



Transferable Tax Credit Fact Sheet

The Transferable Tax Credit program allows companies that make major capital investments to transfer certain tax credits that are earned in the course of making that investment. This program is authorized by CRS 24-46-104.3 (House Bill 17-1356). The benefit of this program is that approved companies can sell certain income tax credits that normally are not transferable and could not be used unless the company had a state income tax liability.

To be potentially eligible for transferable tax credits, a business must make a capital investment of at least \$100 million over the ten consecutive income tax years that commence immediately following the date of pre-certification by the Economic Development Commission (EDC).

Tax credit types which are covered in this program include [Job Growth Incentive Tax Credit](#) (JGITC), [Enterprise Zone](#) (EZ) investment credit, EZ new employee credit and EZ R&D credit.

The business must apply for pre-certification before they make any investments in the project. OEDIT strongly recommends this be done at the time the EDC approves the JGITC and/or before enterprise zone pre-certification. Companies will apply and receive approval for the JGITC program following the same guidelines/process as other applicants and will be required to fill out supplemental information on transferability. This program does not change the requirements of the underlying programs (JGITC and EZ), companies must still meet all requirements of those programs to earn the tax credit.

Each fiscal year, starting July 1, 2017 through the fiscal year ending June 30, 2020, the EDC can pre-certify up to \$10 million in credits (for a total of \$30 million for all businesses over the life of program). Amounts not allocated by the EDC do not roll over year over year.

Large projects can be pre-certified across multiple fiscal years as long as the first pre-certification occurs before project commencement.

The EDC has discretion how to allocate pre-certifications. Businesses must fill out an application prior to the EDC meeting. The EDC will consider the following factors in reviewing applications:

- Overall economic impact to the State
- Economic need of the region/geographic equity
- Strategic impact of project (headquarters, supply chain, spill over benefits, skill-based work force practices(job training/apprenticeships etc)
- Likelihood that the project will proceed
- How much time is left during a given fiscal year and the likelihood of additional applications in that year
- Number of jobs created and amount of capital invested
- Current market context

Applicants will also be asked explain why they need transferable tax credits in narrative format with reference to their financial statements.

To apply for this or other EDC programs, please contact Rebecca Gillis: rebecca.gillis@state.co.us, 303.892.3840

For technical questions about transferable tax credits, please contact Ken Jensen: ken.jensen@state.co.us, 303.892.3743