

Regulation 39-30-105.6. Credit for rehabilitation of vacant enterprise zone buildings.

(a) Credit allowed.

(1) The building must be at least twenty years old and must have been unoccupied with no business activity for at least two years prior to the time the rehabilitation is begun.

(2) The \$50,000 per building limitation applies with respect to each owner, tenant, or group of owners or tenants. Taxpayer Brown may rehabilitate a building and claim a \$50,000 credit. He may later sell the building to taxpayer Green who may make additional rehabilitation and claim additional credit. In the case of an ownership or tenant group, the \$50,000 limitation applies to the group, and each partner, member or shareholder thereof is limited to his proportionate share of the overall limitation.

(3) If a taxpayer elects to claim the federal section 38 rehabilitation credit, he may not claim the Colorado enterprise zone credit for rehabilitation of a vacant building with respect to the same expenditures.

(b) Credit carryover. If the credit allowed for the rehabilitation of a vacant enterprise zone building exceeds the tax liability after reduction for previous credits claimed, the excess credit may be carried forward for a period of up to five years.

(c) Building defined. For purposes of the rehabilitation credit, the term building means any structure built for permanent use, as a house, factory, etc., which is valued separately for general property tax purposes.

(d) Qualifying expenditures defined.

(1) Qualified expenditures means expenditures associated with exterior improvements, structural improvements, mechanical improvements, or electrical improvements necessary to put the building into a proper condition for the operation of a commercial enterprise. Qualified expenditures may include expenditures associated with demolition, carpentry, sheetrock, plaster, painting, ceilings, fixtures, doors, windows, sprinkler systems installed for fire protection purposes, roofing and flashing, exterior repair, cleaning, tuckpointing, and cleanup

(3) Qualified expenditures do not include soft costs such as the cost of appraisals, architectural, engineering, and interior design fees; legal, accounting, and realtor fees; loan fees; sales and marketing; closing; building permit, use, and inspection fees; bids; insurance; project signs and phones; temporary power; bid bonds; copying; and rent loss during construction. Qualifying expenditures do not include costs associated with the acquisition; interior furnishings; new additions except as may be required to comply with building and safety codes; excavation; grading; paving; landscaping, and repairs to outbuildings.

(e) Certification of qualified nature of expenditures. Any taxpayer claiming credit for the rehabilitation of an enterprise zone building must attach to his income tax return a certification from the enterprise zone administrator attesting to the qualified nature of the expenditures. He shall submit upon request copies of receipts, bills or any other documentation he may have that will verify the amount of the qualifying expenditures.