

Second Regular Session
Seventieth General Assembly
STATE OF COLORADO

PREAMENDED

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

LLS NO. 16-1087.01 Esther van Mourik x4215

HOUSE BILL 16-1301

HOUSE SPONSORSHIP

Garnett,

SENATE SPONSORSHIP

Scheffel,

House Committees

Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING AN INCOME TAX CREDIT FOR COLORADO BUSINESSES**
102 **THAT OFFER HIGH-QUALITY APPRENTICESHIPS FOR TOP JOBS.**

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 provides an income tax credit to qualified Colorado businesses that meet certain criteria and retain pre-apprentices or apprentices. The credit is administered by the Colorado department of labor and employment.

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.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 hereby finds and declares that:

4 (a) A robust workforce is essential to the economic development
5 and vitality of the state;


6 (b) In an effort to maintain a relevant and capable workforce,
7 businesses should provide high-quality on-the-job training in conjunction
8 with education by offering residencies, pre-apprenticeships, and
9 apprenticeships that can lead to employment at the businesses; and

10 (c) The intended purpose of the tax expenditure in this act is to
11 offset a small portion of the cost to the businesses to create these
12 experiential learning opportunities for the state's youth.

13 **SECTION 2.** In Colorado Revised Statutes, **add** 39-22-538 as
14 follows:

15 **39-22-538. Income tax credit for a business that offers and**
16 **fulfills pre-apprenticeships and apprenticeships - definitions - rules.**

17 (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
18 REQUIRES:

19 
20 (a) "APPRENTICESHIP PROGRAM" MEANS A REGISTERED
21 APPRENTICESHIP PROGRAM WITH THE OFFICE OF APPRENTICESHIP IN THE
22 UNITED STATES DEPARTMENT OF LABOR OR A LIKE APPRENTICESHIP
23 PROGRAM AS IDENTIFIED BY THE DEPARTMENT OF LABOR AND
24 EMPLOYMENT OR THE WORK FORCE DEVELOPMENT COUNCIL.

25 (b) "CONSTRUCTION INDUSTRY APPRENTICESHIP PROGRAM" MEANS
26 AN APPRENTICESHIP PROGRAM REGISTERED WITH THE OFFICE OF
27 APPRENTICESHIP IN THE UNITED STATES DEPARTMENT OF LABOR THAT

1 TRAINS INDIVIDUALS FOR CAREERS IN THE CONSTRUCTION INDUSTRY.

2 (c) "CONSTRUCTION INDUSTRY PRE-APPRENTICESHIP PROGRAM"

3 MEANS A PROGRAM OR SET OF STRATEGIES THAT:

4 (I) IS DESIGNED TO PREPARE INDIVIDUALS FOR CAREERS IN THE
5 CONSTRUCTION INDUSTRY BY FACILITATING THE ENTRY OF INDIVIDUALS
6 INTO A REGISTERED CONSTRUCTION INDUSTRY APPRENTICESHIP PROGRAM;

7

8 (II) HAS A DOCUMENTED RELATIONSHIP WITH AT LEAST ONE
9 APPRENTICESHIP PROGRAM REGISTERED WITH THE OFFICE OF
10 APPRENTICESHIP IN THE UNITED STATES DEPARTMENT OF LABOR; AND

11 (III) MEETS THE "QUALITY PRE-APPRENTICESHIP PROGRAM"
12 STANDARDS MAINTAINED BY THE EMPLOYMENT AND TRAINING
13 ADMINISTRATION OF THE UNITED STATES DEPARTMENT OF LABOR.

14 (d) "CREDIT CERTIFICATE" MEANS A STATEMENT ISSUED BY THE
15 DEPARTMENT OF LABOR AND EMPLOYMENT CERTIFYING THAT THE
16 TAXPAYER QUALIFIES FOR THE TAX CREDIT ALLOWED IN THIS SECTION AND
17 SPECIFYING THE AMOUNT OF THE CREDIT ALLOWED.

