRES.

4 (5) THE DEPARTMENT SHALL PROVIDE WRITTEN NOTICE TO EACH
5 C CORPORATION THAT SUBMITS AN APPLICATION INDICATING WHETHER
6 THE C CORPORATION HAS BEEN APPROVED AS A PURCHASER OF TAX
7 CREDITS AND, IF SO, THE AMOUNT OF TAX CREDITS ALLOCATED AND THE
8 DATE BY WHICH PAYMENT OF THE TAX CREDIT SALE PROCEEDS MUST BE
9 MADE.

10 (6) ON RECEIPT OF PAYMENT OF THE SALE PROCEEDS, THE
11 DEPARTMENT SHALL ISSUE TO EACH QUALIFIED TAXPAYER A TAX CREDIT
12 CERTIFICATE. THE TAX CREDIT CERTIFICATE MUST STATE:

13 (a) THE TOTAL AMOUNT OF INCOME TAX CREDITS THAT THE
14 QUALIFIED TAXPAYER MAY CLAIM;

15 (b) THE AMOUNT THAT THE QUALIFIED TAXPAYER HAS PAID FOR
16 THE ISSUANCE OF THE TAX CREDIT CERTIFICATES AND THE DATE OF THE
17 PAYMENT;

18 (c) THE DATES ON WHICH THE TAX CREDITS WILL BE AVAILABLE
19 FOR USE BY THE QUALIFIED TAXPAYER;

20 (d) ANY PENALTIES OR OTHER REMEDIES FOR NONCOMPLIANCE;

21 (e) THE PROCEDURES TO BE USED FOR TRANSFERRING OR
22 ASSUMING THE TAX CREDITS IN ACCORDANCE WITH SUBSECTION (7)(e) OF
23 THIS SECTION;

24 (f) THE SERIAL NUMBER OF THE TAX CREDIT CERTIFICATE; AND

25 (g) ANY OTHER REQUIREMENTS DEEMED NECESSARY BY THE
26 DEPARTMENT AS A CONDITION OF ISSUING THE TAX CREDIT CERTIFICATE.

27 (7) (a) THE DEPARTMENT SHALL NOT ISSUE A TAX CREDIT

1 CERTIFICATE TO ANY QUALIFIED TAXPAYER THAT FAILS TO PROVIDE THE
2 TAX CREDIT SALE PROCEEDS WITHIN THE TIME THE DEPARTMENT
3 SPECIFIES.

4 (b) A QUALIFIED TAXPAYER THAT FAILS TO PROVIDE THE TAX
5 CREDIT SALE PROCEEDS WITHIN THE TIME THE DEPARTMENT SPECIFIES IS
6 SUBJECT TO A PENALTY EQUAL TO TEN PERCENT OF THE AMOUNT OF THE
7 PURCHASE PRICE THAT REMAINS UNPAID. THE PENALTY MUST BE PAID TO
8 THE DEPARTMENT WITHIN THIRTY DAYS AFTER DEMAND.

9 (c) THE DEPARTMENT MAY OFFER TO REALLOCATE THE DEFAULTED
10 TAX CREDITS AMONG OTHER QUALIFIED TAXPAYERS SO THAT THE RESULT
11 AFTER REALLOCATION IS THE SAME AS IF THE INITIAL ALLOCATION HAD
12 BEEN PERFORMED WITHOUT CONSIDERING THE TAX CREDIT ALLOCATION
13 TO THE DEFAULTING QUALIFIED TAXPAYER.

14 (d) IF THE REALLOCATION OF TAX CREDITS UNDER SUBSECTION
15 (7)(c) OF THIS SECTION RESULTS IN THE PAYMENT BY ANOTHER QUALIFIED
16 TAXPAYER OF THE AMOUNT OF TAX CREDIT SALE PROCEEDS NOT PAID BY
17 THE DEFAULTING QUALIFIED TAXPAYER, THE DEPARTMENT MAY WAIVE
18 THE PENALTY IMPOSED UNDER SUBSECTION (7)(b) OF THIS SECTION.

19 (e) A QUALIFIED TAXPAYER THAT FAILS TO PAY THE TAX CREDIT
20 SALE PROCEEDS WITHIN THE TIME SPECIFIED MAY AVOID THE IMPOSITION
21 OF THE PENALTY BY TRANSFERRING THE ALLOCATION OF TAX CREDITS TO
22 A NEW OR EXISTING QUALIFIED TAXPAYER WITHIN THIRTY DAYS AFTER THE
23 DUE DATE OF THE DEFAULTED INSTALLMENT. ANY TRANSFEREE OF AN
24 ALLOCATION OF TAX CREDITS OF A DEFAULTING QUALIFIED TAXPAYER
25 UNDER THIS SUBSECTION (7) SHALL AGREE TO PAY THE TAX CREDIT SALE
26 PROCEEDS WITHIN FIVE DAYS AFTER THE DATE OF THE TRANSFER.

