

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 24-0827.01 Rebecca Bayetti x4348

HOUSE BILL 24-1144

HOUSE SPONSORSHIP

Bockenfeld,

SENATE SPONSORSHIP

(None),

House Committees
Finance

Senate Committees

A BILL FOR AN ACT

101 CONCERNING THE CREATION OF AN INCOME TAX CREDIT FOR SELLERS
102 OF RESIDENTIAL REAL PROPERTY THAT BUY DOWN THE
103 MORTGAGE INTEREST RATE OF THE BUYER OF THE PROPERTY.

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 creates an income tax credit (tax credit) that is available for income tax years starting on or after January 1, 2024, but before January 1, 2026, for sellers of residential property in Colorado who buy down the interest rates on the mortgage of the buyer of the property. The amount of the tax credit is 50% of the cost of the mortgage interest rate

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.

buy down. The tax credit is refundable and transferrable to any other taxpayer.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** 39-22-560 as
3 follows:

4 **39-22-560. Tax credit for mortgage rate buydowns - tax**
5 **preference performance statement - legislative declaration -**
6 **definitions - repeal.** (1) (a) IN ACCORDANCE WITH SECTION 39-21-304,
7 WHICH REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO
8 INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A
9 STATUTORY LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS
10 AND DECLARES THAT THE PURPOSES OF THE TAX CREDIT CREATED IN THIS
11 SECTION ARE TO INDUCE CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS
12 AND TO IMPROVE INDUSTRY COMPETITIVENESS BY ALLOWING A SELLER OF
13 RESIDENTIAL PROPERTY THAT BUYS DOWN THE MORTGAGE INTEREST RATE
14 OF THE BUYER OF THE PROPERTY TO CLAIM A TAX CREDIT. SPECIFICALLY,
15 THIS TAX CREDIT IS INTENDED TO INCENTIVIZE PROPERTY OWNERS TO SELL
16 THEIR RESIDENTIAL PROPERTY IN A WAY THAT BENEFITS HOME BUYERS BY
17 REDUCING THEIR MORTGAGE INTEREST RATES AND TO STIMULATE THE
18 REAL ESTATE MARKET.

19 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
20 MEASURE THE EFFECTIVENESS OF THE TAX CREDIT IN ACHIEVING THE
21 PURPOSES SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE
22 NUMBER AND VALUE OF TAX CREDITS CLAIMED AND ANY ADDITIONAL
23 INFORMATION THAT IS MAINTAINED AND REPORTED TO THE STATE
24 AUDITOR BY THE DEPARTMENT PURSUANT TO SUBSECTION (6) OF THIS
25 SECTION.

1 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
2 REQUIRES:

3 (a) "BUY DOWN" MEANS PERMANENTLY REDUCING THE INTEREST
4 RATE ON A MORTGAGE BY PAYING A LUMP SUM AT CLOSING TO SECURE A
5 LOWER INTEREST RATE.

6 (b) "DEPARTMENT" MEANS THE COLORADO DEPARTMENT OF
7 REVENUE.

8 (c) "HOMEBUYER" MEANS AN INDIVIDUAL WHO TAKES OUT A
9 MORTGAGE TO BUY RESIDENTIAL REAL PROPERTY IN THE STATE THAT WILL
10 BE USED AS THE INDIVIDUAL'S PRIMARY RESIDENCE.

11 (d) "QUALIFIED SELLER" MEANS AN INDIVIDUAL TAXPAYER WHO,
12 WHEN SELLING RESIDENTIAL REAL PROPERTY THAT THE TAXPAYER OWNS
13 IN THE STATE, PROVIDES A BUY DOWN TO A HOMEBUYER.

14 (e) "TAX CREDIT" MEANS THE CREDIT AGAINST INCOME TAX
15 CREATED IN THIS SECTION.

16 (f) "TAXPAYER" MEANS A PERSON SUBJECT TO TAX PURSUANT TO
17 THIS ARTICLE 22.

18 (3) (a) SUBJECT TO THE LIMITATIONS SET FORTH IN SUBSECTION
19 (3)(b) OF THIS SECTION, FOR INCOME TAX YEARS COMMENCING ON OR
20 AFTER JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2026, A QUALIFIED
21 SELLER IS ALLOWED A CREDIT AGAINST THE INCOME TAXES IMPOSED BY
22 THIS ARTICLE 22 IN AN AMOUNT EQUAL TO FIFTY PERCENT OF THE LUMP
23 SUM DOLLAR AMOUNT PAID BY THE QUALIFIED SELLER AT CLOSING TO BUY
24 DOWN A HOMEBUYER'S MORTGAGE INTEREST RATE.

