

Second Regular Session  
Sixty-ninth General Assembly  
STATE OF COLORADO

**REENGROSSED**

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

LLS NO. 14-0691.02 Ed DeCecco x4216

**HOUSE BILL 14-1012**

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**HOUSE SPONSORSHIP**

**Tyler and Gerou,**

**SENATE SPONSORSHIP**

**Kefalas,**

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**House Committees**

Finance  
Appropriations

**Senate Committees**

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**A BILL FOR AN ACT**

101 **CONCERNING INCOME TAX CREDITS THAT PROMOTE INVESTMENT IN**  
102 **COLORADO ADVANCED INDUSTRIES, AND, IN CONNECTION**  
103 **THEREWITH, MAKING AND REDUCING APPROPRIATIONS.**

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**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>.)*

The bill repeals the Colorado innovation investment tax credit and replaces it with the advanced industry investment tax credit (tax credit). The tax credit is available for a qualified investor who, prior to January 1, 2018, makes an equity investment in a qualified small business from

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 15, 2014

HOUSE  
Amended 2nd Reading  
April 14, 2014

the advanced industries, which consists of advanced manufacturing, aerospace, bioscience, electronics, energy and natural resources, information technology, and infrastructure engineering. The tax credit is equal to 25% of the investment or, if the qualified business is located in a rural area or economically distressed area, it is equal to 30%. The maximum amount of credit for a single tax credit is \$50,000, and the maximum of all tax credits allowed for a calendar year is \$2 million; except that unused tax credits from 2014 may roll over into 2015. A tax credit may not be refunded, but it may be carried forward for 5 tax years.

The Colorado office of economic development (office) determines the eligibility for the tax credit and issues nontransferable tax credit certificates as evidence of eligibility and the amount of the tax credit. To claim the tax credit, a taxpayer must submit a copy of the tax credit certificate. The office and the department of revenue are required to share information related to the tax credit. In 2017, the office is required to submit to legislative committees a report that includes information about the tax credits issued and the economic benefits from the related qualified investments.

The state treasurer is required to transfer moneys from the repealed innovation investment tax credit cash fund to the newly created advanced industry investment tax credit cash fund. The general assembly shall appropriate any moneys in the fund to the office for the direct and indirect costs associated with the authorizing tax credits.

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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) Growing new high-potential companies in our advanced  
5 industries is one of the most promising ways to stimulate the state  
6 economy and create high-paying jobs;

7 (b) Access to capital is one of the key challenges facing early  
8 stage companies in the advanced industries, and it remains one of the  
9 biggest hurdles for those companies getting their products to market;

10 (c) Creating a tax credit based on investment in an advanced  
11 industry business reduces some of the risk to investors and thereby draws  
12 additional investment dollars for those business;

1 (d) These successfully funded businesses may raise additional  
2 capital, produce more revenue, and create more high-paying, high-skill  
3 jobs in the state; and

4 (e) Increased investment in Colorado's innovative advanced  
5 industry sectors will promote economic growth within the state.

6 (2) Now, therefore, the general assembly hereby declares that the  
7 purpose of the tax credit created in this act is to help more Colorado  
8 advanced industry companies receive more capital from Colorado  
9 investors.

10 **SECTION 2.** In Colorado Revised Statutes, **repeal and reenact,**  
11 **with amendments,** 24-48.5-112 as follows:

12 **24-48.5-112. Advanced industry investment tax credit -**  
13 **administration - cash fund - definitions - repeal.** (1) AS USED IN THIS  
14 SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

15 (a) "ADVANCED INDUSTRY" HAS THE SAME MEANING AS SET FORTH  
16 IN SECTION 24-48.5-117 (2) (a).

17 (b) "ADVANCED INDUSTRY INVESTMENT TAX CREDIT" OR "TAX  
18 CREDIT" MEANS THE CREDIT AGAINST INCOME TAX CREATED IN SECTION  
19 39-22-532, C.R.S.

20 (c) "AFFILIATE" MEANS ANY PERSON OR ENTITY THAT CONTROLS,  
21 IS CONTROLLED BY, OR IS UNDER COMMON CONTROL WITH ANOTHER  
22 PERSON OR ENTITY. FOR PURPOSES OF THIS PARAGRAPH (c), "CONTROL"  
23 MEANS THE POWER TO DETERMINE THE POLICIES OF AN ENTITY WHETHER  
24 THROUGH OWNERSHIP OF VOTING SECURITIES, BY CONTRACT, OR  
25 OTHERWISE.

