

HOUSE COMMITTEE OF REFERENCE REPORT

Chairman of Committee

February 29, 2012
Date

Committee on Finance.

After consideration on the merits, the Committee recommends the following:

HB12-1241 be amended as follows, and as so amended, be referred to the Committee of the Whole with favorable recommendation:

1 Amend printed bill, strike everything below the enacting clause and
2 substitute:

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

5 **39-30-103. Zones established - review - termination - repeal.**

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

14 (a) ~~An unemployment rate at least twenty-five percent above the~~
15 ~~state average for the most recent period of twelve consecutive months for~~
16 ~~which data is available from the department of labor and employment~~
17 AREA FOR WHICH THE SEASONALLY ADJUSTED U-3 UNEMPLOYMENT RATE,
18 OR SUCCESSOR INDEX, IS AT LEAST TWENTY-FIVE PERCENT ABOVE THE
19 CORRESPONDING AVERAGE RATE FOR THE STATE OF COLORADO OF THE
20 MOST RECENT PERIOD OF TWELVE CONSECUTIVE MONTHS FOR WHICH DATA
21 IS PUBLISHED BY THE UNITED STATES SECRETARY OF LABOR;

22 (1.3) For the purposes of this article, the population of an
23 enterprise zone shall be calculated using data from the ~~most recent federal~~
24 ~~decennial~~ UNITED STATES census BUREAU OR THE DEPARTMENT OF LOCAL

1 AFFAIRS at the county, municipal, or block levels. Such calculations that
2 require the use of block level data shall include the entire population of
3 each block in which the enterprise zone is located.

4 (2) (a) EXCEPT AS PROVIDED IN PARAGRAPHS (b) AND (c) OF THIS
5 SUBSECTION (2), the director of the Colorado office of economic
6 development shall determine whether an area meets the criteria specified
7 in subsection (1) of this section based on the most recent statistics
8 available. EXCEPT AS PROVIDED IN PARAGRAPHS (b) AND (c) OF THIS
9 SUBSECTION (2), all decisions concerning the designation or termination
10 of an enterprise zone or any portion of an enterprise zone shall be made
11 by the Colorado economic development commission created in section
12 24-46-102, C.R.S., upon the recommendations of the director of the
13 Colorado office of economic development.

14 (b) (I) IN ORDER TO REVIEW THE EFFECTIVENESS OF THE "URBAN
15 AND RURAL ENTERPRISE ZONE ACT", THERE IS HEREBY CREATED AN
16 ENTERPRISE ZONE REVIEW TASK FORCE, REFERRED TO IN THIS PARAGRAPH
17 (b) AS THE "TASK FORCE".

18 (II) THE TASK FORCE CONSISTS OF THIRTEEN MEMBERS AS
19 FOLLOWS:

20 (A) THE DIRECTOR OF THE OFFICE OF ECONOMIC DEVELOPMENT OR
21 THE DIRECTOR'S DESIGNEE; AND SUCH MEMBER SHALL SERVE AS CHAIR OF
22 THE TASK FORCE;

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

25 (C) TWO ECONOMIC DEVELOPMENT PROFESSIONALS;

26 (D) THE DIRECTOR OF THE DEPARTMENT OF REVENUE OR THE
27 DIRECTOR'S DESIGNEE;

28 (E) THREE BUSINESS OWNERS, ONE WITH FEWER THAN FIFTY
29 EMPLOYEES, ONE WITH FIFTY TO ONE HUNDRED AND FIFTY EMPLOYEES,
30 AND ONE WITH MORE THAN ONE HUNDRED FIFTY EMPLOYEES; AND

31 (F) TWO PERSONS KNOWLEDGEABLE ABOUT THE STATE'S BUDGET
32 ISSUES.

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

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

37 (V) MEMBERS OF THE TASK FORCE SHALL NOT BE COMPENSATED
38 FOR OR REIMBURSED FOR THEIR EXPENSES INCURRED IN ATTENDING
39 MEETINGS OF THE TASK FORCE.

