

Second Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

REENGROSSED

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

LLS NO. 14-0196.01 Esther van Mourik x4215

HOUSE BILL 14-1009

HOUSE SPONSORSHIP

Exum,

SENATE SPONSORSHIP

Nicholson,

House Committees

Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING CHANGING THE WILDFIRE MITIGATION INCOME TAX**
102 **DEDUCTION TO THE WILDFIRE MITIGATION INCOME TAX CREDIT,**
103 **AND IN CONNECTION THEREWITH, MAKING AND REDUCING**
104 **APPROPRIATIONS.**

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>.)

Wildfire Matters Review Committee. The bill changes the wildfire mitigation income tax deduction to the wildfire mitigation

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.

HOUSE
3rd Reading Unamended
April 7, 2014

HOUSE
Amended 2nd Reading
April 4, 2014

income tax credit. An income tax deduction reduces a taxpayer's taxable income, the amount to which the tax rate is applied. A tax credit reduces a taxpayer's tax liability by taking a dollar-for-dollar reduction in what is owed by what the credit allows. The bill allows a landowner a credit of 50% of the costs incurred in performing wildfire mitigation measures, not to exceed \$2,500. Any amount in excess of the landowner's tax liability in the year the credit is first claimed may be carried forward to offset the landowner's future tax liability for 5 years.

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

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

4 (a) Warm winters, hot and dry summers, severe drought, insect
5 and disease infestations, years of fire suppression, and population growth
6 in the wildland-urban interface continue to increase wildfire risk and the
7 potential for catastrophic wildland fires in Colorado;

8 (b) Mitigating wildfire risk by creating a defensible space around
9 structures is imperative not only to the home and the homeowner, but also
10 to the homeowner's community and to the safety of the firefighters called
11 to a home to defend it from a wildfire;

12 (c) By creating an adequate defensible space around structures, a
13 homeowner can give firefighters the safest and best chance to defend the
14 home from a wildfire; and

15 (d) Offering an income tax credit to a taxpayer for a portion of the
16 costs of wildfire mitigation measures that the taxpayer incurs is sound
17 public policy.

18 **SECTION 2.** In Colorado Revised Statutes, 39-22-104, **amend**
19 (4) (n.5) (I) (A) and (4) (n.5) (IV) as follows:

20 **39-22-104. Income tax imposed on individuals, estates, and**
21 **trusts - single rate - definitions - repeal.** (4) There shall be subtracted

1 from federal taxable income:

2 (n.5) (I) (A) For income tax years commencing on or after January
3 1, 2014, but prior to ~~January 1, 2025~~ JANUARY 1, 2015, an amount equal
4 to fifty percent of a landowner's costs incurred in performing wildfire
5 mitigation measures in that income tax year on his or her property located
6 within the state; except that the amount of the deduction claimed in an
7 income tax year shall not exceed two thousand five hundred dollars or the
8 total amount of the landowner's federal taxable income for the income tax
9 year for which the deduction is claimed, whichever is less.

10 (IV) This paragraph (n.5) is repealed, effective ~~January 1, 2026~~
11 JANUARY 1, 2016.

12 **SECTION 3.** In Colorado Revised Statutes, **add** 39-22-536 as
13 follows:

14 **39-22-536. Credit for wildfire mitigation - definitions - repeal.**

15 (1) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1,
16 2015, BUT PRIOR TO JANUARY 1, 2021, THERE SHALL BE ALLOWED A
17 WILDFIRE MITIGATION TAX CREDIT AGAINST THE INCOME TAXES IMPOSED
18 PURSUANT TO THIS ARTICLE. EXCEPT AS PROVIDED IN SUBSECTION (3) OF
19 THIS SECTION, THE AMOUNT OF THE CREDIT IS TWENTY-FIVE PERCENT OF
20 A LANDOWNER'S COSTS INCURRED IN THAT INCOME TAX YEAR IN
21 PERFORMING WILDFIRE MITIGATION MEASURES ON HIS OR HER PROPERTY
22 LOCATED IN A WILDLAND-URBAN INTERFACE AREA WITHIN THE STATE;
23 EXCEPT THAT THE CREDIT CLAIMED IN AN INCOME TAX YEAR SHALL NOT
24 EXCEED TWO THOUSAND FIVE HUNDRED DOLLARS.

25 (2) IF THE AMOUNT OF THE CREDIT ALLOWED IN THIS SECTION
26 EXCEEDS THE AMOUNT OF INCOME TAXES OTHERWISE DUE ON THE
27 TAXPAYER'S INCOME IN THE INCOME TAX YEAR FOR WHICH THE CREDIT IS

1 BEING CLAIMED, THE AMOUNT OF THE CREDIT NOT USED AS AN OFFSET
2 AGAINST INCOME TAXES IN THE CURRENT INCOME TAX YEAR MAY BE
3 CARRIED FORWARD AND USED AS A CREDIT AGAINST SUBSEQUENT YEARS'
4 INCOME TAX LIABILITY FOR A PERIOD NOT TO EXCEED FIVE YEARS AND
5 SHALL BE APPLIED FIRST TO THE EARLIEST INCOME TAX YEARS POSSIBLE.
6 ANY CREDIT REMAINING AFTER SAID PERIOD SHALL NOT BE REFUNDED OR
7 CREDITED TO THE TAXPAYER.