26 (d) "OFFICE" MEANS THE COLORADO OFFICE OF ECONOMIC  
27 DEVELOPMENT CREATED IN SECTION 24-48.5-101.

1 (e) "QUALIFIED INVESTMENT" MEANS AN INVESTMENT MADE AT  
2 ANY TIME ON OR AFTER JULY 1, 2014, BUT BEFORE JANUARY 1, 2018, IN AN  
3 EQUITY SECURITY THAT MEETS ALL OF THE FOLLOWING REQUIREMENTS:

4 (I) THE EQUITY SECURITY IS COMMON STOCK, PREFERRED STOCK,  
5 AN INTEREST IN A PARTNERSHIP OR LIMITED LIABILITY COMPANY, A  
6 SECURITY THAT IS CONVERTIBLE INTO AN EQUITY SECURITY, A  
7 CONVERTIBLE DEBT INVESTMENT, OR OTHER EQUITY SECURITY AS  
8 DETERMINED BY THE OFFICE;

9 (II) THE INVESTMENT IS AT LEAST TEN THOUSAND DOLLARS;

10 (III) THE QUALIFIED INVESTOR AND ITS AFFILIATES DO NOT HOLD,  
11 OF RECORD OR BENEFICIALLY, IMMEDIATELY BEFORE MAKING AN  
12 INVESTMENT, EQUITY SECURITIES POSSESSING MORE THAN THIRTY  
13 PERCENT OF THE TOTAL VOTING POWER OF ALL EQUITY SECURITIES OF THE  
14 QUALIFIED SMALL BUSINESS; AND

15 (IV) THE QUALIFIED INVESTOR AND ITS AFFILIATES HOLD, OF  
16 RECORD OR BENEFICIALLY, IMMEDIATELY AFTER MAKING THE  
17 INVESTMENT, EQUITY SECURITIES POSSESSING LESS THAN FIFTY PERCENT  
18 OF THE TOTAL VOTING POWER OF ALL EQUITY SECURITIES OF THE  
19 QUALIFIED SMALL BUSINESS.

20 (f) "QUALIFIED INVESTOR" MEANS AN INDIVIDUAL, LIMITED  
21 LIABILITY COMPANY, PARTNERSHIP, S CORPORATION, AS DEFINED IN  
22 SECTION 39-22-103 (10.5), C.R.S., OR OTHER BUSINESS ENTITY THAT  
23 MAKES A QUALIFIED INVESTMENT IN A QUALIFIED SMALL BUSINESS.

24 "QUALIFIED INVESTOR" DOES NOT INCLUDE A C CORPORATION, AS DEFINED  
25 IN SECTION 39-22-103 (2.5), C.R.S.

26 (g) "QUALIFIED SMALL BUSINESS" MEANS A CORPORATION,  
27 LIMITED LIABILITY COMPANY, PARTNERSHIP, OR OTHER BUSINESS ENTITY

1 THAT:

2 (I) IS IN AN ADVANCED INDUSTRY;

3 (II) HAS ITS HEADQUARTERS LOCATED IN COLORADO OR HAS AT  
4 LEAST FIFTY PERCENT OF ITS EMPLOYEES BASED IN COLORADO;

5 (III) HAS RECEIVED LESS THAN TEN MILLION DOLLARS FROM  
6 THIRD-PARTY INVESTORS, NOT INCLUDING GRANTS, SINCE THE BUSINESS  
7 WAS FORMED;

8 (IV) HAS ANNUAL REVENUES OF LESS THAN FIVE MILLION  
9 DOLLARS; AND

10 (V) HAS BEEN ACTIVELY OPERATING AND GENERATING REVENUE  
11 FOR LESS THAN FIVE YEARS.

12 (2) (a) THE OFFICE SHALL RECEIVE AND EVALUATE APPLICATIONS  
13 THAT ARE SUBMITTED BY QUALIFIED INVESTORS TO RECEIVE AN  
14 ADVANCED INDUSTRY INVESTMENT TAX CREDIT FOR QUALIFIED  
15 INVESTMENTS MADE IN A QUALIFIED SMALL BUSINESS.