40 (VI) THE TASK FORCE SHALL MEET AS OFTEN AS NECESSARY AND
41 MAY ADOPT POLICIES AND PROCEDURES NECESSARY TO CARRY OUT ITS
42 DUTIES.

1 (VII) THE TASK FORCE SHALL REVIEW:
2 (A) THE CRITERIA FOR DESIGNATION OF AN ENTERPRISE ZONE;
3 (B) THE TAX CREDITS AVAILABLE IN THIS ARTICLE TO ASSESS THEIR
4 EFFECTIVENESS IN ACHIEVING THE PURPOSES OF THE ENTERPRISE ZONES
5 AND EXPANDING ECONOMIC DEVELOPMENT IN SUCH ZONES; AND
6 (C) ALL OTHER ISSUES RELATED TO ENTERPRISE ZONES THAT THE
7 TASK FORCE FINDS NECESSARY.

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

14 (IX) (A) THIS PARAGRAPH (b) IS REPEALED, EFFECTIVE JULY 1,
15 2014.

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

19 (c) (I) COMMENCING JANUARY 1, 2016, THE DIRECTOR OF THE
20 COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND THE COLORADO
21 ECONOMIC DEVELOPMENT COMMISSION SHALL REVIEW THE ENTERPRISE
22 ZONE DESIGNATIONS NO LESS FREQUENTLY THAN ONCE EVERY FIVE YEARS
23 TO ENSURE THAT THE EXISTING ZONES CONTINUE TO MEET THE CRITERIA
24 SPECIFIED IN SUBSECTION (1) OF THIS SECTION. THE DIRECTOR AND THE
25 COMMISSION MAY MODIFY EXISTING ENTERPRISE ZONE DESIGNATIONS
26 BASED ON THE REVIEW SPECIFIED IN THIS PARAGRAPH (c). IF IT IS
27 DETERMINED THAT EXISTING ENTERPRISE ZONE DESIGNATIONS NEED TO BE
28 MODIFIED, SUCH MODIFICATION SHALL NOT BE UNDERTAKEN IN A HIGH
29 UNEMPLOYMENT PERIOD. ANY MODIFICATION SHALL BE REPORTED TO THE
30 LEGISLATIVE AUDIT COMMITTEE IN CONJUNCTION WITH THE ANNUAL
31 PRESENTATION DESCRIBED IN PARAGRAPH (b.7) OF SUBSECTION (4) OF THIS
32 SECTION, AND SHALL ALSO BE REPORTED TO THE FINANCE COMMITTEES OF
33 THE HOUSE OF REPRESENTATIVES AND THE SENATE, OR ANY SUCCESSOR
34 COMMITTEES.

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

41 ~~(4) (b) For any area designated as an enterprise zone or as a~~
42 ~~portion of an enterprise zone prior to July 1, 1999, The Colorado~~

1 economic development commission shall work with the zone
2 ~~administrator~~ ADMINISTRATORS OF EACH ENTERPRISE ZONE to ensure that
3 ~~the area~~ EACH ZONE has specific economic development objectives with
4 outcomes that can be measured with specific, verifiable data. The director
5 of the Colorado office of economic development shall require the zone
6 administrators for each zone to submit annual documentation of efforts
7 to improve conditions in areas designated as enterprise zones and the
8 results of those efforts. Such annual documentation shall include specific,
9 verifiable data that can be used to measure whether the zone has achieved
10 the specific economic development objectives for the zone that have
11 measurable outcomes. In order for the commission to determine if the
12 enterprise zones or portions thereof are achieving the specific economic
13 development objectives submitted pursuant to this paragraph (b) or to
14 paragraph (d) of subsection (3) of this section, such annual documentation
15 shall include, but need not be limited to, the most recent statistics
16 available for companies claiming enterprise zone tax credits on:

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

19 **2-3-1203. Sunset review of advisory committees.** (3) The
20 following dates are the dates for which the statutory authorization for the
21 designated advisory committees is scheduled for repeal:

22 (aa) July 1, 2014:

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

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

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