

**STATE
FISCAL IMPACT**

Drafting Number: LLS 13-0085
Prime Sponsor(s): Rep. Holbert
 Sen. Harvey

Date: February 5, 2013
Bill Status: House Finance
Fiscal Analyst: Jonathan Senft (303-866-3523)

TITLE: CONCERNING MODIFICATIONS TO THE COLORADO AIRCRAFT MANUFACTURER NEW EMPLOYEE INCOME TAX CREDIT.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014	FY 2014-2015
State Revenue General Fund	(\$5,400)	(\$10,800)	(\$10,800)
State Expenditures			
FTE Position Change			
Effective Date: August 7, 2013, if the General Assembly adjourns on May 8, 2013, as scheduled, and no referendum petition is filed.			
Appropriation Summary for FY 2013-2014: None required.			
Local Government Impact: None.			

Summary of Legislation

This bill expands the type of industries that can claim the Aircraft Manufacturer New Employee Tax Credit on or after January 1, 2013. Specifically, this bill includes companies involved with the maintenance and repair, completion, or modification of aircraft. Under current law, the tax credit is limited to new employees of aircraft manufacturing companies, and excludes those involved in aircraft maintenance. This bill applies to tax years through 2023.

State Revenue

For the current fiscal year, this bill is expected to reduce general fund revenue by at least \$5,400. Beginning in FY 2013-14, the reduction is estimated to be at least \$10,800. In accordance with historical data of airplane maintenance firms, and how this tax credit has been used statewide, this bill is expected to add nine employee tax credits annually. The actual impact will depend on the number of new maintenance and repair employees. Each company can claim a maximum of \$1,200 for this type of tax credit per employee. The tax credit can only be claimed in the year the employee is hired.

State Expenditures

This bill may increase expenditures within the Governor's Office of Economic Development and International Trade (OEDIT) and the Department of Revenue by a minimal amount. Any company claiming the Aircraft Manufacturer Tax Credit is required to report details of the tax credit to these departments. These details must include the total amount of tax credits claimed, and the compensation and term of the new employees under the tax credit, among other information. Expenditures related to the review of these submissions are expected to be minimal and can be absorbed within existing appropriations.

Departments Contacted

Governor's Office

Local Affairs

Revenue