



Colorado

Tax Benefits and Incentives for Convenience Services Operators



This state-by-state guide highlights a range of tax credits and incentive programs specifically relevant to the convenience services industry, offering operators clear application instructions and links to find further information. While this report emphasizes programs tailored to the convenience services industry, you know your business and its unique needs.

Opportunities for Convenience Services Operators

Cash Collateral Support (CCS)

COLORADO HOUSING AND FINANCE AUTHORITY

The Colorado Cash Collateral Support (CCS) program provides a deposit of cash as collateral for a business loan or credit facility when a business cannot meet the collateral requirements of the lender.

Eligibility Requirements

For-profits and nonprofits are eligible. CHFA deposits may be used on most types of business loans. Cash deposits are pledged as additional collateral to the lender for an initial term of three years. For longer-term loans, lenders may request an extension for up to 10 years.

To be eligible for collateral support, lenders must demonstrate that there is (1) a collateral shortfall and (2) there is a reasonable expectation that the business borrower will repay the loan as agreed.

Application Information

Contact a Commercial Lender to learn more. Please contact the CHFA for a list of qualified commercial lenders. Lender and business applications are available online at chfainfo.com/ccs.

[Application Link](#)

[Additional information from the Colorado Office of Economic Development & International Trade.](#)

Colorado Microloans

COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

The Colorado Microloans Program provides small loans to start-ups and entrepreneurial small businesses that are underserved by traditional debt markets.

Eligibility Requirements

1. Have no more than 15 employees at the time the loan is made
2. Be a for-profit entity in Colorado with a majority of employees working in Colorado
3. Have a substantial possibility to become a viable business with the potential to create good jobs
4. Be documented by the lender as an “underserved small business”

5. Meet the lender's underwriting standards

Additional Information

Colorado Office of Economic Development and International Trade
1600 Broadway, Ste. 2500
Denver, CO 80202
Phone: 303-892-3840

oedit.info@state.co.us

[Additional information from the Colorado Office of Economic Development and International Trade.](#)

Commercial Real Estate Loans

COLORADO HOUSING AND FINANCE AUTHORITY

CHFA provides commercial real estate loans to acquire real estate, expand an existing facility, and/or rehab an existing or new facility.

Eligibility Requirements

Program Eligibility:

1. At least 51 percent owner-occupied
2. Three or more years of operating history

Application Information

Contact CHFA Community Development for a loan application.

[Application Link](#)

[Additional information from the Colorado Housing and Finance Authority.](#)

Employee Ownership Grant

COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

The Colorado Employee Ownership Trial Grant is available to Colorado-headquartered small businesses to pay for the reimbursement of professional technical services required to transition your business to become a Colorado Employee Owned Company.

Eligibility Requirements

To apply for the grant, your business needs to:

1. Be exploring an entity type offering at least 20% equity in the business to employees (excluding founders)
2. Be actively engaged with service provider(s) to transition to an employee ownership structure or have already transitioned your business to an employee ownership model between designated dates for that round
3. Be headquartered in Colorado
4. Be in operation for at least one year, or are a newly formed cooperative
5. Have at least 3 full-time employees (or 3 members if a cooperative)
6. Have annual net revenue of \$5 million or less

Types of employee ownership structures that qualify include, but are not limited to:

1. Profits interest
2. Phantom stock
3. Stock appreciation rights
4. Stock options
5. Restricted stock
6. Cooperatives
7. Employee stock ownership plans

Businesses must convert within a designated time period for their round of grant funding.

Application Information

[Application Link](#)

[Additional information available from the Colorado Office of Economic Development & International Trade.](#)

Employee Ownership Tax Credit

OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

The Employee Ownership Tax Credit is available to current Colorado-headquartered businesses and their employees to provide an incentive to establish employee stock ownership plans, worker-owned cooperatives, and employee ownership trusts.

Eligibility Requirements

Eligible structures include employee stock ownership plans, worker-owned cooperatives, and employee ownership trusts.

To be eligible for this program, qualified businesses must:

1. Be converting to an entity type offering at least 20% equity in the business to employees (excluding founders)
2. Have at least 3 full-time employees (or 3 members if a cooperative)
3. Be headquartered in Colorado for at least 1 year
4. Be in operation for at least 1 year
5. Be in good standing with the Secretary of State
6. Not currently have, in whole or in part, an employee stock ownership plan, employee ownership trust, or worker-owned cooperative at the time of application
7. Once a tax credit has been reserved, the business has 18 months to demonstrate that at least 20% of the total costs have been incurred

Eligibility for a staged conversion:

A staged conversion means that the initial application will include a minimum of 20% equity in the business being offered to employees. If you do not use the entire tax credit with your initial application and decide to add a minimum of an additional 20% of equity in the future (while the program remains open and funds are available), you may be eligible to access any remaining tax credits.

If you are considering a staged conversion in the future, you must indicate that in your application. If a staged conversion is approved, with each additional stage you must add at least 20% equity share more with employees to access any remaining reserved tax credits.

