

First Regular Session
Seventieth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 15-0968.01 Esther van Mourik x4215

HOUSE BILL 15-1366

HOUSE SPONSORSHIP

Pabon and Willett,

SENATE SPONSORSHIP

Balmer,

House Committees
Finance

Senate Committees

A BILL FOR AN ACT

101 CONCERNING THE EXPANSION OF THE COLORADO JOB GROWTH
102 INCENTIVE TAX CREDIT TO ALLOW CREDITS FOR BUSINESSES
103 THAT ENTER INTO A QUALIFIED PARTNERSHIP WITH A STATE
104 INSTITUTION OF HIGHER EDUCATION.

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 allows a taxpayer to receive an income tax credit through the existing job growth incentive tax credit commencing on or after January 1, 2015, if the project will be a qualified partnership between 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.

taxpayer and a state institution of higher education, is located on or within one mile of the campus of or on other property owned by the state institution of higher education, and brings a net job growth of at least 5 new jobs to the state with an average yearly wage of at least 100% of the statewide average yearly wage.

The bill also specifies that if the project is a qualified partnership then:

- ! The Colorado economic development commission need not determine that the credit is a major factor in the taxpayer's decision to locate or retain the project in Colorado;
- ! The taxpayer need not identify the cost differential in the projected costs of the project compared to the projected costs if the were project commenced in a competing state; and
- ! The taxpayer need not provide documentation to demonstrate that the credit is a major factor in the decision to locate the project in the state.

Additionally, the bill specifies that if the project is a qualified partnership and the taxpayer is a business that has operated for 5 or fewer years in the state and did not relocate to the state from another state, then the credit is refundable.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-22-531, **amend**
3 (3) (a) introductory portion, (3) (a) (I) (A), (3) (a) (III) (B), (3) (b)
4 introductory portion, (3) (b) (II) introductory portion, (3) (b) (IV)
5 introductory portion, and (6); and **add** (1) (h.3), (1) (h.5), and (3) (a) (I)
6 (C) as follows:

7 **39-22-531. Colorado job growth incentive tax credit - rules -**
8 **definitions - repeal.** (1) As used in this section, unless the context
9 otherwise requires:

10 (h.3) "QUALIFIED PARTNERSHIP" MEANS AN AGREEMENT BETWEEN
11 THE TAXPAYER AND A STATE INSTITUTION OF HIGHER EDUCATION THAT
12 ALIGNS WITH OR FURTHERS THE ACADEMIC MISSION OF THE STATE
13 INSTITUTION OF HIGHER EDUCATION, RESULTS IN POSITIVE BENEFITS FOR

1 THE COMMUNITY AND THE LOCAL ECONOMY, AND ALLOWS A TAXPAYER TO
2 UTILIZE THE FOLLOWING FOR A PROJECT:

3 (I) THE TANGIBLE INTELLECTUAL PROPERTY OF THE STATE
4 INSTITUTION OF HIGHER EDUCATION;

5 (II) THE BODY OF ACADEMIC KNOWLEDGE AND EXPERT SKILLS OF
6 THE STATE INSTITUTION OF HIGHER EDUCATION; OR

7 (III) ANY SPECIALIZED EQUIPMENT OWNED OR DEVELOPED BY THE
8 STATE INSTITUTION OF HIGHER EDUCATION.

9 (h.5) "STATE INSTITUTION OF HIGHER EDUCATION" MEANS A STATE
10 INSTITUTION OF HIGHER EDUCATION AS DEFINED IN SECTION 23-18-102
11 (10), C.R.S.

12 (3) The commission may approve any job growth incentive tax
13 credits allowed pursuant to subsection (2) of this section subject to the
14 following:

15 (a) During a credit period a project ~~shall~~ MUST:

16 (I) (A) For income tax years commencing before January 1, 2014,
17 except as provided in ~~sub-subparagraph~~ SUB-SUBPARAGRAPHS (B) AND
18 (C) of this subparagraph (I), bring a net job growth of at least twenty new
19 jobs to the state with an average yearly wage of at least one hundred ten
20 percent of the average yearly wage of the county in which the taxpayer is
21 located and, for income tax years commencing on or after January 1,
22 2014, except as provided in ~~sub-subparagraph~~ SUB-SUBPARAGRAPHS (B)
23 AND (C) of this subparagraph (I), bring a net job growth of at least twenty
24 new jobs to the state with an average yearly wage of at least one hundred
25 percent of the average yearly wage of the county in which the taxpayer is
26 located.

