

First Extraordinary Session
Seventy-fifth General Assembly
STATE OF COLORADO

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

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 **REQUIRING** 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.

HOUSE
Amended 2nd Reading
August 22, 2025

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) "DIVISION OF INSURANCE" MEANS THE DIVISION OF INSURANCE
24 IN THE DEPARTMENT OF REGULATORY AGENCIES CREATED IN SECTION
25 10-1-103.

26 (3) "PREMIUM TAX LIABILITY" MEANS THE LIABILITY IMPOSED BY
27 SECTION 10-3-209 OR 10-6-128, OR, IN THE CASE OF A REPEAL OR

1 REDUCTION BY THE STATE OF THE LIABILITY IMPOSED BY SECTION
2 10-3-209 OR 10-6-128, ANY OTHER TAX LIABILITY IMPOSED UPON AN
3 INSURANCE COMPANY BY THE STATE.

4 (4) "QUALIFIED TAXPAYER" MEANS AN INSURANCE COMPANY
5 AUTHORIZED TO DO BUSINESS IN COLORADO THAT HAS PREMIUM TAX
6 LIABILITY OWING TO THE STATE AND THAT PURCHASES A TAX CREDIT
7 UNDER THIS PART 4. "QUALIFIED TAXPAYER" ALSO INCLUDES AN
8 INSURANCE COMPANY THAT RECEIVES OR ASSUMES A TAX CREDIT
9 TRANSFERRED IN ACCORDANCE WITH SECTION 24-36-403 (7)(e) OR
10 24-36-404 (5).

11 (5) "TAX CREDIT" MEANS THE TAX CREDIT CREATED IN SECTION
12 24-36-403.

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

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

23 (2) (a) (I) THE DEPARTMENT SHALL ISSUE TAX CREDIT
24 CERTIFICATES TO QUALIFIED TAXPAYERS PURSUANT TO THIS PART 4 AND
25 PART 5 OF THIS ARTICLE 36 EQUAL TO THE LESSER OF A TOTAL FACE VALUE
26 OF UP TO ONE HUNDRED TWENTY-FIVE MILLION DOLLARS AND ANY
27 REASONABLE AND NECESSARY ADMINISTRATIVE, MONITORING, AND

1 CLOSING COSTS USING SALES PROCEEDS OR TOTAL SALES PROCEEDS OF UP
2 TO ONE HUNDRED MILLION DOLLARS.

3 (II) THE DEPARTMENT SHALL FIRST OFFER FOR SALE TAX CREDITS
4 TO A QUALIFIED TAXPAYER THAT HAS A QUALIFIED HOME OFFICE OR
5 REGIONAL HOME OFFICE IN THIS STATE, AS DETERMINED BY THE
6 COMMISSIONER OF INSURANCE PURSUANT TO SECTION 10-3-209 (1)(b)(III),
7 AND SHALL ISSUE ANY CORRESPONDING TAX CREDIT CERTIFICATES TO A
8 QUALIFIED TAXPAYER PURCHASING THE TAX CREDITS IN ACCORDANCE
9 WITH THIS SECTION BEFORE OFFERING FOR SALE TAX CREDITS TO ANY
10 OTHER POTENTIAL PURCHASER.

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

14 (c) THE DEPARTMENT SHALL CONSULT WITH INSURANCE
15 COMPANIES IN ADVANCE OF ISSUING ANY TAX CREDITS IN ACCORDANCE
16 WITH THIS SECTION.

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

20 (4) USING PROCEDURES ADOPTED BY THE DEPARTMENT OR, IF
21 APPLICABLE, BY AN INDEPENDENT THIRD PARTY, EACH INSURANCE
22 COMPANY THAT SUBMITS AN APPLICATION SHALL MAKE A TIMELY AND
23 IRREVOCABLE OFFER, CONTINGENT ONLY ON THE DEPARTMENT'S ISSUANCE
24 TO THE INSURANCE COMPANY OF THE TAX CREDIT CERTIFICATES, TO MAKE
25 A SPECIFIED PURCHASE PAYMENT AMOUNT TO THE DEPARTMENT ON DATES
26 SPECIFIED BY THE DEPARTMENT, WHICH MUST NOT BURDEN ANY SINGLE
27 TAX YEAR. THE OFFER MUST INCLUDE:

1 (a) 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 (b) THE QUALIFIED TAXPAYER'S PROPOSED TAX CREDIT PURCHASE
5 AMOUNT FOR EACH TAX CREDIT DOLLAR REQUESTED. THE MINIMUM
6 PROPOSED TAX CREDIT PURCHASE AMOUNT MUST BE THE GREATER OF
7 EITHER:

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

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

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

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

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

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

27 (b) THE AMOUNT THAT THE QUALIFIED TAXPAYER HAS PAID OR

1 AGREED TO PAY IN RETURN FOR THE ISSUANCE OF THE TAX CREDIT
2 CERTIFICATES AND THE DATE OF THE PAYMENT;

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

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

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

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

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

12 (7) (a) THE DEPARTMENT SHALL NOT ISSUE A TAX CREDIT
13 CERTIFICATE TO ANY QUALIFIED TAXPAYER THAT FAILS TO PROVIDE THE
14 TAX CREDIT SALE PROCEEDS WITHIN THE TIME THE DEPARTMENT
15 SPECIFIES.

16 (b) A QUALIFIED TAXPAYER THAT FAILS TO PROVIDE THE TAX
17 CREDIT SALE PROCEEDS WITHIN THE TIME THE DEPARTMENT SPECIFIES IS
18 SUBJECT TO A PENALTY EQUAL TO TEN PERCENT OF THE AMOUNT OF THE
19 PURCHASE PRICE THAT REMAINS UNPAID. THE PENALTY MUST BE PAID TO
20 THE DEPARTMENT WITHIN THIRTY DAYS AFTER DEMAND.

21 (c) THE DEPARTMENT MAY OFFER TO REALLOCATE THE DEFAULTED
22 TAX CREDITS AMONG OTHER QUALIFIED TAXPAYERS, SO THAT THE RESULT
23 AFTER REALLOCATION IS THE SAME AS IF THE INITIAL ALLOCATION HAD
24 BEEN PERFORMED WITHOUT CONSIDERING THE TAX CREDIT ALLOCATION
25 TO THE DEFAULTING QUALIFIED TAXPAYER.

26 (d) IF THE REALLOCATION OF TAX CREDITS UNDER SUBSECTION
27 (7)(c) OF THIS SECTION RESULTS IN THE PAYMENT BY ANOTHER QUALIFIED

1 TAXPAYER OF THE AMOUNT OF TAX CREDIT SALE PROCEEDS NOT PAID BY
2 THE DEFAULTING QUALIFIED TAXPAYER, THE DEPARTMENT MAY WAIVE
3 THE PENALTY IMPOSED UNDER SUBSECTION (7)(b) OF THIS SECTION.

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

12 (8) THE TAX CREDIT SALE PROCEEDS PROVIDED BY A QUALIFIED
13 TAXPAYER IN RETURN FOR A TAX CREDIT CERTIFICATE MUST BE DEPOSITED
14 IN THE GENERAL FUND.

15 (9) (a) THE DEPARTMENT SHALL PROVIDE, WITHIN THIRTY DAYS
16 AFTER THE CLOSE OF THE FISCAL YEAR, A DATA FILE TO THE DIVISION OF
17 INSURANCE AND THE DEPARTMENT OF REVENUE FOR EACH FISCAL YEAR
18 IN WHICH IT ISSUES TAX CREDIT CERTIFICATES PURSUANT TO THIS PART 4.
19 THE DATA FILE MUST INCLUDE:

20 (I) THE NAME AND IDENTIFYING NUMBER ISSUED BY THE
21 NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, OR ANY
22 SUCCESSOR ORGANIZATION, OF EACH QUALIFIED TAXPAYER TO WHICH THE
23 DEPARTMENT ISSUED A TAX CREDIT CERTIFICATE;

24 (II) THE TOTAL AMOUNT OF THE TAX CREDIT ALLOCATED TO THE
25 QUALIFIED TAXPAYER; AND

26 (III) THE SERIAL NUMBER OF THE TAX CREDIT CERTIFICATE ISSUED
27 TO THE QUALIFIED TAXPAYER.