18 (e) "DEPARTMENT OF LABOR AND EMPLOYMENT" OR
19 "DEPARTMENT" MEANS THE DEPARTMENT OF LABOR AND EMPLOYMENT
20 CREATED IN SECTION 24-1-121, C.R.S.

21

22 (f) "QUALIFIED TAXPAYER" MEANS A TAXPAYER DOING BUSINESS
23 IN THE STATE THAT MEETS THE REQUIREMENTS SET FORTH IN PARAGRAPHS
24 (b) AND (c) OF SUBSECTION (2) OF THIS SECTION.

25 (g) "RESIDENCY PROGRAM" MEANS A PROGRAM DEFINED BY THE
26 WORK FORCE DEVELOPMENT COUNCIL OR THE DEPARTMENT OF LABOR AND
27 EMPLOYMENT THAT:

1 (I) PROVIDES INDIVIDUALS WITH A SET OF WELL-DEFINED
2 OCCUPATIONAL SKILLS AND ABILITIES BY TEACHING BOTH THEORETICAL
3 AND PRACTICAL CONCEPTS PRIMARILY THROUGH ON-THE-JOB TRAINING
4 AND RELATED INSTRUCTION; AND

5 (II) ENSURES THE INDIVIDUAL RECEIVES A FORM OF
6 COMPENSATION FOR SUCH ON-THE-JOB TRAINING.

7 (h) "TAXPAYER" MEANS A RESIDENT INDIVIDUAL OR A DOMESTIC
8 OR FOREIGN CORPORATION SUBJECT TO THE PROVISIONS OF PART 3 OF THIS
9 ARTICLE.

10 (i) "TOP JOBS" HAS THE SAME MEANING AS PROVIDED IN SECTION
11 24-46.3-104 (2), C.R.S.

12 (j) "WORK FORCE DEVELOPMENT COUNCIL" OR "COUNCIL" MEANS
13 THE STATE WORK FORCE DEVELOPMENT COUNCIL CREATED IN SECTION
14 24-46.3-101, C.R.S.

15 (2) (a) ON OR BEFORE AUGUST 15, 2016, AND ON OR BEFORE JULY
16 1, 2017, JULY 1, 2018, AND JULY 1, 2019, THE WORK FORCE DEVELOPMENT
17 COUNCIL SHALL PUBLISH ON THE COUNCIL'S WEBSITE, AND SHALL SEND TO
18 THE DEPARTMENT OF LABOR AND EMPLOYMENT, A LIST OF TOP JOBS WITH
19 THE GREATEST REGIONAL AND STATE DEMAND FOR THE INCOME TAX
20 YEARS COMMENCING THE JANUARY FOLLOWING THE YEAR THE LIST IS
21 POSTED.

22 (b) EXCEPT AS PROVIDED IN PARAGRAPH (c) OF THIS SUBSECTION
23 (2), IN ORDER TO BE QUALIFIED, A TAXPAYER MUST BE A BUSINESS IN THE
24 STATE THAT OFFERS TOP JOBS IDENTIFIED ON THE LIST PUBLISHED BY THE
25 WORK FORCE DEVELOPMENT COUNCIL AS SPECIFIED IN PARAGRAPH (a) OF
26 THIS SUBSECTION (2), AND A BUSINESS THAT:

27 (I) HAS A RESIDENCY PROGRAM OR AN APPRENTICESHIP PROGRAM;

1 (II) IS ALIGNED WITH A POSTSECONDARY EDUCATION OR
2 EMPLOYMENT OPPORTUNITY;

3 (III) EMPLOYS A SUFFICIENT NUMBER OF RESIDENCY OR
4 APPRENTICESHIP CASE MANAGERS TO MONITOR STUDENT PARTICIPATION
5 IN THE RESIDENCIES OR APPRENTICESHIPS;

6 (IV) PROVIDES STUDENTS WITH TRAINING OR COURSE WORK THAT
7 IS DESIGNED TO PREPARE THE STUDENTS FOR THE RESIDENCY OR
8 APPRENTICESHIP;

9 (V) IMPLEMENTS ADEQUATE SAFETY AND SUPERVISORY
10 SAFEGUARDS FOR THE STUDENTS PARTICIPATING IN THE RESIDENCY OR
11 APPRENTICESHIP; AND

12 (VI) RETAINS AT LEAST ONE RESIDENT OR APPRENTICE.

