

**JBC STAFF FISCAL ANALYSIS  
SENATE APPROPRIATIONS COMMITTEE**

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

Prime Sponsors: Sens. Heath and Romer

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**Summary of Amendments Made to the Bill After the 02/18/10 Legislative Council Staff Revised Fiscal Note Was Prepared**

None.

**JBC Staff Concurrence with Legislative Council Staff Fiscal Note**

**Concurs**                       **Does Not Concur**                       **Updated Analysis**

**Amendments/Appropriation Status**

The bill neither requires nor contains an appropriation clause for FY 2010-11.

**Bill Sponsor Amendments**

Sponsor amendment **L.003** (attached) clarifies that the tax credit can only be claimed by an employer, if the employer states that the rehire would not have occurred without the tax credit. Amendment **L.003** requires the employer to rehire an employee:

- Prior to May 31, 2010 in order to claim a credit equal to 66.0 percent of the employer's Federal Insurance Contributions Act (FICA) taxes; or,
- Between June 1, 2010 and September 30, 2010 in order to claim a credit equal to 33.0 percent of the employer's FICA taxes.

As outlined in the Legislative Council Staff Memorandum, dated March 16, 2010 (attached), **L.003** would have the following fiscal impacts:

- Reduce General Fund revenue by \$3.1 million in FY 2010-11 and by \$3.1 million in FY 2011-12.
- The Department of Revenue will require \$45,049 General Fund and 0.3 FTE in FY 2011-12 to administer the tax credit.

**Points to Consider**

1. The general appropriations bill for FY 2010-11 has not yet been introduced. Based on Legislative Council Staff's December 2009 revenue projection, adjusted to reflect supplemental appropriation bills and revenue enhancement bills passed to date, General Fund revenues will fall about \$550 million short of funding General Fund obligations in FY 2010-11. This bill is anticipated to reduce General Fund revenues in FY 2010-11 by \$4.0 million (or \$3.1 million if L.003 is adopted), thereby increasing the magnitude of reductions required in other state programs and services.
2. The Department of Revenue will require \$48,494 General Fund and 0.4 FTE in FY 2011-12 to administer the tax credit.