



ENTERPRISE ZONE (EZ)

VACANT COMMERCIAL BUILDING REHABILITATION TAX CREDIT

The Enterprise Zone Vacant Commercial Building Rehabilitation Tax Credit allows owners or tenants of a building in an enterprise zone that is at least 20 years old and that has been completely vacant for at least two years to claim a tax credit of 25% of the cost of rehabilitating the building for commercial use, up to \$50,000.

How do you qualify for this credit?

To qualify for this credit, the building must be located in an enterprise zone, at least 20 years old, and must be completely vacant for two years prior to the commencement of remodeling.

Buildings that qualify include any structure built for permanent use as a house, factor, etc., which is valued separately for general property tax purposes. A structure that has been subdivided into multiple ownership units, such as office condominiums, is still considered one building unless the subdivision occurred more than twenty years ago. A single business entity consisting of related structures on the same site that is valued as one unit for property tax purposes will be considered one building.

Qualified expenditures are expenditures associated with any exterior improvements, structural improvements, mechanical improvements, or electrical improvements necessary to rehabilitate a building for commercial use. These include (but are not limited to): expenditures associated with demolition, carpentry, sheetrock, plaster, painting, ceilings, fixtures, doors, windows, sprinkler systems installed for fire protection purposes, roofing and flashing exterior repair, cleaning, tuckpointing, and cleanup.

Qualified expenditures do not include: soft costs, costs associated with acquisition, interior furnishings, new additions except as may be required to comply with building and safety codes, total demolition followed by new construction, excavation, grading, paving, landscaping, and repairs to outbuildings.

What are the limitations of the credit?

Any use during the two-year period will disqualify the building from qualifying for the credit. This requires limited uses such as storage, warehouse, or use of only a small part of the building. It also includes part time uses such as a haunted house or rental for a weekend trade show. Use of the yard outside of the building will not affect the vacant status of the building itself.

How do I apply?

Pre-certification is required annually for any business that wishes to participate in any Colorado Enterprise Zone credit programs. After the pre-certification is approved, the business may then conduct activities that are eligible for Enterprise Zone credits. At the end of the tax year, the business must then complete a certification application to receive approval. After receiving certification approval, the business will receive a signed certification form (DR 0076) from the Enterprise Zone administrator that the business will include as part of their annual income tax filing.

Other specific terms and conditions apply to the Vacant Commercial Building Rehabilitation Tax Credit that are not outlined here. Contact your tax professional, or view the Colorado Department of Revenue's FYI 24.

Need more information?

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To see if a property is in the Lafayette Enterprise Zone: www.cityoflafayette.com/EZ

Apply for Pre-certification and Certification Online:
www.advancecolorado.com/EZcertification