13 (c) IN ORDER TO BE QUALIFIED, A CONSTRUCTION INDUSTRY
14 TAXPAYER MUST BE A CONSTRUCTION INDUSTRY BUSINESS IN THE STATE
15 THAT OFFERS TOP JOBS IDENTIFIED ON THE LIST PUBLISHED BY THE WORK
16 FORCE DEVELOPMENT COUNCIL AS SPECIFIED IN PARAGRAPH (a) OF THIS
17 SUBSECTION (2), AND HAVE AT LEAST ONE:

18 (I) EMPLOYEE WHO GRADUATED FROM A CONSTRUCTION INDUSTRY
19 PRE-APPRENTICESHIP PROGRAM AND WHO HAS BEEN ACCEPTED INTO A
20 CONSTRUCTION INDUSTRY APPRENTICESHIP PROGRAM AS A REGISTERED
21 APPRENTICE DURING THE YEAR FOR WHICH THE QUALIFIED TAXPAYER IS
22 SEEKING A TAX CREDIT ALLOWED PURSUANT TO THIS SECTION; OR

23 (II) EMPLOYEE WHO IS A REGISTERED APPRENTICE ENROLLED IN A
24 CONSTRUCTION INDUSTRY APPRENTICESHIP PROGRAM DURING THE YEAR
25 FOR WHICH THE QUALIFIED TAXPAYER IS SEEKING A TAX CREDIT ALLOWED
26 PURSUANT TO THIS SECTION.

27 (3) (a) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1,

1 2018, BUT PRIOR TO JANUARY 1, 2021, AT THE DISCRETION OF THE
2 DEPARTMENT OF LABOR AND EMPLOYMENT AS SPECIFIED IN SUBSECTION
3 (4) OF THIS SECTION, THERE IS ALLOWED TO A QUALIFIED TAXPAYER AN
4 ANNUAL TAX CREDIT WITH RESPECT TO THE INCOME TAXES IMPOSED BY
5 THIS ARTICLE IN AN AMOUNT DETERMINED BY THE DEPARTMENT
6 PURSUANT TO PARAGRAPH (d) OF SUBSECTION (5) OF THIS SECTION FOR
7 EACH RESIDENT, APPRENTICE, OR INDIVIDUAL IN A CONSTRUCTION
8 INDUSTRY PRE-APPRENTICESHIP PROGRAM OR IN A CONSTRUCTION
9 INDUSTRY APPRENTICESHIP PROGRAM WHO IS RETAINED BY THE QUALIFIED
10 TAXPAYER.

11 (b) THE ONLY TAX CREDITS ALLOWED IN THE INCOME TAX YEAR
12 COMMENCING ON OR AFTER JANUARY 1, 2020, BUT BEFORE JANUARY 1,
13 2021, MAY BE FOR THOSE CREDIT CERTIFICATES ISSUED BY THE
14 DEPARTMENT OF LABOR AND EMPLOYMENT FOR THE UNUSED PORTION OF
15 THE ONE MILLION DOLLARS PER INCOME TAX YEAR LIMITATION ALLOWED
16 IN PARAGRAPH (a) OF SUBSECTION (4) OF THIS SECTION.

17 (4) (a) THE DEPARTMENT OF LABOR AND EMPLOYMENT, IN ITS
18 DISCRETION, MAY ISSUE CREDIT CERTIFICATES TOTALING UP TO ONE
19 MILLION DOLLARS PER INCOME TAX YEAR, AND THE UNUSED PORTION OF
20 THE ONE MILLION DOLLARS PER INCOME TAX YEAR MAY BE USED BY THE
21 DEPARTMENT OF LABOR AND EMPLOYMENT TO ISSUE MORE THAN ONE
22 MILLION DOLLARS IN CREDIT CERTIFICATES IN FUTURE INCOME TAX YEARS,
23 SO LONG AS THE DEPARTMENT OF LABOR AND EMPLOYMENT DOES NOT
24 ISSUE CREDIT CERTIFICATES TOTALING MORE THAN THREE MILLION
25 DOLLARS DURING THE INCOME TAX YEARS FOR WHICH THE CREDIT
26 ALLOWED IN SUBSECTION (3) OF THIS SECTION IS AVAILABLE.

