

Taxpayers, whether individuals or corporations, may be qualified to claim state income tax credits for certain business activities or investments made in Colorado enterprise zones. Taxpayers are required to provide information to the Department of Revenue using forms DR0074 and DR0076 to claim enterprise zone credits. This bill expands the department's reporting requirements and will require more information from taxpayers to comply with the new pre-certification process.

Background

The General Assembly created Colorado's Enterprise Zone Program in 1986 to promote economic development. Currently, there are 16 enterprise zones in Colorado that encompass about 70 percent of the state's land area. State law limits the number of zones to 16. To be designated as a zone, an area must have a population of less than 80,000 people or 100,000 people for urban and rural areas respectively, and meet one of the following criteria:

- an unemployment rate at least 25 percent above the state average;
- a population growth rate less than 25 percent of the state average; and
- a per capita income less than 75 percent of the state average.

State Expenditures

This bill will increase state expenditures by \$17,926 in FY 2012-13.

Department of Revenue. The Department of Revenue will incur costs of \$17,926 to comply with the reporting requirements in SB 10-162. Specifically, the department will have to report and collect certain data on forms DR0074 and DR0076 that is not currently compiled. In addition, the department will have to modify the forms to comply with the pre-certification requirements in the bill. Of total expenditures, the department will incur \$3,803 in data entry and form modification costs.

Programming costs will also be incurred in FY 2012-13 to capture, store, and track the information on forms DR0074 and DR0076. The department will incur programming expenses of \$14,123 in FY 2012-13 to implement the provisions of this bill. Expenditures are based on programming changes of 360 hours by an IT Professional III to modify the state's income tax system called GenTax, at a rate of \$39.23 per hour. No appropriation is necessary in FY 2010-11.

Departments Contacted

Revenue Local Affairs Governor Colorado Counties