1 (b) THE DEPARTMENT SHALL MAINTAIN RECORDS OF EACH TAX
2 CREDIT CERTIFICATE ISSUED, TRANSFERRED, OR ASSUMED THAT ARE
3 SUFFICIENT TO ALLOW THE DEPARTMENT OF REVENUE OR THE DIVISION OF
4 INSURANCE ■ TO VERIFY THE ISSUANCE AND OWNERSHIP OF THE CREDIT.
5 THE DEPARTMENT SHALL PROVIDE THE RECORDS TO THE OFFICE OF THE
6 STATE AUDITOR UPON REQUEST SO THAT THE STATE AUDITOR CAN
7 EVALUATE THE EFFECTIVENESS OF THE TAX CREDITS IN ACCORDANCE WITH
8 SECTIONS 24-36-401 (2)(b) AND 39-21-305.

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

13 **24-36-404. Use of insurance premium tax credits - carry over.**

14 (1) FOR A TAX CREDIT CERTIFICATE ISSUED IN FISCAL YEAR 2025-26, THE
15 DEPARTMENT, IN CONSULTATION WITH THE OFFICE OF STATE PLANNING
16 AND BUDGETING, PRIOR TO THE SALE, MAY DETERMINE THE CALENDAR
17 YEARS IN WHICH THE QUALIFIED TAXPAYER MAY CLAIM THE QUALIFIED
18 TAXPAYER'S TAX CREDIT AGAINST THE QUALIFIED TAXPAYER'S PREMIUM
19 TAX LIABILITY.

20 (2) THE TOTAL CREDIT TO BE APPLIED BY A QUALIFIED TAXPAYER
21 IN ANY ONE YEAR MUST NOT EXCEED THE PREMIUM TAX LIABILITY OF THE
22 QUALIFIED TAXPAYER FOR THE TAXABLE YEAR. IF THE QUALIFIED
23 TAXPAYER CANNOT USE THE ENTIRE AMOUNT OF THE TAX CREDIT FOR THE
24 TAXABLE YEAR IN WHICH THE TAXPAYER IS ELIGIBLE FOR THE CREDIT, THE
25 EXCESS MAY BE CARRIED OVER TO SUCCEEDING TAXABLE YEARS AND
26 USED AS A CREDIT AGAINST THE PREMIUM TAX LIABILITY OF THE
27 TAXPAYER FOR THOSE TAXABLE YEARS; EXCEPT THAT THE CREDIT MAY

1 NOT BE CARRIED OVER TO ANY TAXABLE YEAR THAT BEGINS AFTER
2 DECEMBER 31, 2033. ANY AMOUNT OF THE CREDIT THAT IS NOT TIMELY
3 CLAIMED EXPIRES AND IS NOT REFUNDABLE.

4 (3) A QUALIFIED TAXPAYER CLAIMING A CREDIT UNDER THIS PART
5 4 SHALL SUBMIT THE TAX CREDIT CERTIFICATE WITH ITS TAX RETURN.

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

9 (5) IF A QUALIFIED TAXPAYER HOLDING AN UNCLAIMED TAX
10 CREDIT IS PART OF A MERGER, ACQUISITION, OR LINE OF BUSINESS
11 DIVESTITURE TRANSACTION, THE TAX CREDIT MAY BE TRANSFERRED TO
12 AND ASSUMED BY THE RESULTING ENTITY IF THE RESULTING ENTITY IS AN
13 INSURANCE COMPANY AUTHORIZED TO DO BUSINESS IN COLORADO THAT
14 HAS PREMIUM TAX LIABILITY. THE QUALIFIED TAXPAYER THAT
15 ORIGINALLY PURCHASED THE CREDIT AND THE RESULTING ENTITY SHALL
16 NOTIFY THE DEPARTMENT IN WRITING OF THE TRANSFER OR ASSUMPTION
17 OF THE CREDIT IN ACCORDANCE WITH PROCEDURES ADOPTED BY THE
18 DEPARTMENT. THE TRANSFER OR ASSUMPTION OF THE TAX CREDIT DOES
19 NOT AFFECT THE TIME SCHEDULE FOR CLAIMING THE TAX CREDIT AS
20 PROVIDED IN THIS SECTION.

