



Colorado  
Legislative  
Council  
Staff

Attachment E

Room 029 State Capitol, Denver, CO 80203-1784  
(303) 866-3521 FAX: 866-3855 TDD: 866-3472

---

MEMORANDUM

February 9, 2009

**TO:** Representatives Tom Massey and Anne McGihon  
**FROM:** Harry Zeid, Principal Fiscal Analyst (303-866-4753)  
**SUBJECT:** Fiscal Assessment of Proposed Amendment **HB1010\_L.001**.

This memorandum is an assessment of the fiscal impact of the attached proposed amendment to **HB09-1010**. This fiscal assessment is for the impact of the bill with inclusion of this amendment only. Any other added amendment could influence the fiscal impact.

**Summary of Proposed Amendment**

As introduced, the tax credit provided in HB09-1010 is up to 20 percent of a production company's total qualified expenditures. The amendment changes the 20 percent tax credit to a 10 percent tax credit. As introduced, the tax credit may be carried forward for up to three years, or the credit may be transferred to one or more taxpayers in amounts of at least \$5,000 per taxpayer. The amendment eliminates these two options and in its place, allows the credit to be fully refunded to the taxpayer if the value of the tax credit exceeds the taxpayer's income tax liability.

**Fiscal Impact of Amendment**

**Revenue.** The aggregate annual value of the income tax credit is capped at \$10 million per year beginning with the 2009 income tax year. As introduced, \$50 million in total qualified expenditures are necessary to reach \$10 million in tax credits issued. With L.001, \$100 million in total qualified expenditures are necessary to reach the \$10 million threshold.

**Expenditures.** As introduced, the bill requires a General Fund expenditure of \$55,852 in FY 2009-10 for the Department of Revenue to implement the income tax credit. By making the credit refundable, rather than transferrable or carried forward for three years, the cost of implementing the bill remains unchanged. Expenditures for the Department of Revenue are based on computer programming costs to add a new line and new accounting item to several income tax forms. These costs will occur whether or not the tax credit is transferable, allowed to be carried forward, or refundable.

## **Bill's Revised Fiscal Impact with Amendment**

As amended, HB09-1010 would be assessed as having a state and local fiscal impact. Expenditures under the bill with L.001 remain the same at \$55,852 General Fund in FY 2009-10. Computer programming costs will be required of the Department of Revenue to provide a line on the income tax forms for individuals and corporations to claim the tax credit.

HOUSE COMMITTEE OF REFERENCE REPORT

\_\_\_\_\_  
Chairman of Committee

\_\_\_\_\_  
Date

Committee on Finance.

After consideration on the merits, the Committee recommends the following:

HB09-1010 be amended as follows:

- 1 Amend printed bill, page 13, line 1, strike "TWENTY" and substitute
- 2 "TEN";
- 3 line 4, strike "SECTION, INCLUDING ANY CREDIT CARRIED" and substitute
- 4 "SECTION";
- 5 strike lines 5 and 6;
- 6 line 25, strike "(a)";
- 7 line 27, after "MAY", insert "NOT" and after the second "BE", insert
- 8 "REFUNDED."
- 9 Strike pages 14 and 15.
- 10 Page 16, strike lines 1 through 10.
- 11 Renumber succeeding subsections accordingly.
- 12 Page 16, line 11, strike "(a)";
- 13 line 17, strike "(I)" and substitute "(a)";
- 14 line 18, strike "(II)" and substitute "(b)";
- 15 line 20, strike "(III)" and substitute "(c)";

- 1 line 22, strike "(IV)" and substitute "(d)";
- 2 strike lines 26 and 27.
- 3 Page 17, strike lines 1 through 12;
- 4 line 16, strike "C.R.S., AND SHALL BE" and substitute "C.R.S.";
- 5 strike line 17.

\*\* \*\* \*\* \*\* \*\*