25 (b) TO CLAIM THE TAX CREDIT, A QUALIFIED SELLER SHALL SUBMIT
26 INFORMATION TO THE DEPARTMENT, IN A FORM AND MANNER REQUIRED
27 BY THE DEPARTMENT, THAT DETAILS THE QUALIFYING MORTGAGE

1 INTEREST RATE BUY DOWN. IN ADDITION TO OTHER INFORMATION
2 REQUIRED BY THE DEPARTMENT, THIS INFORMATION MUST INCLUDE:

3 (I) THE NUMBER OF PERCENTAGE POINTS BY WHICH THE INTEREST
4 RATE OF THE MORTGAGE WAS REDUCED BY THE BUY DOWN;

5 (II) THE DOLLAR AMOUNT OF THE LUMP SUM PAID AT CLOSING TO
6 BUY DOWN THE MORTGAGE INTEREST RATE; AND

7 (III) EVIDENCE OF THE TRANSFER OF TITLE OF THE RESIDENTIAL
8 PROPERTY FROM THE QUALIFIED SELLER TO THE HOMEBUYER.

9 (4) IF THE AMOUNT OF THE TAX CREDIT EXCEEDS THE TAXES DUE
10 ON THE INCOME OF THE QUALIFIED SELLER FOR THE TAXABLE YEAR FOR
11 WHICH THE CREDIT IS BEING CLAIMED, THE QUALIFIED SELLER MAY ELECT
12 TO HAVE THE AMOUNT OF THE CREDIT NOT USED TO OFFSET INCOME TAXES
13 IN THAT INCOME TAX YEAR REFUNDED TO THE QUALIFIED SELLER.

14 (5) A QUALIFIED SELLER MAY TRANSFER ALL OR A PORTION OF A
15 TAX CREDIT ALLOWED PURSUANT TO SUBSECTION (3) OF THIS SECTION TO
16 ANOTHER TAXPAYER FOR THE OTHER TAXPAYER, AS TRANSFEREE, TO
17 APPLY AS A CREDIT AGAINST THE TAXES IMPOSED BY THIS ARTICLE 22
18 SUBJECT TO THE FOLLOWING LIMITATIONS:

19 (a) TAX CREDIT TRANSFERS PURSUANT TO THIS SUBSECTION (5)
20 ARE SUBJECT TO ANY NOTICE AND VERIFICATION REQUIREMENTS
21 DETERMINED BY THE DEPARTMENT;

22 (b) A QUALIFIED SELLER OR A TRANSFEREE MAY ONLY TRANSFER
23 THE PORTION OF THE TAX CREDIT THAT HAS NOT BEEN APPLIED AGAINST
24 THE INCOME TAXES IMPOSED BY THIS ARTICLE 22 OR USED TO OBTAIN A
25 REFUND; AND

26 (c) ANY TRANSFEREE OF A TAX CREDIT MAY USE THE AMOUNT OF
27 THE TAX CREDIT TRANSFERRED TO OFFSET ANY OTHER TAX DUE UNDER

1 THIS ARTICLE 22, OR THE TRANSFEREE MAY FREELY TRANSFER ANY
2 PORTION OF THE TAX CREDIT THAT HAS NOT BEEN APPLIED AGAINST THE
3 INCOME TAXES IMPOSED BY THIS ARTICLE 22 BY THE TRANSFEREE OR ANY
4 OTHER TAXPAYER.

5 (6) THE DEPARTMENT SHALL MAINTAIN A DATABASE OF
6 INFORMATION ABOUT THE NUMBER AND VALUE OF TAX CREDITS CLAIMED
7 AND ANY OTHER INFORMATION DETERMINED NECESSARY BY THE
8 DEPARTMENT TO EVALUATE THE EFFECTIVENESS OF THE TAX CREDIT
9 ALLOWED IN THIS SECTION IN ACHIEVING THE PURPOSES SET FORTH IN
10 SUBSECTION (1)(a) OF THIS SECTION AND SHALL PROVIDE THIS
11 INFORMATION, AND ANY OTHER INFORMATION THAT MAY BE NEEDED, TO
12 THE STATE AUDITOR AS PART OF THE STATE AUDITOR'S EVALUATION OF
13 TAX EXPENDITURES UNDER SECTION 39-21-305.

14 (7) PURSUANT TO ARTICLE 4 OF TITLE 24, THE DEPARTMENT MAY
15 PROMULGATE RULES FOR THE IMPLEMENTATION OF THIS SECTION.

16 (8) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2033.

17 **SECTION 2. Act subject to petition - effective date -**
18 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
19 the expiration of the ninety-day period after final adjournment of the
20 general assembly; except that, if a referendum petition is filed pursuant
21 to section 1 (3) of article V of the state constitution against this act or an
22 item, section, or part of this act within such period, then the act, item,
23 section, or part will not take effect unless approved by the people at the
24 general election to be held in November 2024 and, in such case, will take
25 effect on the date of the official declaration of the vote thereon by the
26 governor.

1 (2) This act applies to sales of residential real property that close
2 on or after January 1, 2024.