21 (6) THE DEPARTMENT SHALL PROVIDE A REPORT TO THE DIVISION
22 OF INSURANCE ■ FOR EACH FISCAL YEAR IN WHICH IT ISSUES TAX CREDIT
23 CERTIFICATES PURSUANT TO THIS PART 4 WITHIN THIRTY DAYS AFTER THE
24 CLOSE OF THE FISCAL YEAR. THE REPORT MUST INCLUDE:

25 (a) THE NAME AND IDENTIFYING NUMBER ISSUED BY THE
26 NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, OR ANY
27 SUCCESSOR ORGANIZATION, OF EACH QUALIFIED TAXPAYER TO WHICH THE

1 DEPARTMENT ISSUED A TAX CREDIT CERTIFICATE;
2 (b) THE TOTAL AMOUNT OF THE TAX CREDIT ALLOCATED TO THE
3 QUALIFIED TAXPAYER; AND
4 (c) THE SERIAL NUMBER OF THE TAX CREDIT CERTIFICATE ISSUED,
5 TRANSFERRED, OR ASSUMED THAT IS SUFFICIENT TO ALLOW THE DIVISION
6 OF INSURANCE IN THE DEPARTMENT OF REGULATORY AGENCIES TO VERIFY
7 THE ISSUANCE AND OWNERSHIP OF THE TAX CREDIT.

8 **24-36-405. Repeal of part.** THIS PART 4 IS REPEALED, EFFECTIVE
9 DECEMBER 31, 2040.

10 **SECTION 2.** In Colorado Revised Statutes, **add** part 5 to article
11 36 of title 24 as follows:

12 PART 5

13 SALE OF CORPORATE TAX CREDITS

14 **24-36-501. Legislative declaration - tax preference**
15 **performance statement.** (1) THE GENERAL ASSEMBLY FINDS AND
16 DECLARES THAT:

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

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

24 (c) THE SALE AND USE OF THE CORPORATE TAX CREDITS SHALL
25 NOT BE DEEMED OR CONSTRUED AS CREATING INDEBTEDNESS OR OTHER
26 FINANCIAL OBLIGATION WHATSOEVER WITHIN THE MEANING OF ANY
27 PROVISION OF THE STATE CONSTITUTION OR THE LAWS OF THE STATE

1 CONCERNING OR LIMITING THE CREATION OF INDEBTEDNESS OR OTHER
2 FINANCIAL OBLIGATION BY THE STATE;

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

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

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

23 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
24 MEASURE THE EFFECTIVENESS OF THE TAX CREDITS IN ACHIEVING THE
25 PURPOSES SPECIFIED IN SUBSECTION (2)(a) OF THIS SECTION BASED ON THE
26 NUMBER AND VALUE OF THE CREDITS CLAIMED AND THE TOTAL AMOUNT
27 OF GENERAL FUND MONEY GENERATED. THE DEPARTMENT OF REVENUE

1 SHALL PROVIDE THE STATE AUDITOR WITH INFORMATION REGARDING THE
2 TOTAL AMOUNT OF CREDITS CLAIMED AND THE GENERAL FUND MONEY
3 GENERATED.

4 **24-36-502. Definitions.** AS USED IN THIS PART 5, UNLESS THE
5 CONTEXT OTHERWISE REQUIRES:

6 (1) "C CORPORATION" HAS THE SAME MEANING AS IN SECTION
7 39-22-104 (2.5).

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

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

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

16 (5) "TAX CREDIT" MEANS THE TAX CREDIT CREATED IN SECTION
17 24-36-503.

18 (6) "TAX CREDIT SALE PROCEEDS" OR "SALE PROCEEDS" MEANS
19 THE MONEY OR OTHER LIQUID ASSET ACCEPTABLE TO THE STATE
20 TREASURER THAT A QUALIFIED TAXPAYER PAYS TO THE DEPARTMENT
21 THAT IS DEPOSITED IN THE GENERAL FUND.

22 **24-36-503. Corporate tax credits - purchase - authorization to**
23 **issue - terms - report.** (1) A QUALIFIED TAXPAYER MAY PURCHASE
24 INCOME TAX CREDITS FROM THE DEPARTMENT IN ACCORDANCE WITH THIS
25 SECTION AND MAY APPLY THE TAX CREDITS AGAINST ITS INCOME TAX
26 LIABILITY IN ACCORDANCE WITH SECTION 24-36-504.

