



Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 11-1053
Prime Sponsor(s): Rep. Sonnenberg

Date: May 2, 2011
Bill Status: House Economic & Business Development
Fiscal Analyst: Harry Zeid (303-866-4753)

TITLE: CONCERNING A REPEAL OF THE REQUIREMENT THAT A TAXPAYER LOCATED IN AN ENTERPRISE ZONE OBTAIN PRE-CERTIFICATION PRIOR TO ENGAGING IN AN ACTIVITY FOR WHICH THE TAXPAYER INTENDS TO CLAIM AN ENTERPRISE ZONE TAX CREDIT.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
State Revenue General Fund	Potential Decrease (See State Revenue Section)	
State Expenditures		
FTE Position Change		
Effective Date: August 10, 2011, if the General Assembly adjourns on May 11, 2011, as scheduled, and no referendum petition is filed.		
Appropriation Summary for FY 2011-2012: None required.		
Local Government Impact: None.		

Summary of Legislation

This bill repeals the requirement in current law that a taxpayer located in an enterprise zone obtain pre-certification prior to engaging in an activity for which the taxpayer intends to claim an enterprise zone tax credit.

Background

Current law requires that, beginning January 1, 2012, a taxpayer that does business in an enterprise zone must first obtain pre-certification from the enterprise zone administrator before engaging in an activity for which the taxpayer intends to claim an enterprise zone tax credit. Current law also requires that a taxpayer that completes an activity prior to January 1, 2012, for which the taxpayer intends to claim an enterprise zone tax credit, shall submit to the enterprise zone administrator by December 31, 2012, any information related to the completed activity that is necessary to receive certification. If the certification requirement is not met, a credit will not be authorized for the credit claim.

State Revenue

Repeal of the pre-certification requirement of current law may lead to an increase in the number and value of enterprise zone credits claimed. In certain instances, a taxpayer who would not be eligible to claim an enterprise zone tax credit because pre-certification from the enterprise zone administrator had not first been obtained, will be eligible to claim a credit under HB11-1314. As a result, an indeterminate decrease in General Fund revenue may occur beginning in FY 2011-12.

Departments Contacted

Governor's Office

Revenue