27 (C) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY

1 1, 2015, IF THE PROJECT IS A QUALIFIED PARTNERSHIP THE PROJECT MUST
2 BRING A NET JOB GROWTH OF AT LEAST FIVE NEW JOBS TO THE STATE WITH
3 AN AVERAGE YEARLY WAGE OF AT LEAST ONE HUNDRED PERCENT OF THE
4 STATEWIDE AVERAGE YEARLY WAGE, BE LOCATED ON OR WITHIN ONE MILE
5 OF THE CAMPUS OF OR ON OTHER PROPERTY OWNED BY THE STATE
6 INSTITUTION OF HIGHER EDUCATION, AND INCLUDE A DESCRIPTION OF THE
7 PROJECT'S ALIGNMENT WITH OR FURTHERANCE OF THE ACADEMIC MISSION
8 OF THE STATE INSTITUTION OF HIGHER EDUCATION.

9 (III) (B) For income tax years commencing on or after January 1,
10 2014, be approved by the commission only if the credit allowed in this
11 section is a major factor in the decision to locate or retain the project in
12 Colorado; EXCEPT THAT, IF THE PROJECT IS A QUALIFIED PARTNERSHIP
13 THEN THE LIMITATION IN THIS SUB-SUBPARAGRAPH (B) DOES NOT APPLY.

14 (b) A taxpayer shall submit a complete written application for a
15 credit allowed in this section to the commission before the project
16 commences in the state. The application ~~shall~~ MUST include:

17 (II) An identification of the cost differential in the projected costs
18 of the project compared to the projected costs were the project
19 commenced in a competing state; EXCEPT THAT, IF THE PROJECT IS A
20 QUALIFIED PARTNERSHIP THEN THE IDENTIFICATION OF THE COST
21 DIFFERENTIAL IS NOT REQUIRED. The cost differential shall include any
22 impact of the competing state's incentive programs and may include:

23 (IV) For income tax years commencing on or after January 1,
24 2014, documentation to demonstrate that the credit allowed in this section
25 is a major factor in the decision to locate the project in Colorado; EXCEPT
26 THAT, IF THE PROJECT IS A QUALIFIED PARTNERSHIP THEN SUCH
27 DOCUMENTATION IS NOT REQUIRED. Such documentation shall include

1 information that indicates that:

2 (6) (a) EXCEPT AS PROVIDED IN PARAGRAPH (b) OF THIS
3 SUBSECTION (6), if the amount of the credit allowed in this section
4 exceeds the amount of income taxes otherwise due on the taxpayer's
5 income in the income tax year for which the credit is being claimed, the
6 amount of the credit not used as an offset against income taxes in the
7 current income tax year may be carried forward and used as a credit
8 against subsequent years' income tax liability for a period not to exceed
9 ten years and shall be applied first to the earliest income tax years
10 possible. Any credit remaining after said period shall not be refunded or
11 credited to the taxpayer.

12 (b) IF THE PROJECT IS A QUALIFIED PROJECT AND THE TAXPAYER IS
13 A BUSINESS THAT HAS OPERATED FOR FIVE OR FEWER YEARS IN THE STATE
14 AND DID NOT RELOCATE TO THE STATE FROM ANOTHER STATE, THEN IF THE
15 AMOUNT OF THE CREDIT ALLOWED IN THIS SECTION EXCEEDS THE AMOUNT
16 OF INCOME TAXES OTHERWISE DUE ON THE TAXPAYER'S INCOME IN THE
17 INCOME TAX YEAR FOR WHICH THE CREDIT IS BEING CLAIMED, THE
18 AMOUNT OF THE CREDIT ALLOWED IN THIS SECTION NOT USED AS AN
19 OFFSET AGAINST INCOME TAXES IN THE CURRENT INCOME TAX YEAR MAY
20 NOT BE CARRIED FORWARD AND MUST BE REFUNDED TO THE TAXPAYER.

21 **SECTION 2. Safety clause.** The general assembly hereby finds,
22 determines, and declares that this act is necessary for the immediate
23 preservation of the public peace, health, and safety.