27 (2) (a) THE DEPARTMENT SHALL ISSUE TAX CREDIT CERTIFICATES

1 TO QUALIFIED TAXPAYERS PURSUANT TO THIS PART 5 AND PART 4 OF THIS
2 ARTICLE 36 EQUAL TO THE LESSER OF A TOTAL FACE VALUE OF UP TO ONE
3 HUNDRED TWENTY-FIVE MILLION DOLLARS AND ANY REASONABLE AND
4 NECESSARY ADMINISTRATIVE, MONITORING, AND CLOSING COSTS USING
5 SALES PROCEEDS OR TOTAL SALES PROCEEDS OF UP TO ONE HUNDRED
6 MILLION DOLLARS.

7 (b) THE DEPARTMENT MAY CONTRACT WITH AN INDEPENDENT
8 THIRD PARTY TO CONDUCT OR CONSULT ON A BIDDING PROCESS AMONG
9 QUALIFIED TAXPAYERS TO PURCHASE THE TAX CREDITS.

10 (c) THE DEPARTMENT SHALL CONSULT WITH C CORPORATIONS IN
11 ADVANCE OF ISSUING ANY TAX CREDITS IN ACCORDANCE WITH THIS
12 SECTION.

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

16 (4) USING PROCEDURES ADOPTED BY THE DEPARTMENT OR, IF
17 APPLICABLE, BY AN INDEPENDENT THIRD PARTY, EACH C CORPORATION
18 THAT SUBMITS AN APPLICATION SHALL MAKE A TIMELY AND IRREVOCABLE
19 OFFER, CONTINGENT ONLY ON THE DEPARTMENT'S ISSUANCE TO THE C
20 CORPORATION OF THE TAX CREDIT CERTIFICATES, TO MAKE A SPECIFIED
21 PURCHASE PAYMENT AMOUNT TO THE DEPARTMENT ON DATES SPECIFIED
22 BY THE DEPARTMENT, WHICH MUST NOT BURDEN ANY SINGLE TAX YEAR.
23 THE OFFER MUST INCLUDE:

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

27 (b) THE QUALIFIED TAXPAYER'S PROPOSED TAX CREDIT PURCHASE

1 AMOUNT FOR EACH TAX CREDIT DOLLAR REQUESTED. THE MINIMUM
2 PROPOSED TAX CREDIT PURCHASE AMOUNT MUST BE THE GREATER OF
3 EITHER:

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

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

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

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

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

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

23 (b) THE AMOUNT THAT THE QUALIFIED TAXPAYER HAS PAID FOR
24 THE ISSUANCE OF THE TAX CREDIT CERTIFICATES AND THE DATE OF THE
25 PAYMENT;

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

- 1 (d) ANY PENALTIES OR OTHER REMEDIES FOR NONCOMPLIANCE;
- 2 (e) THE PROCEDURES TO BE USED FOR TRANSFERRING OR
- 3 ASSUMING THE TAX CREDITS IN ACCORDANCE WITH SUBSECTION (7)(e) OF
- 4 THIS SECTION;
- 5 (f) THE SERIAL NUMBER OF THE TAX CREDIT CERTIFICATE; AND
- 6 (g) ANY OTHER REQUIREMENTS DEEMED NECESSARY BY THE
- 7 DEPARTMENT AS A CONDITION OF ISSUING THE TAX CREDIT CERTIFICATE.
- 8 (7) (a) THE DEPARTMENT SHALL NOT ISSUE A TAX CREDIT
- 9 CERTIFICATE TO ANY QUALIFIED TAXPAYER THAT FAILS TO PROVIDE THE
- 10 TAX CREDIT SALE PROCEEDS WITHIN THE TIME THE DEPARTMENT
- 11 SPECIFIES.
- 12 (b) A QUALIFIED TAXPAYER THAT FAILS TO PROVIDE THE TAX
- 13 CREDIT SALE PROCEEDS WITHIN THE TIME THE DEPARTMENT SPECIFIES IS
- 14 SUBJECT TO A PENALTY EQUAL TO TEN PERCENT OF THE AMOUNT OF THE
- 15 PURCHASE PRICE THAT REMAINS UNPAID. THE PENALTY MUST BE PAID TO
- 16 THE DEPARTMENT WITHIN THIRTY DAYS AFTER DEMAND.
- 17 (c) THE DEPARTMENT MAY OFFER TO REALLOCATE THE DEFAULTED
- 18 TAX CREDITS AMONG OTHER QUALIFIED TAXPAYERS SO THAT THE RESULT
- 19 AFTER REALLOCATION IS THE SAME AS IF THE INITIAL ALLOCATION HAD
- 20 BEEN PERFORMED WITHOUT CONSIDERING THE TAX CREDIT ALLOCATION
- 21 TO THE DEFAULTING QUALIFIED TAXPAYER.
- 22 (d) IF THE REALLOCATION OF TAX CREDITS UNDER SUBSECTION
- 23 (7)(c) OF THIS SECTION RESULTS IN THE PAYMENT BY ANOTHER QUALIFIED
- 24 TAXPAYER OF THE AMOUNT OF TAX CREDIT SALE PROCEEDS NOT PAID BY
- 25 THE DEFAULTING QUALIFIED TAXPAYER, THE DEPARTMENT MAY WAIVE
- 26 THE PENALTY IMPOSED UNDER SUBSECTION (7)(b) OF THIS SECTION.
- 27 (e) A QUALIFIED TAXPAYER THAT FAILS TO PAY THE TAX CREDIT

