



Advanced Industry Investment Tax Credit Fact Sheet

Purpose

The purpose of the Colorado Advanced Industry Investment Tax Credit is to help more Colorado advanced industry companies receive more capital from Colorado investors. The legislation that created this program (House Bill 14-1012) defines the seven advanced industries as: Advanced Manufacturing, Aerospace, Bioscience, Electronics, Energy/Natural Resources/Cleantech, Information Tech, and Infrastructure Engineering. Qualified Small Businesses are required to apply for the Advanced Industry Investee Certification, whereas Investors are required to apply for the Advanced Industry Tax Credit. To locate the application, visit: www.choosecolorado.com/aitc

Requirements and Eligibility - Qualified Small Business:

- Be a corporation, partnership, LLC, or other business entity. Individuals are not qualified.
- Be in one of the advanced industries listed above.
- Have its headquarters located in Colorado or have at least 50% of its employees in Colorado
- Have received less than \$10 million from third-party investors since the business was formed
- Have annual revenues of less than \$5 million
- Have been actively operating and generating revenue for less than 5 years

Required Documents – Qualified Small Business

- Statement of Good Standing
- Proof of Business Organization (articles of incorporation, certificate of partnership, etc.)
- Most recent year-end balance sheet
- All year-end income statements or income tax filings from formation, or the three most recent years
- OEDIT approved Third-Party Funding Table

Requirements and Eligibility - Investor:

- Must apply in 90 days from date of investment, and all payments in tranches must be within the 90 days, and in the same calendar year
- Investment must be a qualified investment: Common stock; Preferred stock; Interest in partnership; Interest in LLC; Equity security; Convertible debt instrument
- Cannot be a C-Corp
- Must invest at least \$10,000 with a maximum tax credit amount of \$50,000
- Must hold less than 30% immediately before investment
- Must hold less than 50% immediately after investment
- Must attest that the AITC was the incentive for making the investment

Required Documents – Investor:

- Proof of funding
- In coordination with investee company, the most recent Capitalization Table must be provided including: investor name, dollar amount invested, date of investment and percentage of voting power and/or equity
- In coordination with investee company, the most recent Term Sheet must be provide

Funding Cap

The statutory limit on tax credits for the program is \$750,000 on an annual basis from calendar years 2018 through 2022.

How the Credit is Calculated

If the business receiving the investment is not in a rural or economically distressed area, the tax credit to the investor is 25% of the qualified investment, up to the \$50,000 maximum allowable tax credit amount (per investment). If the business receiving the investment is in a rural or economically distressed area, the tax credit to the investor is 30% of the qualified investment, up to the \$50,000 maximum allowable tax credit amount (per investment). An investor can only claim one tax credit for an investment in a business. However, an investor may apply for separate credits for investments in different companies. Furthermore, a business may have multiple investors, each of whom are eligible for the tax credit. Advanced Industry Investment Tax Credits are a credit against a Colorado state income tax liability. These credits must be used by the investor, they are not transferable. Credits may be carried forward five years. Credits are not refundable

