

**First Regular Session  
Sixty-third General Assembly  
STATE OF COLORADO**

**INTRODUCED**

LLS NO. 01-0782.01 John Hershey

**HOUSE BILL 01-1253**

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**HOUSE SPONSORSHIP**

**Scott,**

**SENATE SPONSORSHIP**

**Taylor,**

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**House Committees**

Finance

**Senate Committees**

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**A BILL FOR AN ACT**

101     **CONCERNING A STATE INCOME TAX CREDIT FOR EMPLOYERS WHO**  
102             **PROVIDE QUALIFIED EMPLOYEES WITH CASH ASSISTANCE**  
103             **TOWARD THE PURCHASE OR RENTAL OF QUALIFIED HOUSING.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)*

For tax years commencing on or after January 1, 2002, creates a state income tax credit for employers who provide cash assistance to qualified employees to purchase or rent qualified housing. Limits the amount of the credit an employer can claim for each employee and the total amount of credits that may be claimed for all employees in an income tax year.

Specifies a maximum aggregate amount of credits that may be

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.*

claimed by all employers in the state for any single state fiscal year. Requires employers to apply for the credit through the division of housing in the department of local affairs. Provides that the division shall approve applications for credits on a fair and equitable basis subject to specified guidelines and requirements.

Allows any unused portion of the credit to be carried forward for a specified number of years. Requires the division of housing and the executive director of the department of revenue to promulgate rules to administer the credit.

Defines terms.

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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) Housing prices have steadily risen in Colorado in recent years,  
5 making it more difficult for many Coloradans to afford a home.

6 (b) Home ownership is an integral part of the American dream.

7 (2) Businesses should be encouraged to assist their employees in  
8 finding affordable homes.

9 (3) The general assembly intends that the income tax credit created  
10 by this act provide an incentive to encourage businesses to help their  
11 employees find affordable and quality housing.

12 **SECTION 2.** Part 5 of article 22 of title 39, Colorado Revised  
13 Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

14 **39-22-527. Employer housing assistance tax credit.** (1) AS  
15 USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

16 (a) "AREA MEDIAN INCOME" MEANS THE AREA MEDIAN INCOME,  
17 ADJUSTED FOR FAMILY SIZE, AS DETERMINED FROM TIME TO TIME BY THE  
18 UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT OR  
19 ANY SUCCESSOR AGENCY FOR THE COUNTY OR MUNICIPALITY IN WHICH THE  
20 HOUSING PURCHASED BY THE QUALIFIED EMPLOYEE IS LOCATED AND FOR

1 WHICH A CREDIT IS CLAIMED BY THE EMPLOYER.

2 (b) "CASH ASSISTANCE" MEANS AN AMOUNT EQUAL TO ONE  
3 HUNDRED PERCENT OF THE CASH ASSISTANCE PROVIDED BY AN EMPLOYER  
4 TO A QUALIFIED EMPLOYEE DURING THE INCOME TAX YEAR FOR WHICH A  
5 CREDIT IS CLAIMED PURSUANT TO THIS SECTION FOR THE PURCHASE OR  
6 RENTAL OF QUALIFIED HOUSING BY SUCH EMPLOYEE, INCLUDING, BUT NOT  
7 LIMITED TO, DOWN PAYMENT, CLOSING COSTS, MORTGAGE INTEREST  
8 SUBSIDY, OR BUY-DOWN PAYMENTS PROVIDED IN CONNECTION WITH ANY  
9 FINANCING OBTAINED BY THE QUALIFIED EMPLOYEE.

10 (c) "DIVISION" MEANS THE DIVISION OF HOUSING IN THE  
11 DEPARTMENT OF LOCAL AFFAIRS.

12 (d) "EMPLOYEE" HAS THE SAME MEANING AS SET FORTH IN SECTION  
13 8-40-202, C.R.S.

14 (e) "EMPLOYER" HAS THE SAME MEANING AS SET FORTH IN SECTION  
15 8-40-203, C.R.S.

16 (f) "QUALIFIED EMPLOYEE" MEANS AN EMPLOYEE WHOSE  
17 HOUSEHOLD INCOME DURING THE INCOME TAX YEAR FOR WHICH A CREDIT  
18 IS CLAIMED DOES NOT EXCEED AN AMOUNT EQUAL TO ONE HUNDRED  
19 PERCENT OF THE AREA MEDIAN INCOME FROM ALL SOURCES. THE DIVISION  
20 SHALL PROMULGATE RULES REGARDING THE DISTRIBUTION OF THE CREDIT  
21 TO ATTEMPT TO SERVE LOWEST INCOME EMPLOYEES FIRST.

