

**Joint Select Committee on
Job Creation and Economic Growth**

Members of the Committee

Senator Gail Schwartz, Chair
Representative Joe Rice, Vice-Chair

Senator Rollie Heath	Representative David Balmer
Senator Shawn Mitchell	Representative Larry Liston
Senator Mark Scheffel	Representative Buffie McFayden
Senator Jennifer Veiga	Representative Judy Solano

**Legislative Council
Economics Staff**

Office of Legislative Legal Services

Ed DeCecco, Senior Staff Attorney

Executive Summary

Committee Charge

Pursuant to Senate Joint Resolution 09-005, the Joint Select Committee on Job Creation and Economic Growth was created to respond to the national recession and Colorado's economic downturn to study options for growing Colorado's economy and evaluating policies that:

- develop small businesses and nonprofits;
- improve Colorado's infrastructure;
- expand Colorado's "New Energy Economy"; and
- stimulate job growth in rural communities.

Committee Activities

The Committee on Job Creation and Economic Growth held six meetings as an ad hoc committee prior to being established as a joint select committee for the 2009 legislative session. It subsequently held seven meetings during the session in January and February 2009. The committee heard a variety of presentations from organizations and individuals related to its charge.

The committee's meetings focused on: (1) Colorado's economy and business climate as it relates to small businesses and nonprofit organizations; (2) the use of economic development incentives and state and federal funding to improve Colorado's infrastructure and create jobs; (3) the creation and expansion of businesses that promote Colorado's New Energy Economy; and (4) Colorado's enterprise zone program's potential to stimulate job growth in rural communities.

The committee heard presentations from a number of state and local government officials, individuals, businesses, nonprofit organizations, and urban and rural groups that discussed the following:

- evaluating ways to enhance the state as a prime location in which to start and grow a business for purposes of creating jobs;
- determining ways to promote Colorado's New Energy Economy through innovation, productivity, and competitiveness in the Colorado business community;
- considering policies that would heighten the ability of businesses to provide diverse, secure, and high-paying career opportunities for Colorado citizens;
- identifying the policies and practices of the state and local governments that could enhance Colorado's competitiveness in the global marketplace;
- working with the educational community to determine how Colorado's institutions of higher education could help the state compete in the 21st century economy; and
- soliciting input from experts in the business community and state agencies to address state transportation, public health, environmental, and energy policies or practices that could foster economic development in the state.

A ten-member advisory board to the Joint Select Committee on Job Creation and Economic Growth representing different sectors of the state's economy and geographic areas of the state

was appointed to assist the committee in its work. The advisory board was charged with making presentations and providing written comments and other relevant data to the committee upon request.

Colorado Economy

Colorado followed the nation into recession in the fall of 2008 as the financial crisis, housing market contraction, and falling energy prices caused consumers and businesses to pull back on spending and investment. Although employment in Colorado increased 1.1 percent on average in 2008, 35,500 jobs were lost in a broad range of industries between August and December 2008. Consumer spending increased 0.3 percent on average year-to-date through November. Excluding purchases on food and gas, consumer spending decreased 2.9 percent during this period. Employment and consumer spending will continue to decrease throughout 2009.

Industries important to the state's economy include: tourism; agriculture; housing; traditional and renewable energy; aerospace; construction; defense; bioscience; information technology; telecommunications; aviation; financial services; health care; and other professional services.

Committee Proposals

With the exception of those measures under consideration on February 13, 2008, the committee deliberated the following legislative proposals, which were referred to the General Assembly for consideration in the 2009 legislative session.

Tax credits/exemptions/refunds. The committee discussed the following measures creating or expanding state income tax credits, state sales tax exemptions, or refunds. Some of the measures are targeted at specific industries, such as renewable energy, aerospace, bioscience, or information technology. The committee's expectation is that the proposals will generate incentives to expand employment, production, or investment in the state. These measures include:

- HB09 - 1001 — Income tax credit for Colorado job growth;
- HB09 - 1035 — Sales and use tax refund for Colorado-based technology companies;
- HB09 - 1105 — Colorado innovation investment tax credit;
- HB09 - 1126 — Incentives for the development of solar thermal energy systems;
- HB09 - 1212 — Temporary sales tax exemption for newly built homes;
- SB09 - 085 — Phase-out of business personal property tax.

(these will be heard today)

- Bill A - #0622 — Include commercial vehicles in enterprise zone income tax credit for investments in certain property;
- Bill B - #0852 — Tax credit for home businesses assessed as non-residential property;
- Bill C - #0641 — Create a statewide enterprise zone; and
- Bill D - #0754 — Expand solar hot water rebate program;
- SB09 - 081 — Sales and use tax exemption for certain machinery used for telecommunications.

