

Income Tax – Instream Flow Incentive Income Tax Credit

What is the instream flow incentive income tax credit?

For tax years beginning on or after January 1, 2009 but prior to January 1, 2015, a taxpayer who donates a permanent water right to the Colorado Water Conservation Board may be granted a refundable tax credit by the Board of up to one-half the value of the donated water right. The Board will notify the Department of Revenue of any credit granted for each tax year. [§39-22-533, C.R.S.]

The availability of the credit is contingent upon sufficient revenue growth for the tax year. This is determined by the December legislative council revenue forecast issued prior to the tax year and that the general fund appropriation must grow 6% over the previous year. If a credit cannot be claimed for the tax year in which it accrued because sufficient growth is not expected, it may be claimed for the next tax year for which a sufficient growth is anticipated. For this reason the tax credit is not available for tax years 2009, 2010 and 2011. Future availability of this credit will be posted in this Q&A once it has been determined.