16 (b) TO BE ELIGIBLE FOR AN ADVANCED INDUSTRY INVESTMENT TAX  
17 CREDIT, A QUALIFIED INVESTOR MUST FILE A COMPLETED APPLICATION  
18 WITH THE OFFICE WITHIN NINETY DAYS AFTER MAKING A QUALIFIED  
19 INVESTMENT. THE OFFICE SHALL PRESCRIBE THE MANNER AND FORM OF  
20 THE APPLICATION. THE OFFICE SHALL NOTE THE TIME AND DATE OF EACH  
21 APPLICATION RECEIVED. IN ADDITION TO ANY OTHER REQUIREMENTS  
22 ESTABLISHED BY THE OFFICE, THE APPLICATION MUST INCLUDE THE NAME,  
23 ADDRESS, AND FEDERAL INCOME TAX IDENTIFICATION NUMBER OF THE  
24 APPLICANT, THE NUMBER OF NEW EMPLOYEES HIRED BY THE QUALIFIED  
25 SMALL BUSINESS AS A RESULT OF THE QUALIFIED INVESTMENT, AND ANY  
26 ADDITIONAL INFORMATION THAT THE OFFICE REQUIRES.

27 (c) A BUSINESS MAY REQUEST THE OFFICE TO DETERMINE

1 WHETHER IT IS A QUALIFIED SMALL BUSINESS. UPON RECEIVING SUCH  
2 REQUEST OR UPON RECEIPT OF AN APPLICATION FOR AN ADVANCED  
3 INDUSTRY INVESTMENT TAX CREDIT FROM A QUALIFIED INVESTOR, THE  
4 OFFICE SHALL DETERMINE WHETHER THE BUSINESS THAT IS NAMED IN THE  
5 APPLICATION OR WRITTEN REQUEST IS A QUALIFIED SMALL BUSINESS.  
6 AFTER DETERMINING THE QUALIFICATIONS, THE OFFICE SHALL CERTIFY  
7 THE QUALIFIED SMALL BUSINESS AS BEING ELIGIBLE TO RECEIVE QUALIFIED  
8 INVESTMENTS FOR PURPOSES OF THIS SECTION. THE CERTIFICATION FOR A  
9 QUALIFIED SMALL BUSINESS THAT IS CERTIFIED AFTER JULY 1, 2014, IS  
10 VALID UNTIL JANUARY 1, 2018; EXCEPT THAT THE CERTIFICATION IS  
11 REVOKED IF THE BUSINESS NO LONGER MEETS THE QUALIFICATIONS. A  
12 BUSINESS SHALL NOTIFY THE OFFICE WITHIN THIRTY BUSINESS DAYS FROM  
13 THE DATE THAT IT NO LONGER MEETS THE QUALIFICATIONS. IF THE  
14 CERTIFICATION IS REVOKED, THE OFFICE MAY ASSESS A PENALTY AGAINST  
15 THE BUSINESS THAT IS EQUAL TO THE AMOUNT OF THE ADVANCED  
16 INDUSTRY INVESTMENT TAX CREDITS AUTHORIZED AFTER THE DATE THAT  
17 THE BUSINESS NO LONGER MEETS THE QUALIFICATIONS. THE STATE  
18 TREASURER SHALL DEPOSIT THE PENALTY INTO THE STATE GENERAL FUND.  
19 IF THE CERTIFICATION IS REVOKED, SUBSEQUENT INVESTMENTS IN THE  
20 BUSINESS DO NOT QUALIFY FOR A TAX CREDIT. ALL TAX CREDITS ISSUED  
21 BEFORE THE REVOCATION OF THE CERTIFICATION SHALL REMAIN VALID.  
22 THE OFFICE SHALL NOT DENY ANY APPLICATION FOR A TAX CREDIT ON THE  
23 BASIS OF THE REVOCATION OF THE CERTIFICATION IF THE INVESTMENT WAS  
24 MADE BEFORE THE DATE OF THE REVOCATION.