27 (b) A TAXPAYER SHALL SUBMIT A COMPLETE WRITTEN

1 APPLICATION FOR CONDITIONAL APPROVAL TO THE DEPARTMENT OF LABOR
2 AND EMPLOYMENT BY THE DEADLINE ESTABLISHED IN RULES
3 PROMULGATED BY THE DEPARTMENT. THE APPLICATION MUST INCLUDE
4 IDENTIFICATION OF THE SELECTED RESIDENT, APPRENTICE, OR INDIVIDUAL
5 IN A CONSTRUCTION INDUSTRY PRE-APPRENTICESHIP PROGRAM OR IN A
6 CONSTRUCTION INDUSTRY APPRENTICESHIP PROGRAM, AND THE ACTUAL
7 OR ANTICIPATED START DATE OF THE SELECTED RESIDENT, APPRENTICE, OR
8 INDIVIDUAL IN A CONSTRUCTION INDUSTRY PRE-APPRENTICESHIP
9 PROGRAM OR IN A CONSTRUCTION INDUSTRY APPRENTICESHIP PROGRAM.

10 (c) THE DEPARTMENT OF LABOR AND EMPLOYMENT SHALL
11 PROMULGATE RULES FOR THE ADMINISTRATION OF THE ISSUANCE OF THE
12 CREDIT CERTIFICATES FOR THE CREDIT ALLOWED IN THIS SECTION,
13 INCLUDING APPLICATION REQUIREMENTS, GUIDELINES FOR SHARING A
14 CREDIT CERTIFICATE BETWEEN OR AMONG QUALIFIED TAXPAYERS WHO
15 PARTICIPATE IN MULTI-EMPLOYER APPRENTICESHIP PROGRAMS, AND
16 GUIDELINES REGARDING THE ISSUING OF THE CREDIT CERTIFICATE. THE
17 RULES MUST BE POSTED ON THE DEPARTMENT OF LABOR AND
18 EMPLOYMENT'S WEBSITE NO LATER THAN OCTOBER 1, 2016.

19 (5) (a) THE DEPARTMENT OF LABOR AND EMPLOYMENT SHALL
20 REVIEW EACH APPLICATION FOR A CONDITIONAL APPROVAL SUBMITTED BY
21 A TAXPAYER. BASED ON THE APPLICATION SUBMITTED AND THE
22 DEPARTMENT'S RULES, THE DEPARTMENT MAY OFFER CONDITIONAL
23 APPROVAL TO A TAXPAYER FOR A CREDIT CERTIFICATE. THE CONDITIONAL
24 APPROVAL MUST INCLUDE THE SPECIFIC TERMS THAT MUST BE MET BY THE
25 TAXPAYER TO QUALIFY FOR THE CREDIT.

26 (b) A TAXPAYER WHO RECEIVES CONDITIONAL APPROVAL FOR A
27 CREDIT ALLOWED IN THIS SECTION SHALL NOTIFY THE DEPARTMENT OF

1 LABOR AND EMPLOYMENT PROMPTLY IF THE RESIDENT, APPRENTICE, OR
2 INDIVIDUAL IN A CONSTRUCTION INDUSTRY PRE-APPRENTICESHIP
3 PROGRAM OR IN A CONSTRUCTION INDUSTRY APPRENTICESHIP PROGRAM
4 IS EITHER NOT SELECTED OR NOT RETAINED, IN WHICH CASE THE
5 CONDITIONAL APPROVAL MUST BE CANCELED. IN THE EVENT A
6 CONDITIONAL APPROVAL IS CANCELED, THE DEPARTMENT OF LABOR AND
7 EMPLOYMENT MAY OFFER A DIFFERENT CONDITIONAL APPROVAL TO A
8 TAXPAYER PURSUANT TO THE DEPARTMENT OF LABOR AND EMPLOYMENT'S
9 RULES, SO LONG AS SUCH CONDITIONAL APPROVAL STILL MEETS THE
10 LIMITATIONS SPECIFIED IN PARAGRAPH (a) OF SUBSECTION (4) OF THIS
11 SECTION.

