



**A New Way to Save Money and Protect Colorado:
Environmental Remediation (Brownfields)
Income Tax Credits Now Available**

A new tax credit has become available in Colorado! This widens the market for taxpayers looking to save money on their taxes and it helps property owners to recover some of the costs associated with their environmental cleanup work.

With the adoption of Senate Bill 14-073 on May 15, 2014 Environmental Remediation (Brownfield) Tax Credits have become available for Colorado Taxpayers. Brownfield tax credits have been created as an incentive to encourage the cleanup of contaminated properties located in the state of Colorado. Individuals, organizations, and “qualified entities” who own these properties may qualify for the credit. To see the tax credit requirements click on the following link: https://www.colorado.gov/pacific/sites/default/files/HM_brownfields-tax-credit-requirements_0.pdf

Qualifying costs are eligible for a 40% credit on the first \$750,000 and 30% credit on the amount between \$750,000 and \$1,500,000 with the maximum credit available of \$525,000. There is a \$3,000,000 annual state wide cap on a first come first serve basis. These credits may be carried forward for up to five years or the taxpayer may choose to transfer all or a portion of the tax credit. This credit is currently set to expire on December 31, 2022. Jon Steeler, attorney with Ryley, Carlock & Applewhite states, “Adding transferability to these credits helps non-profits, governments and entities in the start up phase to receive a benefit for cleaning up their properties. The earlier tax credit program that was not transferable gave no benefit to property owners who didn’t have a large tax liability.”

The process begins with a meeting with the Colorado Department of Public Health and Environment (CDPHE). Doug Jamison, Superfund/Brownfields Unit Leader from CDPHE states, “The mission of this program is to protect human health and the environment while promoting clean-up and re-development of contaminated sites. The purpose of the tax credit is to provide a financial incentive to cleanup and redevelop contaminated properties where the cost of addressing environmental contamination might inhibit property reuse or redevelopment.”

Projects must enroll in CDPHE’s Voluntary Cleanup Program in order to be eligible for the tax credit. The application process is outlined in CDPHE’s Voluntary Cleanup Roadmap, available on the Department’s website. Tax Credit Connection also has a checklist that will help you in planning your project and applying for tax credits. [Click here for checklist.](#)

For more information visit CDPHE’s website at: www.colorado.gov/pacific/cdphe/voluntary-cleanup or www.colorado.gov/pacific/cdphe/brownfields-state-incentives

In order to receive a tax credit certification letter from CDPHE, applicants must certify that the cleanup plan outlined in the approved Voluntary Cleanup Application has been completed, or receive a “No Action Determination” letter from the VCUP program after cleanup has been completed. At that point, the property owner will submit documentation of all project costs consisting of invoices, cancelled checks and any other documentation needed. Finally, a tax credit certification letter will be issued to both the landowner and the Department of Revenue confirming the amount of the tax credit.

As soon as the tax credit certification letter is issued, the credits can be presented to buyers. “The process of marketing environmental remediation tax credits should be as simple as offering them to our current Colorado tax credit buyers. Sellers will receive the same 83% of face value our conservation easement credit sellers are making. We suspect buyers will find them equally attractive to purchase,” states Ariel Steele, owner of Tax Credit Connection, Inc. That means that a property owner who cannot use all of their environmental remediation tax credits will receive a check for \$83,000 if they sell a \$100,000 tax credit to a buyer. The buyer will save between 10-14% by purchasing the tax credits. Any Colorado taxpayer is eligible to purchase these credits.

This program is new and many of the practices and procedures are still in the process of being developed. Tax Credit Connection will stay on top of all new developments and keep the community informed as we acquire new information. We are here to prepare your application, help you submit documentation and handle any questions that come up from the state. As always, we’ll take care of the details while you focus on the things that are important to you.

For more information, please contact:

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This information is not intended to be legal or financial advice. Please consult your own advisor.