

Advanced Industry Investment Tax Credit Fact Sheet

Purpose

The purpose of the Colorado Advanced Industry Investment Tax Credit is to help more Colorado advanced industry companies receive more capital from Colorado investors. The legislation that created this program (House Bill 14-1012) defines the seven advanced industries as: Advanced Manufacturing, Aerospace, Bioscience, Electronics, Energy/Natural Resources/Cleantech, Information Tech, and Infrastructure Engineering.

Requirements and Eligibility

In order to qualify for the Advanced Industry Investment Tax Credit, the investor, the company being invested in, and the investment all must meet certain criteria.

The investor must be an individual, S corporation, partnership, LLC, or other business entity.

The company being invested in must:

- Be a corporation, partnership, LLC, or other business entity. Individuals are not qualified.
- Be in one of the advanced industries listed above.
- Have its headquarters located in Colorado or have at least 50% of its employees in Colorado.
- Have received less than \$10 million from third-party investors since the business was formed.
- Have annual revenues of less than \$5 million.
- Have been actively operating and generating revenue for less than 5 years.

The investment must be an equity security of at least \$10,000. The investor must hold no more than 30% of the voting power before the investment, and less than 50% of the voting power after the investment.

Application Process

All applications for this credit must be submitted online via the Colorado Office of Economic Development and International Trade website (www.advancecolorado.com/aitc). Applications must be submitted by the investor, not the recipient business.

Since the legislation limits the amount of tax credits that the program can authorize, all tax credits are processed on a first come, first served basis. Since applications can only be submitted after the transaction has taken place, investors are encouraged to submit their applications as soon as possible. If the statutory limit on tax credits for the program is reached, the program will suspend accepting applications until the first day of the following year.

Calendar Year	Program Limit
2014	\$375,000
2015	\$750,000
2016	\$750,000
2017	\$750,000

How the Credit is Calculated

If the business receiving the investment is not in a rural or economically distressed area, the tax credit to the investor is 25% of the qualified investment, up to the \$50,000 maximum allowable tax credit amount (per investment). If the business receiving the investment is in a rural or economically distressed area, the tax credit to the investor is 30% of the qualified investment, up to the \$50,000 maximum allowable tax credit amount (per investment).

An investor can only claim one tax credit for an investment in a business. However, an investor may apply for separate credits for investments in different companies. Furthermore, a business may have multiple investors, each of whom are eligible for the tax credit.

Advanced Industry Investment Tax Credits are a credit against a Colorado state income tax liability. These credits must be used by the investor, they are not transferable or salable. Credits may be carried forward five years. Credits are not refundable.

Learn more at www.advancecolorado.com/aitc