27 (8) THE TAX CREDIT SALE PROCEEDS PROVIDED BY A QUALIFYING

1 TAXPAYER IN RETURN FOR A TAX CREDIT CERTIFICATE MUST BE DEPOSITED
2 IN THE GENERAL FUND.

3 (9) (a) THE DEPARTMENT SHALL PROVIDE, WITHIN THIRTY DAYS
4 AFTER THE CLOSE OF THE FISCAL YEAR, A DATA FILE TO THE DEPARTMENT
5 OF REVENUE FOR EACH FISCAL YEAR IN WHICH IT ISSUES TAX CREDIT
6 CERTIFICATES PURSUANT TO THIS PART 5. THE DATA FILE MUST INCLUDE:

7 (I) THE NAME AND FEDERAL EMPLOYER IDENTIFICATION NUMBER
8 OF EACH QUALIFIED TAXPAYER TO WHICH THE DEPARTMENT ISSUED A TAX
9 CREDIT CERTIFICATE;

10 (II) THE TOTAL AMOUNT OF THE TAX CREDIT ALLOCATED TO THE
11 QUALIFIED TAXPAYER; AND

12 (III) THE SERIAL NUMBER OF THE TAX CREDIT CERTIFICATE ISSUED
13 TO THE QUALIFIED TAXPAYER.

14 (b) THE DEPARTMENT SHALL MAINTAIN RECORDS OF EACH TAX
15 CREDIT CERTIFICATE ISSUED, TRANSFERRED, OR ASSUMED THAT ARE
16 SUFFICIENT TO ALLOW THE DEPARTMENT OF REVENUE TO VERIFY THE
17 ISSUANCE AND OWNERSHIP OF THE CREDIT. THE DEPARTMENT SHALL
18 PROVIDE THE RECORDS TO THE OFFICE OF THE STATE AUDITOR UPON
19 REQUEST SO THAT THE STATE AUDITOR CAN EVALUATE THE
20 EFFECTIVENESS OF THE TAX CREDITS IN ACCORDANCE WITH SECTIONS
21 24-36-501 (2)(b) AND 39-21-305.

22 (10) THE DEPARTMENT MAY PAY AN INDEPENDENT THIRD PARTY
23 AND ANY CONSULTANTS REASONABLE AND NECESSARY ADMINISTRATIVE,
24 MONITORING, AND CLOSING COSTS USING THE PROCEEDS FROM THE SALE
25 OF TAX CREDITS.

26 **24-36-504. Use of corporate income tax credits - carry over.**

27 (1) FOR A TAX CREDIT CERTIFICATE ISSUED IN FISCAL YEAR 2025-26, THE

1 DEPARTMENT, IN CONSULTATION WITH THE OFFICE OF STATE PLANNING
2 AND BUDGETING, PRIOR TO THE SALE, MAY DETERMINE THE TAX YEARS IN
3 WHICH THE QUALIFIED TAXPAYER MAY CLAIM THE QUALIFIED TAXPAYER'S
4 TAX CREDIT AGAINST THE QUALIFIED TAXPAYER'S INCOME TAX LIABILITY.

5 (2) FOR THE TAX YEAR SPECIFIED IN THE TAX CREDIT CERTIFICATE
6 ISSUED PURSUANT TO SECTION 24-34-503 (6), THE QUALIFIED TAXPAYER
7 MAY CLAIM THE AMOUNT OF THE TAX CREDIT AGAINST THE QUALIFIED
8 TAXPAYER'S INCOME TAX LIABILITY. IF THE AMOUNT OF THE TAX CREDIT
9 EXCEEDS THE QUALIFIED TAXPAYER'S ACTUAL TAX LIABILITY FOR THAT
10 TAX YEAR, THE EXCESS IS NOT REFUNDED TO THE QUALIFIED TAXPAYER.
11 THE QUALIFIED TAXPAYER MAY CARRY FORWARD AND APPLY THE UNUSED
12 TAX CREDIT AGAINST THE INCOME TAX LIABILITY FOR ANY SUCCEEDING
13 TAX YEAR; EXCEPT THAT THE TAX CREDIT MAY NOT BE CARRIED FORWARD
14 TO A TAX YEAR THAT BEGINS AFTER DECEMBER 31, 2033. THE TAXPAYER
15 SHALL APPLY THE CARRY FORWARD CREDIT AGAINST THE INCOME TAX
16 LIABILITY FOR THE EARLIEST OF THE INCOME TAX YEARS POSSIBLE. ANY
17 AMOUNT OF THE TAX CREDIT THAT IS NOT USED AFTER THIS PERIOD IS NOT
18 REFUNDABLE.

19 (3) A QUALIFIED TAXPAYER CLAIMING A CREDIT UNDER THIS PART
20 5 SHALL SUBMIT THE TAX CREDIT CERTIFICATE WITH ITS TAX RETURN.

21

22 **24-36-505. Repeal of part.** THIS PART 5 IS REPEALED, EFFECTIVE
23 DECEMBER 31, 2040.

24 **SECTION 3. Appropriation.** For the 2025-26 state fiscal year,
25 \$448,500 is appropriated to the department of treasury. This appropriation
26 is from the general fund. To implement this act, the department may use
27 this appropriation for tax credit administration.

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