25 (d) AS PART OF THE APPLICATION FOR AN ADVANCED INDUSTRY  
26 INVESTMENT TAX CREDIT, THE APPLICANT AND THE QUALIFIED SMALL  
27 BUSINESS THAT RECEIVES THE INVESTMENT MUST EACH PROVIDE WRITTEN

1 AUTHORIZATION TO PERMIT THE DEPARTMENT OF REVENUE TO PROVIDE  
2 TAX INFORMATION TO THE OFFICE FOR THE PURPOSE OF DETERMINING IF  
3 THERE ARE ANY MISREPRESENTATIONS ON THE APPLICATION. THE  
4 AUTHORIZATION IS LIMITED TO DISCLOSURE OF INCOME TAX INFORMATION  
5 FOR THE LATEST TWO YEARS FOR WHICH RETURNS WERE FILED WITH THE  
6 DEPARTMENT OF REVENUE PRECEDING THE DATE THE APPLICATION IS  
7 FILED AND FOR ALL TAX YEARS THROUGH THE YEAR IN WHICH THE  
8 INVESTMENT WAS MADE FOR WHICH A RETURN WAS NOT FILED AS OF THE  
9 DATE OF THE APPLICATION. THE APPLICANT MUST ALSO PROVIDE IN THE  
10 WRITTEN AUTHORIZATION INCOME TAX INFORMATION FOR ALL TAX YEARS  
11 IN WHICH THE APPLICANT ACTUALLY CLAIMS A TAX CREDIT OR CARRIES  
12 FORWARD A TAX CREDIT ON A RETURN FILED WITH THE DEPARTMENT OF  
13 REVENUE. AN APPLICANT WITH AN INDIVIDUAL OWNERSHIP INTEREST AS  
14 A CO-OWNER OF A BUSINESS AND THAT MAY BE ENTITLED TO A PRO RATA  
15 SHARE OF THE TAX CREDIT PURSUANT TO SECTION 39-22-532 (5), C.R.S.,  
16 MUST PROVIDE A WRITTEN AUTHORIZATION WITH CONTENT SIMILAR TO  
17 THE AUTHORIZATION, AND IN THE SAME MANNER, AS ANY OTHER  
18 APPLICANT IS REQUIRED TO PROVIDE. IF AN APPLICANT OR QUALIFIED  
19 SMALL BUSINESS FAILS TO COMPLY WITH THIS PARAGRAPH (d), AN  
20 APPLICANT IS INELIGIBLE FOR A TAX CREDIT.

21 (e) AS PART OF THE APPLICATION FOR AN ADVANCED INDUSTRY  
22 INVESTMENT TAX CREDIT, THE APPLICANT MUST STATE THAT THE TAX  
23 CREDIT WAS A SIGNIFICANT FACTOR IN THE APPLICANT'S DECISION TO  
24 MAKE THE INVESTMENT AND THAT WITHOUT THE TAX CREDIT, THE  
25 APPLICANT WOULD NOT HAVE MADE THE INVESTMENT OR WOULD HAVE  
26 MADE AN INVESTMENT AT A SUBSTANTIALLY LOWER LEVEL.

27 (f) THE OFFICE SHALL REVIEW AND MAKE A DETERMINATION WITH

1 RESPECT TO EACH APPLICATION FOR AN ADVANCED INDUSTRY  
2 INVESTMENT TAX CREDIT WITHIN NINETY DAYS AFTER RECEIVING THE  
3 APPLICATION. THE OFFICE MAY REQUEST ADDITIONAL INFORMATION FROM  
4 THE APPLICANT IN ORDER TO MAKE AN INFORMED DECISION REGARDING  
5 THE ELIGIBILITY OF THE QUALIFIED INVESTOR OR QUALIFIED SMALL  
6 BUSINESS.