8 (3) (a) IN THE CASE OF TWO TAXPAYERS FILING A JOINT RETURN,
9 THE AMOUNT OF THE CREDIT SHALL NOT EXCEED TWO THOUSAND FIVE
10 HUNDRED DOLLARS IN ANY TAXABLE YEAR. IN THE CASE OF TWO
11 TAXPAYERS WHO MAY LEGALLY FILE A JOINT RETURN BUT ACTUALLY FILE
12 SEPARATE RETURNS, ONLY ONE OF THE TAXPAYERS MAY CLAIM THE
13 CREDIT SPECIFIED IN THIS SECTION.

14 (b) IN THE CASE OF REAL PROPERTY OWNED AS TENANTS IN
15 COMMON, THE CREDIT ALLOWED PURSUANT TO THIS SECTION IS ONLY
16 ALLOWED FOR ONE OF THE INDIVIDUALS OF THE OWNERSHIP GROUP.

17 (4) FOR PURPOSES OF THIS SECTION:

18 (a) "COLORADO STATE FOREST SERVICE" MEANS THE COLORADO
19 STATE FOREST SERVICE IDENTIFIED IN SECTION 23-31-302, C.R.S.

20 (b) "COSTS" MEANS ANY ACTUAL OUT-OF-POCKET EXPENSE
21 INCURRED AND PAID BY THE LANDOWNER, DOCUMENTED BY RECEIPT, FOR
22 PERFORMING WILDFIRE MITIGATION MEASURES. "COSTS" DO NOT INCLUDE
23 ANY INSPECTION OR CERTIFICATION FEES, IN-KIND CONTRIBUTIONS,
24 DONATIONS, INCENTIVES, OR COST SHARING ASSOCIATED WITH
25 PERFORMING WILDFIRE MITIGATION MEASURES. "COSTS" DO NOT INCLUDE
26 EXPENSES PAID BY THE LANDOWNER FROM ANY GRANTS AWARDED TO THE
27 LANDOWNER FOR PERFORMING WILDFIRE MITIGATION MEASURES.

1 (c) "LANDOWNER" MEANS ANY OWNER OF RECORD OF PRIVATE
2 LAND LOCATED WITHIN THE STATE, INCLUDING ANY EASEMENT,
3 RIGHT-OF-WAY, OR ESTATE IN THE LAND, AND INCLUDES THE HEIRS,
4 SUCCESSORS, AND ASSIGNS OF SUCH LAND, AND SHALL NOT INCLUDE ANY
5 PARTNERSHIP, S CORPORATION, OR OTHER SIMILAR ENTITY THAT OWNS
6 PRIVATE LAND AS AN ENTITY.

7 (d) "WILDFIRE MITIGATION MEASURES" MEANS THE CREATION OF
8 A DEFENSIBLE SPACE AROUND STRUCTURES; THE ESTABLISHMENT OF FUEL
9 BREAKS; THE THINNING OF WOODY VEGETATION FOR THE PRIMARY
10 PURPOSE OF REDUCING RISK TO STRUCTURES FROM WILDLAND FIRE; OR
11 THE SECONDARY TREATMENT OF WOODY FUELS BY LOPPING AND
12 SCATTERING, PILING, CHIPPING, REMOVING FROM THE SITE, OR PRESCRIBED
13 BURNING; SO LONG AS SUCH ACTIVITIES MEET OR EXCEED ANY COLORADO
14 STATE FOREST SERVICE STANDARDS OR ANY OTHER APPLICABLE STATE
15 RULES.

16 (5) THIS SECTION IS REPEALED, EFFECTIVE JANUARY 1, 2026.

17 **SECTION 4. Appropriation - adjustments to 2014 long bill.**

18 (1) For the implementation of this act, the general fund appropriation
19 made in the annual general appropriation act to the controlled
20 maintenance trust fund created in section 24-75-302.5 (2) (a), Colorado
21 Revised Statutes, for the fiscal year beginning July 1, 2014, is decreased
22 by \$18,540.

23 (2) In addition to any other appropriation, there is hereby
24 appropriated, out of any moneys in the general fund, not otherwise
25 appropriated, to the department of revenue, for the fiscal year beginning
26 July 1, 2014, the sum of \$18,540, or so much thereof as may be necessary,
27 to be allocated to the taxation business group, administration, for CITA

1 annual maintenance and support for the implementation of this act.

2 **SECTION 5. Act subject to petition - effective date.** This act
3 takes effect at 12:01 a.m. on the day following the expiration of the
4 ninety-day period after final adjournment of the general assembly (August
5 6, 2014, if adjournment sine die is on May 7, 2014); except that, if a
6 referendum petition is filed pursuant to section 1 (3) of article V of the
7 state constitution against this act or an item, section, or part of this act
8 within such period, then the act, item, section, or part will not take effect
9 unless approved by the people at the general election to be held in
10 November 2014 and, in such case, will take effect on the date of the
11 official declaration of the vote thereon by the governor.