

Second Regular Session
Sixty-seventh General Assembly
STATE OF COLORADO

REREVISED

*This Version Includes All Amendments
Adopted in the Second House*

LLS NO. 10-0750.01 Nicole Myers

HOUSE BILL 10-1200

HOUSE SPONSORSHIP

Hullinghorst,

SENATE SPONSORSHIP

Heath,

House Committees
Finance

Senate Committees
Finance

A BILL FOR AN ACT

101 **CONCERNING A TEMPORARY REQUIREMENT THAT A TAXPAYER DEFER**
102 **CLAIMING ANY AMOUNT OF AN ENTERPRISE ZONE INVESTMENT**
103 **INCOME TAX CREDIT THAT EXCEEDS FIVE HUNDRED THOUSAND**
104 **DOLLARS.**

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://www.leg.state.co.us/billsummaries>.)

Currently, the enterprise zone investment tax credit (credit) allows a taxpayer to claim an income tax credit that is equal to a percentage of

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

SENATE
2nd Reading Unam ended
May 7, 2010

HOUSE
3rd Reading Unam ended
April 27, 2010

HOUSE
2nd Reading Unam ended
April 26, 2010

the taxpayer's total qualified investment in qualified property during an income tax year, as long as the investment is in property that is used solely and exclusively in an enterprise zone for at least one year. A taxpayer is allowed to claim the credit for the first \$5,000 of income tax liability, plus an amount equal to 50% of the taxpayer's tax liability in excess of \$5,000, to the extent permitted by the amount of the qualified investment. A taxpayer is allowed to carry forward the credit for 12 income tax years after the year in which the full amount of the credit was unused.

For the 2011, 2012, and 2013 income tax years, the bill limits the amount of the credit that a taxpayer may claim to \$250,000 and requires that a taxpayer defer claiming any amount of the credit allowed that exceeds \$250,000 to the 2014 income tax year. The bill allows a taxpayer that deferred claiming any credit in excess of \$250,000 to carry forward the credit for 12 income tax years after the year the credit was originally allowed, plus one additional year for each year that the taxpayer had to defer claiming the credit in excess of \$250,000.

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

2 **SECTION 1.** 39-30-104 (2) and (2.5), Colorado Revised Statutes,
3 are amended to read:

4 **39-30-104. Credit against tax - investment in certain property**
5 **- repeal.** (2) (a) The amount of the credit set forth in subsection (1) of
6 this section shall be subject to the limitations of section 39-22-507.5;
7 except that, in computing the limitations on credit pursuant to section
8 39-22-507.5 (3), a taxpayer's actual tax liability for the income tax year
9 shall not be reduced by the amount of credits allowed by section
10 39-30-105 and the limit on that portion of a taxpayer's tax liability that
11 exceeds five thousand dollars shall be fifty percent.

12 (b) IN ADDITION TO THE LIMITATIONS SET FORTH IN PARAGRAPH (a)
13 OF THIS SUBSECTION (2), FOR INCOME TAX YEARS COMMENCING ON OR
14 AFTER JANUARY 1, 2011, BUT PRIOR TO JANUARY 1, 2014, ANY TAXPAYER
15 THAT IS ELIGIBLE TO CLAIM A CREDIT PURSUANT TO SUBSECTION (1) OF
16 THIS SECTION IN EXCESS OF FIVE HUNDRED THOUSAND DOLLARS SHALL

1 DEFER CLAIMING ANY AMOUNT OF THE CREDIT ALLOWED PURSUANT TO
2 THIS SECTION THAT EXCEEDS FIVE HUNDRED THOUSAND DOLLARS UNTIL
3 AN INCOME TAX YEAR COMMENCING ON OR AFTER JANUARY 1, 2014. THE
4 FIVE HUNDRED THOUSAND DOLLAR LIMITATION SPECIFIED IN THIS
5 PARAGRAPH (b) SHALL APPLY TO ANY CREDIT ALLOWED IN THE CURRENT
6 YEAR INCLUDING ANY AMOUNT CARRIED FORWARD FROM A PRIOR YEAR.

7 (2.5) (a) Notwithstanding the provisions of section 39-22-507.5
8 (7) (b), AND EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH (b) OF THIS
9 SUBSECTION (2.5), any excess credit claimed pursuant to this section shall
10 be an investment tax credit carryover to each of the twelve income tax
11 years following the unused credit year.

12 (b) A TAXPAYER THAT DEFERRED CLAIMING ANY CREDIT IN EXCESS
13 OF FIVE HUNDRED THOUSAND DOLLARS DURING AN INCOME TAX YEAR
14 COMMENCING ON OR AFTER JANUARY 1, 2011, BUT PRIOR TO JANUARY 1,
15 2014, PURSUANT TO PARAGRAPH (b) OF SUBSECTION (2) OF THIS SECTION
16 SHALL BE ALLOWED TO CLAIM THE DEFERRED CREDIT AS AN INVESTMENT
17 TAX CREDIT CARRYOVER FOR TWELVE INCOME TAX YEARS FOLLOWING THE
18 YEAR THE CREDIT WAS ORIGINALLY ALLOWED PLUS ONE ADDITIONAL
19 INCOME TAX YEAR FOR EACH INCOME TAX YEAR THAT THE CREDIT WAS
20 DEFERRED PURSUANT TO PARAGRAPH (b) OF SUBSECTION (2) OF THIS
21 SECTION.

22 **SECTION 2. Safety clause.** The general assembly hereby finds,
23 determines, and declares that this act is necessary for the immediate
24 preservation of the public peace, health, and safety.