



*Colorado Legislative Council Staff*  
**NO FISCAL IMPACT**

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**Drafting Number:** LLS 05-0184  
**Prime Sponsor(s):** Rep. Borodkin

**Date:** January 19, 2005  
**Bill Status:** House Business Affairs  
**Fiscal Analyst:** Harry Zeid (303-866-4753)

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**TITLE:** CONCERNING REQUIREMENTS FOR RECIPIENTS OF ECONOMIC DEVELOPMENT INCENTIVES ALLOWED ON THE BASIS OF NEW JOB CREATION.

### **Summary of Assessment**

This bill adds several new or modified reporting requirements for recipients of economic development incentives allowed on the basis of new job creation. Specifically, the bill states that:

- Any person or entity that receives a grant or loan from the Colorado Economic Development Commission (EDC) on the basis of a proposal to create new jobs that meet certain wage and benefit requirements must file an annual progress report with the commission. The report must be filed within one year and 30 days after receipt of the grant or loan, and every year thereafter for five years in the case of a grant or, in the case of a loan, every year until the loan is repaid in full. Progress report requirements are outlined in the bill. This information would be included in the EDC's annual report to the General Assembly.
- Reports submitted to the EDC and to the Department of Revenue are considered to be an open record, but disclosure of information to the public that reveals any income tax return or the salary of any employee would be prohibited.
- Any person or entity that receives a grant or loan from the EDC must fulfill the job creation, wage, and benefit requirements within two years of receiving the grant or loan, and must maintain the requirements for a period of five years. The EDC would be required to recapture the funds expended on grants or loans from the recipient if the recipient fails to fulfill or maintain the job, wage, and benefit requirements.
- Every taxpayer that claims an income tax credit for creating new business facility employees within an enterprise zone must file an annual progress report with the EDC and the Department of Revenue for each year that the credit is claimed. The information collected would be provided to the General Assembly as part of their annual reports. The Department of Revenue would be authorized to conduct an audit of any taxpayer on the basis of information submitted in the reports.

While the bill increases reporting requirements on recipients of economic development incentives offered by the state or by enterprise zones on the basis of new job creation, the bill is assessed as having no fiscal impact. Section 24-46-104(2), C.R.S. currently requires the Economic Development Commission to provide an annual report to the General Assembly. The annual report includes a list of each award that the commission has approved during the past year, and a follow-up report on the status of the prior year's awards. Although the bill's additional reporting requirements

may lengthen the report, costs associated with compiling and printing the report can be absorbed within the existing budget resources of the Economic Development Commission.

The bill would become effective August 10, 2005, unless a referendum petition is filed.

**Departments Contacted**

Economic Development Commission

Revenue

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