Eligible expenses include:

1. Legal services
2. Accounting services
3. Business valuation services
4. Technical assistance
5. Succession planning services

Eligible expenses must be approved by a Certified Public Accountant that is not affiliated with the owner of the qualified business.

Application Information

[Application Link](#)

[Additional information available from the Colorado Office of Economic Development & International Trade.](#)

Job Growth Incentive Tax Credit

COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

The performance-based Job Growth Incentive Tax Credit provides a state income tax credit to businesses undertaking job creation projects that would not occur in Colorado without this program.

Eligibility Requirements

Companies must meet the following requirements:

1. Create at least 20 net new jobs (or at least 5 net new jobs if the project is in an Enhanced Rural Enterprise Zone) in Colorado during the credit period with an average annual wage of at least 100% of the county average annual wage where the project will be located
2. Consider at least one other state or international market for the project
3. Demonstrate that Colorado's Job Growth Incentive Tax Credit is a major factor in the decision to locate in Colorado

The project must meet the following requirements:

1. Could reasonably and efficiently locate the project outside of Colorado
2. Has a reduced probability of commencing in the state without this incentive
3. Be actively considered in multiple states and/or countries, meaning additional qualitative and quantitative information that supports the competitiveness of the project may be requested

Additional Information

Colorado Office of Economic Development and International Trade
1600 Broadway, Suite 2500
Denver, CO 80202
Phone: (720) 703-2475

[Additional information available from the Colorado Office of Economic Development & International Trade.](#)

Sales Tax Exemption on Machinery and Machine Tools Used in Manufacturing

COLORADO DEPARTMENT OF REVENUE

The Sales Tax Exemption on Manufacturing Equipment allows purchases of machinery or machine tools and parts thereof to be exempt from state sales and use tax when the machinery will be used in manufacturing.

Eligibility Requirements

To qualify for exemption, machinery, machine tools, or parts thereof must be:

1. used in Colorado,
2. purchased for more than \$500,
3. of such nature that they would have qualified for the federal investment tax credit provided by section 38 of the Internal Revenue Code of 1954, as amended, and
4. used directly and predominantly in the manufacturing of tangible personal property for sale or profit.

For machinery or machine tools to qualify for exemption, they must be used directly and predominantly in manufacturing tangible personal property. If a machine has other uses in addition to its manufacturing use, the manufacturing use must be greater than 50% of all use for the machine to qualify for the exemption.

Additional Information

Colorado Department of Revenue
Taxation Division
1375 Sherman Street
Denver, CO 80203
Phone: 303-238-7378

DOR_TaxpayerService@state.co.us

[Additional information available from the Colorado Department of Revenue.](#)

Other Credits, Incentives, and Government Programs

1306 Brownfields Cleanup Grant Program

COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

The 1306 Brownfields Cleanup Grant Program assists in the remediation of abandoned properties that contain environmental hazards and to encourage the redevelopment of abandoned hazardous facilities for the benefit of the public good.

Advanced Industries Accelerator: Early Stage Capital and Retention Grant

COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

The Advanced Industries Accelerator Early Stage Capital and Retention Grant provides funding to support the commercialization of products beyond proof-of-concept by early-stage companies.

Advanced Industries Accelerator: Proof Of Concept Grant

COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

The Advanced Industries Accelerator Proof of Concept Grant provides funding to support the early-stage commercialization of advanced industries technologies developed at Colorado research institutions.

Advanced Industries Collaborative Infrastructure Funding Grant

COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

The Advanced Industries Collaborative Infrastructure Funding Grant provides State funding to collaborative projects that will have a broad industry-wide impact across one or more of the Colorado Advanced Industries. The range of possible projects is broad, but each project should have a well defined scope and objectives.

Advanced Industry Investment Tax Credit

COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

The Advanced Industry Investment Tax Credit program was created to grow high-potential advanced industry businesses with the objective of stimulating the State economy and creating high-paying jobs.

Aviation Development Zone Tax Credit

COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

The Aviation Development Zone Tax Credit program provides a state income tax credit of \$1,200 per new full-time employee if the business or any part of the business is inside the boundaries of an aviation development zone airport.

Brownfields Tax Credit

COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

The Colorado Brownfields tax credit qualifying entities that perform environmental remediation associated with capital improvements or redevelopment projects.

Child Care Facilities Investment Credit

COLORADO DEPARTMENT OF REVENUE

The Child Care Facilities Investment Credit allows employers that invest in qualified tangible personal property or provide child care facilities for the benefit of their employees to claim an investment tax credit.

Climber Loans

COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

The CLIMBER (Colorado Loans to Increase Mainstreet Business Economic Recovery) Loan Fund provides up to \$250 million in working capital loans to Colorado small businesses negatively impacted by the pandemic through 2023.

Colorado Brownfields Revolving Loan Fund

COLORADO HOUSING AND FINANCE AUTHORITY

The Colorado Brownfields Revolving Loan Fund encourages the cleanup of unused or underused contaminated properties by offering financing with reduced interest rates, flexible loan terms, and flexibility in acceptable forms of collateral.

