

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

**PREAMENDED**

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

LLS NO. 12-0606.01 Esther van Mourik x4215

**HOUSE BILL 12-1241**

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**HOUSE SPONSORSHIP**

**Ferrandino**, Hullinghorst, Court, Fischer, Labuda, Levy, Pabon, Singer

**SENATE SPONSORSHIP**

**(None)**,

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**House Committees**  
Finance

**Senate Committees**

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**A BILL FOR AN ACT**

101 **CONCERNING ENTERPRISE ZONE DESIGNATIONS.**

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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 requires any new enterprise zone designation to meet at least 2 of the criteria currently listed in statute, rather than at least one. Additionally, the bill requires the director of the Colorado office of economic development (director) and the Colorado economic development commission (commission) to review the enterprise zone designations at least once every 5 years to ensure that the existing zones continue to meet those criteria. As a part of each 5-year review, the

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.

director and the commission are required to analyze the annual documentation of efforts required by law. The bill allows the director and the commission to make changes or terminate existing enterprise zone designations based on the review. If it is determined that existing enterprise zone designations need to change or be terminated, the change or termination shall not be undertaken in a high unemployment period. The bill requires any changes or terminations to be reported to the legislative audit committee and the finance committees of the house of representatives and the senate. The bill allows the director and the commission to make recommendations for improved or different criteria to be used for the designation of an enterprise zone. Any recommendations are required to be presented to the legislative audit committee in conjunction with the annual presentation already required by law and reported to the finance committees of the house of representatives and the senate. The bill requires the director of the Colorado economic development commission to notify the state auditor when the review is completed. The state auditor is then required to commence a performance audit of the review undertaken and to submit a report to the governor and general assembly. The bill also requires all enterprise zones to comply with the requirement to submit annual documentation of efforts to improve economic conditions.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-30-103, **amend**  
3 (1) (a), (1.3), (2), and (4) (b) introductory portion as follows:

4 **39-30-103. Zones established - review - termination - repeal.**

5 (1) Any municipality, county, or group of contiguous municipalities or  
6 counties may propose an area of such municipality, county, or group of  
7 municipalities or counties to be designated as an enterprise zone if the  
8 area has a population of no more than one hundred fifteen thousand  
9 persons as calculated pursuant to subsection (1.3) of this section, or one  
10 hundred fifty thousand persons as calculated pursuant to subsection (1.3)  
11 of this section if the area is a rural area, and meets at least one of the  
12 following additional criteria:

13 (a) An ~~unemployment rate at least twenty-five percent above the~~

1 state average for the most recent period of twelve consecutive months for  
2 which data is available from the department of labor and employment  
3 AREA FOR WHICH THE SEASONALLY ADJUSTED U-3 UNEMPLOYMENT RATE,  
4 OR SUCCESSOR INDEX, IS AT LEAST TWENTY-FIVE PERCENT ABOVE THE  
5 CORRESPONDING AVERAGE RATE FOR THE STATE OF COLORADO OF THE  
6 MOST RECENT PERIOD OF TWELVE CONSECUTIVE MONTHS FOR WHICH DATA  
7 IS PUBLISHED BY THE UNITED STATES SECRETARY OF LABOR;

8 (1.3) For the purposes of this article, the population of an  
9 enterprise zone shall be calculated using data from the most recent federal  
10 decennial UNITED STATES census BUREAU OR THE DEPARTMENT OF LOCAL  
11 AFFAIRS at the county, municipal, or block levels. Such calculations that  
12 require the use of block level data shall include the entire population of  
13 each block in which the enterprise zone is located.

14 (2) (a) EXCEPT AS PROVIDED IN PARAGRAPHS (b) AND (c) OF THIS  
15 SUBSECTION (2), the director of the Colorado office of economic  
16 development shall determine whether an area meets the criteria specified  
17 in subsection (1) of this section based on the most recent statistics  
18 available. EXCEPT AS PROVIDED IN PARAGRAPHS (b) AND (c) OF THIS  
19 SUBSECTION (2), all decisions concerning the designation or termination  
20 of an enterprise zone or any portion of an enterprise zone shall be made  
21 by the Colorado economic development commission created in section  
22 24-46-102, C.R.S., upon the recommendations of the director of the  
23 Colorado office of economic development.