12 (c) THE TAXPAYER WHO RECEIVED CONDITIONAL APPROVAL AS
13 SPECIFIED IN PARAGRAPH (a) OF THIS SUBSECTION (5) SHALL SUBMIT A
14 REQUEST FOR THE ISSUANCE OF A CREDIT CERTIFICATE BY THE DEADLINES
15 ESTABLISHED IN THE DEPARTMENT OF LABOR AND EMPLOYMENT'S RULES.

16 (d) IF THE DEPARTMENT OF LABOR AND EMPLOYMENT DETERMINES
17 THE EMPLOYER IS A QUALIFIED TAXPAYER AND SUCH QUALIFIED TAXPAYER
18 HAS PROVIDED ALL NECESSARY DOCUMENTATION, THE DEPARTMENT OF
19 LABOR AND EMPLOYMENT SHALL ISSUE A CREDIT CERTIFICATE TO THE
20 QUALIFIED TAXPAYER IN AN AMOUNT NOT TO EXCEED TWO THOUSAND
21 FIVE HUNDRED DOLLARS FOR THE RETENTION OF EACH RESIDENT OR
22 INDIVIDUAL IN A CONSTRUCTION INDUSTRY PRE-APPRENTICESHIP
23 PROGRAM AND IN AN AMOUNT NOT TO EXCEED FIVE THOUSAND DOLLARS
24 FOR THE RETENTION OF EACH APPRENTICE OR INDIVIDUAL IN A
25 CONSTRUCTION INDUSTRY APPRENTICESHIP PROGRAM. THE DEPARTMENT
26 HAS THE DISCRETION TO VARY THE AMOUNT OF THE CREDIT, SUBJECT TO
27 THE MAXIMUM AMOUNT, BASED ON THE NUMBER OF QUALIFIED

1 TAXPAYERS WHO RECEIVED CONDITIONAL APPROVAL FOR THE CREDIT
2 PERIOD AND BASED ON THE NUMBER OF RESIDENTS, APPRENTICES, OR
3 INDIVIDUALS IN A CONSTRUCTION INDUSTRY PRE-APPRENTICESHIP
4 PROGRAM OR IN A CONSTRUCTION INDUSTRY APPRENTICESHIP PROGRAM
5 THAT EACH QUALIFIED TAXPAYER RETAINS.

6 (e) THE CREDIT CERTIFICATE MUST BE SUBMITTED BY THE
7 QUALIFIED TAXPAYER TO THE DEPARTMENT OF REVENUE WITH THE
8 QUALIFIED TAXPAYER'S INCOME TAX RETURN.

9 (6) IF THE CREDIT EXCEEDS THE AMOUNT OF INCOME TAX DUE ON
10 THE INCOME OF THE TAXPAYER FOR THE TAX YEAR DURING WHICH THE
11 CREDIT CERTIFICATE WAS ISSUED, THE AMOUNT OF THE TAX CREDIT NOT
12 USED AS AN OFFSET AGAINST INCOME TAXES IN SUCH INCOME TAX YEAR
13 MAY NOT BE ALLOWED AS A REFUND, BUT MAY BE CARRIED FORWARD AND
14 APPLIED AGAINST THE INCOME TAX DUE IN EACH OF THE FIVE SUCCEEDING
15 INCOME TAX YEARS, BUT MUST FIRST BE APPLIED AGAINST THE INCOME
16 TAX DUE FOR THE EARLIEST OF THE INCOME TAX YEARS POSSIBLE.