7 (3) (a) SUBJECT TO THE LIMITATIONS SET FORTH IN PARAGRAPH (b)  
8 OF THIS SUBSECTION (3), THE OFFICE SHALL AUTHORIZE AN ADVANCED  
9 INDUSTRY INVESTMENT TAX CREDIT FOR EACH QUALIFIED INVESTOR WHO  
10 MAKES A QUALIFIED INVESTMENT IN A QUALIFIED SMALL BUSINESS. THE  
11 AMOUNT OF THE TAX CREDIT IS TWENTY-FIVE PERCENT OF THE AMOUNT OF  
12 THE QUALIFIED INVESTMENT OR THIRTY PERCENT OF THE QUALIFIED  
13 INVESTMENT IF THE QUALIFIED SMALL BUSINESS IS LOCATED IN A RURAL  
14 AREA OR ECONOMICALLY DISTRESSED AREA OF THE STATE AS DETERMINED  
15 BY THE OFFICE. THE OFFICE SHALL ISSUE A TAX CREDIT CERTIFICATE TO  
16 THE QUALIFIED INVESTOR FOR EACH QUALIFIED INVESTMENT STATING THE  
17 AMOUNT OF THE TAX CREDIT THAT IS AUTHORIZED FOR PURPOSES OF  
18 SECTION 39-22-532, C.R.S. A TAX CREDIT CERTIFICATE IS  
19 NONTRANSFERABLE. THE OFFICE SHALL CERTIFY TO THE DEPARTMENT OF  
20 REVENUE THE NAME OF EACH QUALIFIED INVESTOR WHO RECEIVES A TAX  
21 CREDIT CERTIFICATE, THE AMOUNT OF THE TAX CREDIT, AND OTHER  
22 RELEVANT INFORMATION RELATING TO THE TAX CREDIT.

23 (b) (I) THE TOTAL AMOUNT OF THE ADVANCED INDUSTRY  
24 INVESTMENT TAX CREDITS SHALL NOT EXCEED THREE HUNDRED  
25 SEVENTY-FIVE THOUSAND DOLLARS FOR THE 2014 CALENDAR YEAR AND  
26 SEVEN HUNDRED FIFTY THOUSAND DOLLARS FOR EACH OF THE 2015, 2016,  
27 AND 2017 CALENDAR YEARS; EXCEPT THAT THE AMOUNT OF TAX CREDITS



1 THAT WERE NOT AUTHORIZED FOR 2014 MAY BE ALLOCATED TO 2015. THE  
2 OFFICE SHALL AUTHORIZE THE TAX CREDITS IN THE ORDER THAT  
3 APPLICATIONS ARE RECEIVED BY THE OFFICE AND SHALL DENY ANY  
4 APPLICATION RECEIVED AFTER THE LIMIT HAS BEEN MET. THE OFFICE MAY  
5 PARTIALLY AUTHORIZE THE LAST TAX CREDIT THAT IS AWARDED UP TO  
6 THE LIMIT.

7 (II) THE TOTAL AMOUNT OF THE TAX CREDIT FOR EACH QUALIFIED  
8 INVESTMENT SHALL NOT EXCEED FIFTY THOUSAND DOLLARS. A QUALIFIED  
9 INVESTOR MAY NOT CLAIM MORE THAN ONE TAX CREDIT PER QUALIFIED  
10 SMALL BUSINESS, BUT MAY BE ELIGIBLE FOR A TAX CREDIT FOR QUALIFIED  
11 INVESTMENTS IN DIFFERENT QUALIFIED SMALL BUSINESSES IN THE SAME  
12 OR A DIFFERENT YEAR.

13 (c) TO CLAIM AN ADVANCED INDUSTRY INVESTMENT TAX CREDIT,  
14 A QUALIFIED INVESTOR MUST SUBMIT A COPY OF EACH TAX CREDIT  
15 CERTIFICATE AS PART OF A TAX RETURN TO THE DEPARTMENT OF REVENUE  
16 IN ACCORDANCE WITH SECTION 39-22-532 (3), C.R.S., BY THE DUE DATE  
17 OF THE RETURN, INCLUDING EXTENSIONS, FOR THE TAX YEAR DURING  
18 WHICH THE QUALIFIED INVESTMENT WAS MADE. IF THE QUALIFIED  
19 INVESTOR FAILS TO TIMELY FILE THE TAX CREDIT CERTIFICATE, THE TAX  
20 CREDIT EXPIRES FOR THAT TAXABLE YEAR AND THERE IS NO CARRY  
21 FORWARD OF THE EXPIRED TAX CREDIT. THE OFFICE SHALL NOT REISSUE  
22 A TAX CREDIT CERTIFICATE FOR A CREDIT THAT EXPIRES OR THAT  
23 OTHERWISE IS NOT TIMELY USED BY THE QUALIFIED INVESTOR.