24 (b) (I) IN ORDER TO REVIEW THE EFFECTIVENESS OF THE "URBAN  
25 AND RURAL ENTERPRISE ZONE ACT", THERE IS HEREBY CREATED AN  
26 ENTERPRISE ZONE REVIEW TASK FORCE, REFERRED TO IN THIS PARAGRAPH  
27 (b) AS THE "TASK FORCE".

1 (II) THE TASK FORCE CONSISTS OF THIRTEEN MEMBERS AS  
2 FOLLOWS:

3 (A) THE DIRECTOR OF THE OFFICE OF ECONOMIC DEVELOPMENT OR  
4 THE DIRECTOR'S DESIGNEE; AND SUCH MEMBER SHALL SERVE AS CHAIR OF  
5 THE TASK FORCE;

6 (B) FOUR ZONE ADMINISTRATORS REPRESENTING VARIOUS PARTS  
7 OF THE STATE WITH VARIOUS POPULATION DENSITIES;

8 (C) TWO ECONOMIC DEVELOPMENT PROFESSIONALS;

9 (D) THE DIRECTOR OF THE DEPARTMENT OF REVENUE OR THE  
10 DIRECTOR'S DESIGNEE;

11 (E) THREE BUSINESS OWNERS, ONE WITH FEWER THAN FIFTY  
12 EMPLOYEES, ONE WITH FIFTY TO ONE HUNDRED AND FIFTY EMPLOYEES,  
13 AND ONE WITH MORE THAN ONE HUNDRED FIFTY EMPLOYEES; AND

14 (F) TWO PERSONS KNOWLEDGEABLE ABOUT THE STATE'S BUDGET  
15 ISSUES.

16 (III) THE MEMBERS OF THE TASK FORCE SHALL BE APPOINTED BY  
17 THE OFFICE OF ECONOMIC DEVELOPMENT ON OR BEFORE JULY 1, 2012.

18 (IV) MEMBERS OF THE TASK FORCE SHALL SERVE AT THE WILL OF  
19 THE PERSON APPOINTING THE MEMBER.

20 (V) MEMBERS OF THE TASK FORCE SHALL NOT BE COMPENSATED  
21 FOR OR REIMBURSED FOR THEIR EXPENSES INCURRED IN ATTENDING  
22 MEETINGS OF THE TASK FORCE.

23 (VI) THE TASK FORCE SHALL MEET AS OFTEN AS NECESSARY AND  
24 MAY ADOPT POLICIES AND PROCEDURES NECESSARY TO CARRY OUT ITS  
25 DUTIES.

26 (VII) THE TASK FORCE SHALL REVIEW:

27 (A) THE CRITERIA FOR DESIGNATION OF AN ENTERPRISE ZONE;

1 (B) THE TAX CREDITS AVAILABLE IN THIS ARTICLE TO ASSESS THEIR  
2 EFFECTIVENESS IN ACHIEVING THE PURPOSES OF THE ENTERPRISE ZONES  
3 AND EXPANDING ECONOMIC DEVELOPMENT IN SUCH ZONES; AND

4 (C) ALL OTHER ISSUES RELATED TO ENTERPRISE ZONES THAT THE  
5 TASK FORCE FINDS NECESSARY.

6 (VIII) THE TASK FORCE SHALL REPORT ITS PROGRESS, FINDINGS,  
7 AND RECOMMENDATIONS TO THE FINANCE COMMITTEES OF THE HOUSE OF  
8 REPRESENTATIVES AND THE SENATE, THE HOUSE ECONOMIC AND BUSINESS  
9 DEVELOPMENT COMMITTEE, AND THE SENATE BUSINESS, LABOR, AND  
10 TECHNOLOGY COMMITTEE, OR ANY SUCCESSOR COMMITTEES, ON OR  
11 BEFORE NOVEMBER 1, 2013.

12 (IX) (A) THIS PARAGRAPH (b) IS REPEALED, EFFECTIVE JULY 1,  
13 2014.

14 (B) PRIOR TO SAID REPEAL, THE TASK FORCE CREATED PURSUANT  
15 TO THIS SECTION SHALL BE REVIEWED AS PROVIDED IN SECTION 2-3-1203,  
16 C.R.S.