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

8 (8) THE TAX CREDIT SALE PROCEEDS PROVIDED BY A QUALIFIED
9 TAXPAYER IN RETURN FOR A TAX CREDIT CERTIFICATE MUST BE DEPOSITED
10 IN THE GENERAL FUND.

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

15 (I) THE NAME AND FEDERAL EMPLOYER IDENTIFICATION NUMBER
16 OF EACH QUALIFIED TAXPAYER TO WHICH THE DEPARTMENT ISSUED A TAX
17 CREDIT CERTIFICATE;

18 (II) THE TOTAL AMOUNT OF THE TAX CREDIT ALLOCATED TO THE
19 QUALIFIED TAXPAYER; AND

20 (III) THE SERIAL NUMBER OF THE TAX CREDIT CERTIFICATE ISSUED
21 TO THE QUALIFIED TAXPAYER.

22 (b) THE DEPARTMENT SHALL MAINTAIN RECORDS OF EACH TAX
23 CREDIT CERTIFICATE ISSUED, TRANSFERRED, OR ASSUMED THAT ARE
24 SUFFICIENT TO ALLOW THE DEPARTMENT OF REVENUE TO VERIFY THE
25 ISSUANCE AND OWNERSHIP OF THE CREDIT. THE DEPARTMENT SHALL
26 PROVIDE THE RECORDS TO THE OFFICE OF THE STATE AUDITOR UPON
27 REQUEST SO THAT THE STATE AUDITOR CAN EVALUATE THE

1 EFFECTIVENESS OF THE TAX CREDITS IN ACCORDANCE WITH SECTIONS
2 24-36-501 (2)(b) AND 39-21-305.

3 (10) THE DEPARTMENT MAY PAY AN INDEPENDENT THIRD PARTY
4 AND ANY CONSULTANTS REASONABLE AND NECESSARY ADMINISTRATIVE,
5 MONITORING, AND CLOSING COSTS USING THE PROCEEDS FROM THE SALE
6 OF TAX CREDITS.

7 **24-36-504. Use of corporate income tax credits - carry over.**

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

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

27 (3) A QUALIFIED TAXPAYER CLAIMING A CREDIT UNDER THIS PART

1 5 SHALL SUBMIT THE TAX CREDIT CERTIFICATE WITH ITS TAX RETURN.

2

3 **24-36-505. Repeal of part.** THIS PART 5 IS REPEALED, EFFECTIVE
4 DECEMBER 31, 2040.

5 **SECTION 3. Appropriation.** For the 2025-26 state fiscal year,
6 \$448,500 is appropriated to the department of treasury. This appropriation
7 is from the general fund. To implement this act, the department may use
8 this appropriation for tax credit administration.

9 **SECTION 4. Safety clause.** The general assembly finds,
10 determines, and declares that this act is necessary for the immediate
11 preservation of the public peace, health, or safety or for appropriations for
12 the support and maintenance of the departments of the state and state
13 institutions.