SB10-162

Colorado Legislative Council Staff Fiscal Note

STATE
FISCAL IMPACT

Drafting Number: LLS 10-0410
Prime Sponsor(s): Sen. Heath
　　　　　　　　　　Rep. Hullinghorst

Date: February 17, 2010
Bill Status: Senate Finance
Fiscal Analyst: Ron Kirk (303-866-4785)

TITLE: CONCERNING MODIFICATIONS TO THE "URBAN AND RURAL ENTERPRISE ZONE ACT" TO IMPROVE THE ACCOUNTABILITY OF INCOME TAX CREDITS ALLOWED BY THE ACT.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012	FY 2012-2013
State Revenue			
State Expenditures* General Fund			$3,803
FTE Position Change			
Effective Date: January 1, 2012, and no referendum petition is filed.			
Appropriation Summary for FY 2010-2011: None.			
Local Government Impact: None.			

* The estimated expenditures do not include costs for computer programming in the Department of Revenue. This fiscal note will be revised as new information becomes available.

Summary of Legislation

　　This bill alters the Colorado Enterprise Zone Program in several ways. It increases the population limit to qualify as an enterprise zone from 80,000 people to 100,000 people for urban zones and from 100,000 people to 150,000 people for rural zones. The bill also requires that the population of an enterprise zone be calculated using data from the most recent federal decennial census at the county, municipal, or block levels.

　　Current law requires the State Auditor to evaluate the program no less than every five years using six broad economic indicators. This bill eliminates the requirement that the auditor use the six indicators and creates a pre-certification process that taxpayers must follow if they intend to claim any of the state income tax credits in place for activities in enterprise zones.

　　Current law does not limit the fees that some enterprise zone administrators charge for programs or projects that have been approved by the Colorado Economic Development Commission. This bill requires each administrator that charges a fee to create a policy regarding the fee to submit to the commission for approval.

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 at least $3,803 in FY 2012-13.

Department of Revenue. The Department of Revenue will incur costs of $3,803 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. Programming costs will also be incurred in FY 2012-13 to capture, store, and track the information on forms DR0074 and DR0076. At this time, the number of computer programming hours required to complete these changes is unknown. This fiscal note will be revised as new information becomes available.

Departments Contacted

Revenue   Local Affairs   Governor   Colorado Counties