

**Second Regular Session  
Sixty-seventh General Assembly  
STATE OF COLORADO**

**PREAMENDED**

*This Unofficial Version Includes Committee  
Amendments Not Yet Adopted on Second Reading*

LLS NO. 10-0837.01 Esther van Mourik

**SENATE BILL 10-133**

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**SENATE SPONSORSHIP**

**Heath and Romer,**

**HOUSE SPONSORSHIP**

**(None),**

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**Senate Committees**

Business, Labor and Technology  
Appropriations

**House Committees**

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**A BILL FOR AN ACT**

101     **CONCERNING THE CREATION OF AN INCOME TAX CREDIT TO**  
102             **INCENTIVIZE COLORADO BUSINESSES TO REHIRE LAID-OFF**  
103             **WORKERS SOONER.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)*

The bill establishes an income tax credit to incentivize Colorado businesses to rehire laid-off workers sooner. The tax credit is available for the income tax year commencing January 1, 2011, only. A qualified taxpayer may claim a credit for each employee the taxpayer rehires, so

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.*

long as the taxpayer submits an affidavit stating that:

- ! Each employee worked for the taxpayer for a full year prior to being laid off, was laid off by the taxpayer in 2009, and is not a new employee but is a former employee who has been rehired;
- ! The employee has been retained by the taxpayer for one full year since the date of rehire; and
- ! Without the credit allowed in the bill the taxpayer would not have rehired the employee by the date he or she was rehired.

The credit may be carried forward for a 5-year period but not refunded. The bill also grants the department of revenue rule-making authority to administer and enforce the credit.

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

2 **SECTION 1.** Part 5 of article 22 of title 39, Colorado Revised  
3 Statutes, is amended BY THE ADDITION OF A NEW SECTION to  
4 read:

5 **39-22-534. Incentive tax credit for rehiring laid-off employees**  
6 **- rules - definitions - repeal.** (1) AS USED IN THIS SECTION, UNLESS THE  
7 CONTEXT OTHERWISE REQUIRES:

8 (a) "AFFILIATED GROUP" SHALL HAVE THE SAME MEANING AS SET  
9 FORTH IN SECTION 39-22-531 (1) (a) (I).

10 (b) "PERSON" SHALL HAVE THE SAME MEANING AS SET FORTH IN  
11 SECTION 39-21-101 (3).

12 (c) "TAXPAYER" MEANS ANY PERSON DOING BUSINESS IN THE  
13 STATE. "TAXPAYER" INCLUDES AN AFFILIATED GROUP.

14 (2) FOR THE INCOME TAX YEAR COMMENCING ON JANUARY 1,  
15 2011, ONLY, THERE SHALL BE ALLOWED TO ANY TAXPAYER AN INCENTIVE  
16 TAX CREDIT AGAINST THE INCOME TAXES IMPOSED BY THIS ARTICLE FOR  
17 REHIRING LAID-OFF EMPLOYEES. A TAXPAYER MAY CLAIM THE CREDIT IN  
18 AN AMOUNT AS SET FORTH IN SUBSECTION (3) OF THIS SECTION.

1           (3) THE CREDIT ALLOWED IN THIS SECTION SHALL BE CALCULATED  
2 AS FOLLOWS:

3           (a) FOR EACH EMPLOYEE WHO WORKED FOR THE TAXPAYER FOR A  
4 FULL YEAR PRIOR TO BEING LAID OFF, WAS LAID OFF DURING THE 2009  
5 CALENDAR YEAR, WAS REHIRED BETWEEN THE EFFECTIVE DATE OF THIS  
6 SECTION AND APRIL 30, 2010, AND WAS EMPLOYED FOR A FULL YEAR  
7 FROM THE DATE OF REHIRE, SIXTY-SIX PERCENT OF THE TAXPAYER'S TOTAL  
8 TAXES IMPOSED ON THE EMPLOYER DURING THE YEAR OF EMPLOYMENT  
9 PURSUANT TO THE "FEDERAL INSURANCE CONTRIBUTIONS ACT", 26  
10 U.S.C. SEC. 3111 (a) AND (b), FOR EACH EMPLOYEE REHIRED.

11           (b) FOR EACH EMPLOYEE WHO WORKED FOR THE TAXPAYER FOR A  
12 FULL YEAR PRIOR TO BEING LAID OFF, WAS LAID OFF DURING THE 2009  
13 CALENDAR YEAR, WAS REHIRED BETWEEN MAY 1, 2010, AND AUGUST 31,  
14 2010, AND WAS EMPLOYED FOR A FULL YEAR FROM THE DATE OF REHIRE,  
15 THIRTY-THREE PERCENT OF THE TAXPAYER'S TOTAL TAXES IMPOSED ON  
16 THE EMPLOYER DURING THE YEAR OF EMPLOYMENT PURSUANT TO THE  
17 "FEDERAL INSURANCE CONTRIBUTIONS ACT", 26 U.S.C. SEC. 3111 (a)  
18 AND (b), FOR EACH EMPLOYEE REHIRED.

