

Colorado Innovation Investment Tax Credit (CIITC)

Overview

The Colorado Innovation Investment Tax Credit may provide eligible applicants a state income tax credit up to 15% of the amount invested in a Colorado business (not to exceed \$20,000) during the 2010 calendar year.

Eligibility

An investor submits an application to the Office of Economic Development and International Trade (OEDIT) to determine if the investor, the investment, and the business being invested in all qualify under the CIITC program. OEDIT is required to review the application within 90 days after receiving it.

Objectives:

- By reducing some of the risks to investors through a tax credit based on an investment in startup businesses, this program should encourage, promote, and stimulate investments in new, small Colorado businesses primarily involved in research & development of new technologies, products, or processes.
- Successfully funded startup businesses may in turn raise additional capital, create high paying jobs, and ultimately produce revenue and economic growth in the state.

General Requirements:

- The investment is an equity security of at least \$25,000 during the 2010 calendar year.
- The investor files an application with OEDIT within 30 days after making the investment.
- The investor does not hold more than 30% of the total voting power of the business.
- The business is located in Colorado with at least 2 non-administrative full-time equivalent employees who are residents of Colorado.
- The business has at least 50% of its gross assets and 50% of its employees located within the state.
- The business is involved primarily in research & development or manufacturing of new technologies, products, or processes.
- The business has been in operation for less than 5 years.
- The business has yearly revenues of less than \$2 million and total assets of less than \$5 million.

Tax Credit Calculation

- The tax credit is calculated by taking 15% of the investment up to a maximum tax credit of \$20,000 per investment.
- OEDIT will authorize and issue a Colorado Innovation Investment Tax Credit Certificate to the qualified investor.
- If the tax credit exceeds the taxpayer's income tax on the income of the taxpayer for the 2010 tax year, the amount of the tax credit not used cannot be refunded, but may be carried forward and applied in each of the 5 succeeding income tax years (must be applied to the earliest tax return possible).
- The total amount of tax credits allowed for the 2010 tax year shall not exceed \$750,000.

Ineligible Requests

- Applications submitted more than 30 days after making the investment.
- Investors, investments or businesses that are not considered "qualified" per statute definitions.

Funding Request

The act shall take effect September 1, 2009 provided that the EDC transmits at least \$832,055 to the State Treasurer for deposit in the CIITC Fund. The \$832,055 shall be used to provide \$750,000 to support the lost revenue to the state from the tax credits to be issued and \$82,055 for OEDIT's administrative costs for this program.