24 (4) NO LATER THAN APRIL 30 OF EACH YEAR FOLLOWING A YEAR  
25 DURING WHICH THE OFFICE AUTHORIZES AN ADVANCED INDUSTRY  
26 INVESTMENT TAX CREDIT, THE OFFICE SHALL PROVIDE TO THE  
27 DEPARTMENT OF REVENUE AN ELECTRONIC REPORT THAT INCLUDES THE

1 INFORMATION SET FORTH IN PARAGRAPH (b) OF SUBSECTION (2) AND  
2 PARAGRAPH (a) OF SUBSECTION (3) OF THIS SECTION AND ANY OTHER  
3 INFORMATION REQUIRED TO ADMINISTER SECTION 39-22-532, C.R.S. IF  
4 THE OFFICE SUBSEQUENTLY DISCOVERS THAT AN APPLICANT WHO  
5 RECEIVED A TAX CREDIT MISREPRESENTED INFORMATION ON THE  
6 APPLICATION, THE OFFICE SHALL IMMEDIATELY NOTIFY THE DEPARTMENT  
7 OF REVENUE AND PROVIDE THE DEPARTMENT OF REVENUE ALL  
8 INFORMATION THAT RELATES TO THAT APPLICANT.

9 (5) THE STATE TREASURER SHALL TRANSFER THE UNEXPENDED  
10 AND UNENCUMBERED MONEYS THAT WERE IN THE INNOVATION  
11 INVESTMENT TAX CREDIT CASH FUND ON THE EFFECTIVE DATE OF THIS  
12 SECTION, AS AMENDED, TO THE ADVANCED INDUSTRY INVESTMENT TAX  
13 CREDIT CASH FUND, WHICH IS CREATED IN THE STATE TREASURY. THE  
14 GENERAL ASSEMBLY SHALL ANNUALLY APPROPRIATE MONEYS IN THE  
15 FUND TO THE OFFICE FOR THE DIRECT AND INDIRECT COSTS ASSOCIATED  
16 WITH THE ADMINISTRATION OF THIS SECTION. ANY MONEYS IN THE FUND  
17 NOT EXPENDED FOR SUCH PURPOSE MAY BE INVESTED BY THE STATE  
18 TREASURER AS PROVIDED BY LAW. ALL INTEREST AND INCOME DERIVED  
19 FROM THE INVESTMENT AND DEPOSIT OF MONEYS IN THE FUND SHALL BE  
20 CREDITED TO THE FUND. ANY UNEXPENDED AND UNENCUMBERED MONEYS  
21 REMAINING IN THE FUND AT THE END OF A FISCAL YEAR SHALL REMAIN IN  
22 THE FUND AND SHALL NOT BE CREDITED OR TRANSFERRED TO THE  
23 GENERAL FUND OR ANY OTHER FUND.

24 (6) ON NOVEMBER 1, 2017, THE OFFICE OF ECONOMIC  
25 DEVELOPMENT SHALL SUBMIT A REPORT TO THE FINANCE AND THE  
26 BUSINESS, LABOR, AND ECONOMIC AND WORKFORCE DEVELOPMENT  
27 COMMITTEES OF THE HOUSE OF REPRESENTATIVES; TO THE BUSINESS,

1 LABOR, AND TECHNOLOGY AND THE FINANCE COMMITTEES OF THE SENATE,  
2 OR ANY SUCCESSOR COMMITTEES; AND TO THE JOINT BUDGET COMMITTEE  
3 SUMMARIZING ALL OF THE TAX CERTIFICATES ISSUED SINCE JULY 1, 2014.  
4 AT A MINIMUM, THE REPORT MUST INCLUDE THE AMOUNT OF THE CAPITAL  
5 INVESTED BY QUALIFIED INVESTORS AND THE TAX CREDIT THAT EACH  
6 QUALIFIED INVESTOR RECEIVED, A DESCRIPTION OF THE QUALIFIED  
7 BUSINESSES THAT RECEIVED THE QUALIFIED INVESTMENT, THE NUMBER OF  
8 NEW EMPLOYEES HIRED BY THE QUALIFIED SMALL BUSINESSES AS A  
9 RESULT OF THE QUALIFIED INVESTMENT, THE GEOGRAPHIC DISTRIBUTION  
10 OF THE JOBS, AND ANY OTHER ECONOMIC IMPACTS THAT RESULTED FROM  
11 THE GRANT.