19           (4) A TAXPAYER SHALL SUBMIT WITH THE TAXPAYER'S STATE  
20 INCOME TAX RETURN IN WHICH A CREDIT AUTHORIZED IN THIS SECTION IS  
21 CLAIMED AN AFFIDAVIT, SIGNED UNDER PENALTY OF PERJURY, STATING:

- 22           (a) THE TAXPAYER'S NAME;
- 23           (b) THE TAXPAYER'S COLORADO ACCOUNT NUMBER AND FEDERAL  
24 EMPLOYER IDENTIFICATION NUMBER;
- 25           (c) ANY ASSOCIATED TAXPAYER'S NAMES, COLORADO ACCOUNT  
26 NUMBERS, AND FEDERAL EMPLOYER IDENTIFICATION NUMBERS OR SOCIAL  
27 SECURITY NUMBERS, IF THE CREDIT ALLOWED IN THIS SECTION IS

1 ALLOCATED FROM A PASS-THROUGH ENTITY PURSUANT TO SUBSECTION (6)  
2 OF THIS SECTION;

3 (d) THE NUMBER OF EMPLOYEES REHIRED;

4 (e) THE DATE EACH EMPLOYEE WAS REHIRED;

5 (f) THAT EACH EMPLOYEE WAS PREVIOUSLY LAID OFF BY THE  
6 TAXPAYER DURING THE 2009 CALENDAR YEAR AND IS NOT A NEW  
7 EMPLOYEE BUT IS A FORMER EMPLOYEE WHO WORKED FOR THE TAXPAYER  
8 FOR A FULL YEAR PRIOR TO BEING LAID OFF AND WHO HAS BEEN REHIRED;

9 (g) THAT EACH EMPLOYEE HAS BEEN RETAINED BY THE TAXPAYER  
10 FOR ONE FULL YEAR SINCE THE DATE OF REHIRE; AND

11 (h) THAT WITHOUT THE CREDIT ALLOWED IN THIS SECTION THE  
12 TAXPAYER WOULD NOT HAVE REHIRED THE EMPLOYEE BY THE DATE  
13 SPECIFIED IN PARAGRAPH (e) OF THIS SUBSECTION (4).

14 (5) IF THE AMOUNT OF THE CREDIT ALLOWED IN THIS SECTION  
15 EXCEEDS THE AMOUNT OF INCOME TAXES OTHERWISE DUE ON THE  
16 TAXPAYER'S INCOME IN THE INCOME TAX YEAR FOR WHICH THE CREDIT IS  
17 BEING CLAIMED, THE AMOUNT OF THE CREDIT NOT USED AS AN OFFSET  
18 AGAINST INCOME TAXES IN THE CURRENT INCOME TAX YEAR MAY BE  
19 CARRIED FORWARD AND USED AS A CREDIT AGAINST SUBSEQUENT YEARS'  
20 INCOME TAX LIABILITY FOR A PERIOD NOT TO EXCEED FIVE YEARS AND  
21 SHALL BE APPLIED FIRST TO THE EARLIEST INCOME TAX YEARS POSSIBLE.  
22 ANY CREDIT REMAINING AFTER SAID PERIOD SHALL NOT BE REFUNDED OR  
23 CREDITED TO THE TAXPAYER.

24 (6) IF A TAXPAYER RECEIVING A CREDIT ALLOWED IN THIS SECTION  
25 IS A PARTNERSHIP, LIMITED LIABILITY COMPANY, S CORPORATION, OR  
26 SIMILAR PASS-THROUGH ENTITY, THE TAXPAYER MAY ALLOCATE THE  
27 CREDIT AMONG ITS PARTNERS, SHAREHOLDERS, MEMBERS, OR OTHER

1     CONSTITUENT TAXPAYERS IN ANY MANNER AGREED TO BY SUCH  
2     PARTNERS, SHAREHOLDERS, MEMBERS, OR OTHER CONSTITUENT  
3     TAXPAYERS. THE TAXPAYER SHALL CERTIFY TO THE DEPARTMENT OF  
4     REVENUE THE AMOUNT OF THE CREDIT ALLOCATED TO EACH PARTNER,  
5     SHAREHOLDER, MEMBER, OR OTHER CONSTITUENT TAXPAYER. EACH  
6     PARTNER, SHAREHOLDER, MEMBER, OR OTHER CONSTITUENT TAXPAYER  
7     SHALL BE ALLOWED TO CLAIM SUCH AMOUNT SUBJECT TO ANY  
8     RESTRICTIONS SET FORTH IN THIS SECTION.

9             (7) THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF REVENUE  
10     MAY PROMULGATE RULES AS MAY BE NECESSARY TO ADMINISTER AND  
11     ENFORCE ANY PROVISION OF THIS SECTION. THE RULES SHALL BE  
12     PROMULGATED IN ACCORDANCE WITH ARTICLE 4 OF TITLE 24, C.R.S.

13             (8) ANY TAXPAYER WHO OFFSETS A TAX DEFICIENCY WITH A  
14     CREDIT ALLOWED IN THIS SECTION THAT IS DISALLOWED PURSUANT TO  
15     THIS SECTION SHALL BE LIABLE FOR SUCH TAX DEFICIENCY, INTEREST, AND  
16     PENALTIES AS MAY BE SPECIFIED IN THIS ARTICLE OR OTHERWISE  
17     PROVIDED BY LAW.

18             (9) THIS SECTION IS REPEALED, EFFECTIVE JANUARY 1, 2025.

19             **SECTION 2. Safety clause.** The general assembly hereby finds,  
20     determines, and declares that this act is necessary for the immediate  
21     preservation of the public peace, health, and safety.