Colorado Credit Reserve Programs

COLORADO HOUSING AND FINANCE AUTHORITY

The Colorado Credit Reserve (CCR) Programs increase the availability of credit to small businesses in Colorado by establishing a pooled loan-loss reserve fund that banks or sponsored lending entities may access to recover losses associated with loans registered with the program.

Commercial Historic Preservation Tax Credit

COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

The Commercial Historic Preservation Tax Credit is a tax credit for owners of designated commercial properties that conduct a certified rehabilitation of their property.

Energize Colorado Gap Fund

ENERGIZE COLORADO

The Energize Colorado Gap Fund will provide more than \$50M in small business loans and grants to boost small business enterprises that are the economic engines throughout the state.

Enterprise Zone Tax Credit

COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

Colorado Enterprise Zone (EZ) program provides tax incentives to encourage businesses to locate and expand in designated economically distressed areas of Colorado.

Farm Equipment Sales Tax Exemption

COLORADO DEPARTMENT OF REVENUE

The Farm Equipment Sales Tax Exemption exempts certain qualifying farm, dairy, and ranch equipment and shipping aids from sales tax.

Film Incentive Program

COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

The Colorado Film Incentive encourages film production in Colorado with a performance-based rebate for up to 20% of qualified expenses. The incentive creates jobs for Coloradans and provides on average a 18-to-1 return on investment for the economy. The films also promote Colorado as a tourism destination.

Global Consultant Network

COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

This program provides Colorado companies with access to international consultants in Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Japan, Malaysia, Mexico, the Netherlands, Philippines, Spain, Thailand, and the United Kingdom.

Historic Revolving Loan Fund

COLORADO HOUSING AND FINANCE AUTHORITY

The Colorado Historic Revolving Loan Fund provides financing for the preservation, rehabilitation, restoration, or adaptive reuse of historical properties.

Meetings and Events Incentive

COLORADO TOURISM OFFICE

The Meeting and Events Incentive provides a 10% cash rebate against eligible hard costs for hosting meetings and events in Colorado that take place on or after July 1, 2021 and on or before June 30, 2024. The minimum rebate is \$3,500 and the maximum rebate is \$100,000.

New Markets Tax Credit

COLORADO HOUSING AND FINANCE AUTHORITY

New Markets Tax Credits (NMTCs) provide financing to businesses located in, or moving to low income, underserved communities.

Private Activity Bonds

COLORADO DEPARTMENT OF LOCAL AFFAIRS

The Private Activity Bond program funds privately developed projects. The bonds are tax-exempt and the amount of the bonds issued are limited by the IRS. Underwriters use investor money called bond proceeds, to make a loan to a project. The project then pays back the loan and the investors are repaid, plus interest.

Rural Economic Development Initiative (REDI) Grant Program

COLORADO DEPARTMENT OF LOCAL AFFAIRS

The Rural Economic Development Initiative (REDI) program is designed to help rural communities comprehensively diversify their local economy and create a more resilient Colorado.

Rural Jump Start

COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

The Rural Jump-Start Program incentivizes new businesses to start in or move into rural, economically distressed

areas and hire new employees. To be eligible, businesses cannot compete with similar businesses in the county or adjacent economically distressed county. The program provides both a grant and tax credit to businesses.

Sales and Use Tax Refunds

COLORADO DEPARTMENT OF REVENUE

Sales and Use Tax Refunds provide industry-specific tax relief from the Colorado sales and use tax to promote economic development.

Sales Tax Exemption on Renewable Energy Components

COLORADO DEPARTMENT OF REVENUE

Components used in the production of alternating current electricity from a renewable energy source are exempt from state sales and use tax.

Space Flight Sales Tax Exemption

COLORADO DEPARTMENT OF REVENUE

All sales, storage, and use of qualified property for use in space flight is exempt from taxation.

State Trade Expansion Program (STEP)

COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

The State Trade Expansion Program (STEP) Grant helps small businesses expand internationally by funding international business development activities.

Strategic Cash Fund Incentive

COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

The Strategic Fund Job Growth Incentive is for business expansion or relocation projects for which Colorado is in competition with at least one other state and the company has received a commitment of local government funding that matches any requested state government incentives. The incentive provides a cash payment over five years to companies that create and maintain new permanent jobs in Colorado.

Strategic Fund Job Growth Incentive

COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

The Strategic Fund Job Growth Incentive is for business expansion or relocation projects for which Colorado is in competition with at least one other state and the company has received a commitment of local government funding that matches any requested state government incentives. The incentive provides a cash payment over five years to companies that create and maintain new permanent jobs in Colorado.

The Skill Advance Colorado Job Training Grant

COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

The Colorado FIRST and Existing Industry Customized Job Training Programs provide job-training grants to existing companies as well as those locating or expanding in Colorado.

Venture Capital Authority

COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

The Colorado Venture Capital Authority makes seed and early-stage capital investments in eligible businesses via three Colorado Funds which are established with independently operated fund managers, FirstMile Ventures and the Greater Colorado Venture Fund.