12 **SECTION 3.** In Colorado Revised Statutes, 39-22-532, **amend**  
13 (1) (a), (2), (3), (4), and (6) as follows:

14 **39-22-532. Advanced industry investment tax credit -**  
15 **definitions.** (1) As used in this section, unless the context otherwise  
16 requires:

17 (a) "~~Colorado innovation investment tax credit~~" "ADVANCED  
18 INDUSTRY INVESTMENT TAX CREDIT" or "tax credit" means the credit  
19 against income tax created in this section.

20 (2) There shall be allowed a ~~Colorado innovation~~ AN ADVANCED  
21 INDUSTRY investment tax credit against the income taxes imposed  
22 pursuant to this article for a qualified investment in a qualified small  
23 business. The amount of the credit is the amount determined and  
24 authorized by the Colorado office of economic development pursuant to  
25 section 24-48.5-112, C.R.S., and set forth in a tax credit certificate.

26 (3) To claim the ~~Colorado innovation~~ ADVANCED INDUSTRY  
27 investment tax credit, the taxpayer shall attach to the taxpayer's tax return

1 a copy of the tax credit certificate. No tax credit is allowed under this  
2 section unless the taxpayer provides the copy of the tax credit certificate.

3 (4) If the allowable ~~Colorado innovation~~ ADVANCED INDUSTRY  
4 investment tax credit exceeds the amount of income tax due on the  
5 income of the taxpayer for the tax year during which the qualified  
6 investment was made, the amount of the tax credit not used as an offset  
7 against income taxes in such income tax year ~~shall not be~~ IS NOT allowed  
8 as a refund. ~~but may be carried forward and applied~~ THE TAXPAYER MAY  
9 CARRY FORWARD AND APPLY THE UNUSED CREDIT against the income tax  
10 due in each of the five succeeding income tax years, but THE TAXPAYER  
11 ~~shall be first applied~~ APPLY THE CREDIT against the income tax due for the  
12 earliest of the income tax years possible. Any amount of the tax credit that  
13 is not used after ~~said~~ THIS period ~~shall not be~~ IS NOT refundable.

14 (6) If the department of revenue determines that there has been a  
15 misrepresentation on an application submitted to the Colorado office of  
16 economic development pursuant to section 24-48.5-112, C.R.S., the  
17 department of revenue shall deny the ~~Colorado innovation~~ ADVANCED  
18 INDUSTRY investment tax credit if the misrepresentation relates to whether  
19 the applicant was a qualified investor or made a qualified investment. If  
20 the misrepresentation relates to whether the investment was made to a  
21 qualified small business, the department of revenue shall deny the tax  
22 credit only if the applicant knew or should have known at any time before  
23 the certification that the representation was false.

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

25 (1) For the implementation of this act, the general fund appropriation  
26 made in the annual general appropriation act to the controlled  
27 maintenance trust fund created in section 24-75-302.5 (2) (a), Colorado

1 Revised Statutes, for the fiscal year beginning July 1, 2014, is decreased  
2 by \$625,855.

3 (2) In addition to any other appropriation, there is hereby  
4 appropriated, out of the advanced industry investment tax credit cash fund  
5 created in section 24-48.5-112 (5), Colorado Revised Statutes, for the  
6 fiscal year beginning July 1, 2014, the sum of \$80,307 and 0.5 FTE, or so  
7 much thereof as may be necessary, to be allocated to economic  
8 development programs to implement and administer the advanced  
9 industry investment tax credit.

10 (3) In addition to any other appropriation, for the fiscal year  
11 beginning July 1, 2014, there is hereby appropriated, out of any moneys  
12 in the general fund, not otherwise appropriated, to the department of  
13 revenue, the sum of \$16,480, for allocation to the taxation business group  
14 for CITA annual maintenance and support related to the implementation  
15 of this act.

16 **SECTION 5. Safety clause.** The general assembly hereby finds,  
17 determines, and declares that this act is necessary for the immediate  
18 preservation of the public peace, health, and safety.