17 (7) IF A TAXPAYER RECEIVING A CREDIT ALLOWED IN THIS SECTION
18 IS A PARTNERSHIP, LIMITED LIABILITY COMPANY, S CORPORATION, OR
19 SIMILAR PASS-THROUGH ENTITY, THE TAXPAYER MAY ALLOCATE THE
20 CREDIT AMONG ITS PARTNERS, SHAREHOLDERS, MEMBERS, OR OTHER
21 CONSTITUENT TAXPAYERS IN ANY MANNER AGREED TO BY SUCH
22 PARTNERS, SHAREHOLDERS, MEMBERS, OR OTHER CONSTITUENT
23 TAXPAYERS. THE TAXPAYER SHALL CERTIFY TO THE DEPARTMENT OF
24 LABOR AND EMPLOYMENT THE AMOUNT OF THE CREDIT ALLOCATED TO
25 EACH PARTNER, SHAREHOLDER, MEMBER, OR OTHER CONSTITUENT
26 TAXPAYER, AND THE DEPARTMENT SHALL ISSUE CREDIT CERTIFICATES IN
27 THE APPROPRIATE AMOUNTS TO EACH PARTNER, SHAREHOLDER, MEMBER,

1 OR OTHER CONSTITUENT TAXPAYER. EACH PARTNER, SHAREHOLDER,
2 MEMBER, OR OTHER CONSTITUENT TAXPAYER SHALL BE ALLOWED TO
3 CLAIM SUCH AMOUNT SUBJECT TO ANY RESTRICTIONS SET FORTH IN THIS
4 SECTION.

5 (8) THE DEPARTMENT OF LABOR AND EMPLOYMENT MAY AUDIT A
6 QUALIFIED TAXPAYER'S DOCUMENTATION UP TO TWELVE MONTHS
7 FOLLOWING THE ISSUANCE OF ANY CREDIT CERTIFICATE.

8 (9) NOTWITHSTANDING SECTION 24-1-136 (9) AND (11), C.R.S.,
9 THE DEPARTMENT OF LABOR AND EMPLOYMENT SHALL INCLUDE
10 INFORMATION REGARDING ALL CREDIT CERTIFICATES ISSUED PURSUANT TO
11 THIS SECTION, INCLUDING CONDITIONAL APPROVALS, THE NAMES OF
12 QUALIFIED TAXPAYERS, AND THE AMOUNTS ISSUED, IN AN ANNUAL REPORT
13 REQUIRED TO BE PRESENTED TO THE GENERAL ASSEMBLY.

14 (10) NO LATER THAN NOVEMBER 1, 2017, AND NO LATER THAN
15 NOVEMBER 1 OF EACH YEAR THEREAFTER THROUGH NOVEMBER 1, 2019,
16 THE DEPARTMENT OF LABOR AND EMPLOYMENT SHALL PROVIDE THE
17 DEPARTMENT OF REVENUE WITH AN ELECTRONIC REPORT OF THE
18 QUALIFIED TAXPAYERS WHO WERE ISSUED A CREDIT CERTIFICATE FOR THE
19 PRECEDING CALENDAR YEAR OR ANY FISCAL YEAR ENDING IN THE
20 PRECEDING CALENDAR YEAR, AND ANY CREDITS DISALLOWED PURSUANT
21 TO PARAGRAPH (b) OF SUBSECTION (5) OF THIS SECTION FOR ANY YEAR,
22 THAT INCLUDES THE FOLLOWING INFORMATION:

- 23 (a) THE QUALIFIED TAXPAYER'S NAME;
- 24 (b) THE QUALIFIED TAXPAYER'S COLORADO ACCOUNT NUMBER
25 AND FEDERAL EMPLOYER IDENTIFICATION NUMBER;
- 26 (c) THE AMOUNT OF THE CREDIT CERTIFICATE; AND
- 27 (d) ANY ASSOCIATED NAMES, COLORADO ACCOUNT NUMBERS, AND

1 FEDERAL EMPLOYER IDENTIFICATION NUMBERS OR SOCIAL SECURITY
2 NUMBERS, IF THE CREDIT ALLOWED IN THIS SECTION IS ALLOCATED FROM
3 A PASS-THROUGH ENTITY PURSUANT TO SUBSECTION (7) OF THIS SECTION.

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