Financial or regulatory assistance for specific industries or individuals. The committee discussed the following measures providing grants or loans to certain industries, or changing administrative requirements for targeted professions. The committee's expectation is that these proposals will encourage additional employment, production, or investment in these industries. These measures include:

- HB09 - 1275 — EMT provisional certificate;
- SB09 - 031 — Create the clean technology discovery evaluation grant program;
- SB09 - 067 — Colorado credit reserve program to expand credit for small businesses;
- SB09 - 178 — Waiver of certain eligibility conditions for unemployment insurance;
- Bill E - #0765 — Residential energy improvement loan program;
- Bill F - #0793 — Update the Clean Energy Development Authority; and

(this will be heard today)

- Bill D - #0754 — Expand the solar hot water rebate program.

Renewable energy and clean technology promotion. The committee discussed the following measures that are expected to promote the development of renewable energy and clean technology resources in the state. These measures include:

- HB09 - 1001 — Income tax credit for Colorado job growth;
- HB09 - 1035 — Sales and use tax refund for Colorado-based technology companies;
- HB09 - 1105 — Colorado innovation investment tax credit;
- HB09 - 1126 — Incentives for the development of solar thermal energy systems;
- HB09 - 1149 — Measures to encourage construction of new homes that make cost effective use of solar energy;
- SB09 - 031 — Create the clean technology discovery evaluation grant program;
- SB09 - 171 — New energy economy training programs;
- Bill E - #0765 — Residential energy improvement loan program;
- Bill F - #0793 — Update the Clean Energy Development Authority.

(these will be heard today)

- Bill A - #0622 — Include commercial vehicles in enterprise zone income tax credit for investments in certain property;
- Bill D - #0754 — Expand the solar hot water rebate program; and
- Bill G - #0801 — Transmission infrastructure planning.

Transportation and communications infrastructure. The committee discussed the following transportation- and communications-related measures. The committee's expectation is that these proposals will improve the state's transportation and communications systems, while at the same time providing a stimulus for employment and economic growth throughout the state. These measures include:

- SB09 - 108 — Transportation system planning and funding; and
- SB09 - 162 — Inventory of broadband service areas by chief information officer.

Small business incentives. The committee discussed the following measures aimed at providing financial assistance or tax credits for small businesses in the state. The committee's expectation is that these proposals will encourage job growth and economic growth throughout the state. These measures include:

- HB09 - 1035 — Sales and use tax refund for Colorado-based technology companies;
- HB09 - 1105 — Colorado innovation investment tax credit; and
- SB09 - 067 — Colorado credit reserve program to expand credit for small businesses.

Resource Materials

Meeting summaries were prepared by Legislative Council Staff for each of the seven meetings that were held in January and February of 2009 and contain all handouts provided to the committee. The summaries of meetings and attachments are available at the Division of Archives, 1313 Sherman Street, Denver, (303-866-4900). The listing below contains the dates of committee meetings and the topics discussed at those meetings. Meeting summaries are also available on our website at:

http://www.state.co.us/gov_dir/leg_dir/lcsstaff/2009/comsched/09JobCreation&EconomicGrowthsched.html

Meeting Date and Topics Discussed

January 14, 2009

- ◆ Committee Discussion on Omnibus Transportation Bill

January 16, 2009

- ◆ Presentation by the Colorado Department of Natural Resources
- ◆ Presentation by the Governor's Energy Office
- ◆ Presentation by the Colorado Council on the Arts
- ◆ Public testimony
- ◆ Discussion on proposed legislation

January 23, 2009

- ◆ Comments from committee members and business advisory group members
- ◆ Discussion of questions submitted to the Department of Natural Resources
- ◆ Discussion of proposed legislation
- ◆ Recess to meet with the Colorado Congressional Delegation

January 29, 2009

- ◆ Consideration of proposed committee legislation

January 30, 2009

- ◆ Discussion of proposed legislation
- ◆ Presentation by Colorado Legislative Council Staff on how Colorado compares in state and local taxes
- ◆ Presentation by Colorado Legislative Council Staff on the federal economic stimulus package

- ◆ Presentation by the Division of Property Taxation on residential and commercial property taxes
- ◆ Presentation by the Office of Economic Development and International Trade on enterprise zones

February 6, 2009

- ◆ Presentation by Rick Cables, US Forest Service
- ◆ Consideration of proposed committee legislation

February 13, 2009

- ◆ Consideration of proposed committee legislation