

First Regular Session
Seventieth General Assembly
STATE OF COLORADO

REREVISED

*This Version Includes All Amendments
Adopted in the Second House*

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

Business, Labor, & Technology

Finance

Appropriations

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, AND, IN CONNECTION**
105 **THEREWITH, MAKING AN APPROPRIATION.**

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

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.

SENATE
3rd Reading Unamended
May 6, 2015

SENATE
Amended 2nd Reading
May 5, 2015

HOUSE
3rd Reading Unamended
April 28, 2015

HOUSE
Amended 2nd Reading
April 23, 2015

January 1, 2015, if the project will be a qualified partnership between the 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, and (3) (b) (IV)
5 introductory portion; and **add** (1) (h.3), (1) (h.5), and (3) (a) (I) (C) as
6 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., A JUNIOR COLLEGE, OR AN AREA VOCATIONAL SCHOOL.

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

26 (C) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
27 1, 2015, BUT PRIOR TO JANUARY 1, 2018, IF THE PROJECT IS A QUALIFIED

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

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SECTION 2. Appropriation. (1) For the 2015-16 state fiscal year, \$94,251 is appropriated to the office of the governor. This appropriation is from the general fund and is based on the assumption that the office will require an additional 1.0 FTE. To implement this act, the office may use this appropriation for global business development.

(2) For the 2015-16 state fiscal year, \$36,000 is appropriated to the department of revenue for use by the taxation business group. This appropriation is from the general fund. To implement this act, the taxation business group may use this appropriation for CITA annual maintenance and support.

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