

# Conservation Resource Center's Tax Credit Exchange

*Save open space and reduce taxes by participating in the Tax Credit Exchange*

## Tax Credit Update Topic: Referendum C

November 3, 2005

Colorado voters approved the passage of Referendum C – The Colorado Economic Recovery Act—by a margin of 53% to 47%. Referendum C essentially authorizes the State of Colorado to retain and spend all state revenues in excess of the constitutional spending limit (TABOR) for the next five fiscal years beginning with the 2005-2006 fiscal year.

Under the Colorado Conservation Tax Credit Statute (C.R.S. §39-22-522), one option for landowners who donate a conservation easement and earn tax credits is to elect to claim a refund of up to \$50,000 during budget surplus years. The years prior to 2005 (the state's 2004-2005 fiscal year) have not been budget surplus years so the option to claim a refund was not available. This year, however, is a surplus year and therefore a year in which an easement donor may elect to receive a refund.

The passage of Referendum C will *not* affect easement donors' ability to claim a refund *this* year (2005 tax year). However, starting next year, the Colorado Department of Revenue is currently indicating that no refunds will be available for the next five years for taxpayers who donated a conservation easement and earned tax credits through the donation, regardless of whether or not there is a budget surplus.

In 2005, taxpayers have the following options for their conservation easement tax credits:

- Use the tax credits themselves to satisfy their tax liability;
- Transfer all or a portion of tax credits through the Conservation Resource Center's Tax Credit Exchange: OR
- Elect to claim a refund of up to \$50,000. **NOTE: The Colorado Department of Revenue has said that taxpayers cannot claim the refund AND still transfer remaining credits in the same year, so it is an either/or situation.**

It is important to note that other than probably eliminating the option to elect a refund starting next year, Referendum C does not impact the Colorado conservation tax credit in any other way. Taxpayers may still transfer all or a portion of their credits through the Conservation Resource Center's Tax Credit Exchange just as they have in the past.

Please contact us if you have any questions about Referendum C, Colorado conservation tax credits, or if you need further information.

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