17 (c) (I) COMMENCING JANUARY 1, 2016, THE DIRECTOR OF THE  
18 COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND THE COLORADO  
19 ECONOMIC DEVELOPMENT COMMISSION SHALL REVIEW THE ENTERPRISE  
20 ZONE DESIGNATIONS NO LESS FREQUENTLY THAN ONCE EVERY FIVE YEARS  
21 TO ENSURE THAT THE EXISTING ZONES CONTINUE TO MEET THE CRITERIA  
22 SPECIFIED IN SUBSECTION (1) OF THIS SECTION. THE DIRECTOR AND THE  
23 COMMISSION MAY MODIFY EXISTING ENTERPRISE ZONE DESIGNATIONS  
24 BASED ON THE REVIEW SPECIFIED IN THIS PARAGRAPH (c). IF IT IS  
25 DETERMINED THAT EXISTING ENTERPRISE ZONE DESIGNATIONS NEED TO BE  
26 MODIFIED, SUCH MODIFICATION SHALL NOT BE UNDERTAKEN IN A HIGH  
27 UNEMPLOYMENT PERIOD. ANY MODIFICATION SHALL BE REPORTED TO THE

1 LEGISLATIVE AUDIT COMMITTEE IN CONJUNCTION WITH THE ANNUAL  
2 PRESENTATION DESCRIBED IN PARAGRAPH (b.7) OF SUBSECTION (4) OF THIS  
3 SECTION, AND SHALL ALSO BE REPORTED TO THE FINANCE COMMITTEES OF  
4 THE HOUSE OF REPRESENTATIVES AND THE SENATE, OR ANY SUCCESSOR  
5 COMMITTEES.

6 (II) FOR PURPOSES OF THIS SECTION, "HIGH UNEMPLOYMENT  
7 PERIOD" MEANS A PERIOD IN WHICH THE AVERAGE OF THE SEASONALLY  
8 ADJUSTED U-3 UNEMPLOYMENT RATE, OR SUCCESSOR INDEX, FOR  
9 COLORADO AS DETERMINED BY THE UNITED STATES SECRETARY OF  
10 LABOR, FOR THE MOST RECENT THREE MONTHS FOR WHICH DATA FOR  
11 COLORADO IS PUBLISHED, EQUALS OR EXCEEDS EIGHT PERCENT.

12 (4) (b) ~~For any area designated as an enterprise zone or as a~~  
13 ~~portion of an enterprise zone prior to July 1, 1999,~~ The Colorado  
14 economic development commission shall work with the zone  
15 ~~administrator~~ ADMINISTRATORS OF EACH ENTERPRISE ZONE to ensure that  
16 ~~the area~~ EACH ZONE has specific economic development objectives with  
17 outcomes that can be measured with specific, verifiable data. The director  
18 of the Colorado office of economic development shall require the zone  
19 administrators for each zone to submit annual documentation of efforts  
20 to improve conditions in areas designated as enterprise zones and the  
21 results of those efforts. Such annual documentation shall include specific,  
22 verifiable data that can be used to measure whether the zone has achieved  
23 the specific economic development objectives for the zone that have  
24 measurable outcomes. In order for the commission to determine if the  
25 enterprise zones or portions thereof are achieving the specific economic  
26 development objectives submitted pursuant to this paragraph (b) or to  
27 paragraph (d) of subsection (3) of this section, such annual documentation

1 shall include, but need not be limited to, the most recent statistics  
2 available for companies claiming enterprise zone tax credits on:

3 **SECTION 2.** In Colorado Revised Statutes, 2-3-1203, **add** (3)  
4 (aa) (VI) as follows:

5 **2-3-1203. Sunset review of advisory committees.** (3) The  
6 following dates are the dates for which the statutory authorization for the  
7 designated advisory committees is scheduled for repeal:

8 (aa) July 1, 2014:

9 (VI) THE ENTERPRISE ZONE REVIEW TASK FORCE, CREATED IN  
10 SECTION 39-30-103, C.R.S.;

11 **SECTION 3. Safety clause.** The general assembly hereby finds,  
12 determines, and declares that this act is necessary for the immediate  
13 preservation of the public peace, health, and safety.