



FYI Income 36

Rural Technology Enterprise Zone Credit

This credit is available as a carryforward only to those who have claimed the credit during tax years ending on or after March 30, 2001 and beginning prior to January 1, 2005. The credit is generated by any taxpayer that makes a qualified capital investment in technology infrastructure in Rural Technology Enterprise Zones may claim an income tax credit of 10% of the total investment made during the year. [§39-32-105, C.R.S.]

RURAL TECHNOLOGY ENTERPRISE ZONES

The Colorado Public Utilities Commission (PUC) established boundaries for the Rural Technology Enterprise Zone in rural areas of Colorado to promote the development of the infrastructure needed to promote Internet access in these rural areas. Beginning on March 30, 2001, taxpayers were able to begin investing in technology infrastructure in order to earn this tax credit.

QUALIFIED CAPITAL INVESTMENT

The PUC established a list of specific capital improvements that need to be made in the Rural Technology Enterprise Zones that will qualify for the income tax credit. A copy of the PUC certification form must be attached to the income tax return to substantiate the credit being claimed.

LIMITATIONS

- The credit claimed shall not exceed \$100,000 per year. Qualified investments in excess of \$1 million in any tax year cannot earn a credit and cannot be carried forward.
- A partnership or S corporation may pass through up to \$100,000 in total credit to its partners/shareholders. Each partner/shareholder's portion of the credit is determined according to the ratio in which they divide the general profits/losses of the entity.
- If the credit exceeds the tax liability for the year, the excess credits may be carried forward for up to 10 years.

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having the authority to bind the Department, has not formally reviewed and/or approved these FYIs.