

Second Regular Session
Sixty-sixth General Assembly
STATE OF COLORADO

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 08-0714.02 Kristen Forrestal

HOUSE BILL 08-1034

HOUSE SPONSORSHIP

Garza-Hicks and Ferrandino, and McGihon

SENATE SPONSORSHIP

Veiga,

House Committees
Finance

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING CLARIFICATIONS TO EMPLOYER TAX CREDITS FOR**
102 **TAXPAYERS UTILIZING EMPLOYEE LEASING COMPANIES.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Clarifies that taxpayers or aircraft manufacturers are allowed a tax credit for new employees for whom an employee leasing company, as the employing unit or co-employer for the taxpayer or aircraft manufacturer that is the work-site employer, withholds social security, medicare, and income taxes under the employee leasing company's own federal and state taxpayer identification numbers.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

HOUSE
Amended 2nd Reading
January 22, 2008

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** 39-30-105 (5) (c), Colorado Revised Statutes, is
3 amended, and the said 39-30-105 (5) is further amended BY THE
4 ADDITION OF A NEW PARAGRAPH, to read:

5 **39-30-105. Credit for new business facility employees -**
6 **definitions.** (5) (c) For purposes of this section, a partnership, S
7 corporation, limited liability company, or other entity electing not to be
8 taxed as a corporation may pass through the credits earned under this
9 section in any tax year to its participating partners, shareholders, or
10 members, hereinafter referred to as the "investors" of the entity, in any
11 percentage the entity chooses, up to the amount of the credit earned in the
12 tax year. Credits earned but unclaimed in a tax year for which the entity
13 elects to be taxed as a corporation may not be distributed to investors in
14 a later tax year for which the entity elects not to be taxed as a corporation.
15 In any tax year for which the entity elects not to be taxed as a corporation,
16 all credits passed through to investors may be carried forward at the
17 investor level for the carryover periods specified in this section. ~~For~~
18 ~~purposes of this section, a taxpayer may only claim the new business~~
19 ~~facility employee credit for employees for whom the taxpayer withholds~~
20 ~~social security, medicare, and income taxes under the taxpayer's own~~
21 ~~federal and state taxpayer identification numbers.~~

22 (d) FOR PURPOSES OF THIS SECTION, A TAXPAYER MAY ONLY CLAIM
23 THE NEW BUSINESS FACILITY EMPLOYEE CREDIT FOR EMPLOYEES FOR
24 WHOM:

25 (I) THE TAXPAYER WITHHOLDS SOCIAL SECURITY, MEDICARE, AND
26 INCOME TAXES UNDER THE TAXPAYER'S OWN FEDERAL AND STATE

1 TAXPAYER IDENTIFICATION NUMBERS; OR

2 (II) THE TAXPAYER IS THE WORK-SITE EMPLOYER, AS DEFINED IN
3 SECTION 8-70-114 (2) (a) (III), C.R.S., AND AN EMPLOYEE LEASING
4 COMPANY, AS DEFINED IN SECTION 8-70-114 (2) (a) (I), C.R.S., AS THE
5 EMPLOYING UNIT FOR, OR CO-EMPLOYER WITH, THE TAXPAYER,
6 WITHHOLDS SOCIAL SECURITY, MEDICARE, AND INCOME TAXES UNDER THE
7 EMPLOYEE LEASING COMPANY'S OWN FEDERAL AND STATE TAXPAYER
8 IDENTIFICATION NUMBERS.

9 **SECTION 2.** 39-35-104 (6), Colorado Revised Statutes, is
10 amended to read:

11 **39-35-104. Aircraft manufacturer - credit for new employees.**

12 (6) For purposes of this section, an aircraft manufacturer may only claim
13 the new employee credit for employees for whom:

14 (a) The aircraft manufacturer withholds social security, medicare,
15 and income taxes under the aircraft manufacturer's own federal and state
16 taxpayer identification numbers; OR

17 (b) THE AIRCRAFT MANUFACTURER IS THE WORK-SITE EMPLOYER,
18 AS DEFINED IN SECTION 8-70-114 (2) (a) (III), C.R.S., AND AN EMPLOYEE
19 LEASING COMPANY, AS DEFINED IN SECTION 8-70-114 (2) (a) (I), C.R.S.,
20 AS THE EMPLOYING UNIT FOR, OR CO-EMPLOYER WITH, THE AIRCRAFT
21 MANUFACTURER, WITHHOLDS SOCIAL SECURITY, MEDICARE, AND INCOME
22 TAXES UNDER THE EMPLOYEE LEASING COMPANY'S OWN FEDERAL AND
23 STATE TAXPAYER IDENTIFICATION NUMBERS.

24

25 **SECTION 3. Effective date - applicability.** (1) This act shall
26 take effect at 12:01 a.m. on the day following the expiration of the
27 ninety-day period after final adjournment of the general assembly that is

1 allowed for submitting a referendum petition pursuant to article V,
2 section 1 (3) of the state constitution, (August 6, 2008, if adjournment
3 sine die is on May 7, 2008); except that, if a referendum petition is filed
4 against this act or an item, section, or part of this act within such period,
5 then the act, item, section, or part, if approved by the people, shall take
6 effect on the date of the official declaration of the vote thereon by
7 proclamation of the governor.

8 (2) The provisions of this act shall apply to income tax years
9 beginning on or after August 3, 2007.