22 (g) "QUALIFIED HOUSING" MEANS HOUSING THAT IS LOCATED IN THE  
23 STATE OF COLORADO IN THE COUNTY IN WHICH A QUALIFIED EMPLOYEE IS  
24 EMPLOYED OR AN ADJACENT COUNTY AND THAT IS PURCHASED OR RENTED  
25 AS THE QUALIFIED EMPLOYEE'S PRIMARY RESIDENCE.

26 (2) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION (2), FOR  
27 INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2002, THERE

1 SHALL BE ALLOWED TO EACH EMPLOYER WHO HAS HAD AN APPLICATION  
2 FOR A TAX CREDIT APPROVED IN ACCORDANCE WITH SUBSECTION (3) OF  
3 THIS SECTION A CREDIT WITH RESPECT TO THE INCOME TAXES IMPOSED BY  
4 THIS ARTICLE IN AN AMOUNT EQUAL TO TWENTY-FIVE PERCENT OF THE  
5 AMOUNT PAID DURING SUCH INCOME TAX YEAR BY AN EMPLOYER TO, OR ON  
6 BEHALF OF, A QUALIFIED EMPLOYEE FOR THE PURCHASE OR RENTAL OF  
7 QUALIFIED HOUSING IN THIS STATE; EXCEPT THAT, IN NO EVENT SHALL:

8 (a) THE AGGREGATE AMOUNT OF THE CREDIT CLAIMED BY ANY ONE  
9 EMPLOYER PURSUANT TO THIS ARTICLE IN ANY INCOME TAX YEAR EXCEED  
10 FIVE PERCENT OF THE TOTAL ALLOWABLE ALLOCATED TAX CREDIT; OR

11 (b) THE AGGREGATE AMOUNT OF CREDIT CLAIMED BY ALL  
12 EMPLOYERS IN THIS STATE PURSUANT TO THIS ARTICLE EXCEED FIVE  
13 MILLION DOLLARS IN ANY STATE FISCAL YEAR; AND

14 (c) A CREDIT BE CLAIMED BY ANY EMPLOYER FOR CASH  
15 ASSISTANCE TO AN INDIVIDUAL EMPLOYEE FOR THE PURCHASE OR RENTAL  
16 OF QUALIFIED HOUSING MORE THAN ONCE, NOTWITHSTANDING THE FACT  
17 THAT AN EMPLOYEE MAY HAVE MORE THAN ONE EMPLOYER OVER TIME.

18 (3) THE DIVISION SHALL APPROVE APPLICATIONS DURING EACH  
19 INCOME TAX YEAR FOR TAX CREDITS TO EMPLOYERS ON A FAIR AND  
20 EQUITABLE BASIS SUBJECT TO THE GUIDELINES SPECIFIED IN SUBSECTION (2)  
21 OF THIS SECTION AND SUBJECT TO ANY OTHER LIMITATION SET FORTH IN  
22 THIS SECTION. APPLICATION FOR THE TAX CREDIT CREATED IN THIS  
23 ARTICLE SHALL BE MADE BY THE EMPLOYER TO THE DIVISION IN  
24 ACCORDANCE WITH THE RULES ESTABLISHED PURSUANT TO SUBSECTION (5)  
25 OF THIS SECTION. WHEN CLAIMING A TAX CREDIT PURSUANT TO THIS  
26 SECTION, AN EMPLOYER SHALL INCLUDE PROOF THAT ITS APPLICATION HAS  
27 BEEN GRANTED IN ACCORDANCE WITH THIS SECTION.

1           (4) IF THE AMOUNT OF THE TAX CREDIT ALLOWED UNDER THIS  
2 SECTION EXCEEDS THE AMOUNT OF THE INCOME TAX OTHERWISE DUE ON  
3 THE INCOME OF THE EMPLOYER, THE AMOUNT OF THE CREDIT NOT USED AS  
4 AN OFFSET AGAINST INCOME TAXES MAY BE CARRIED FORWARD AS A TAX  
5 CREDIT AGAINST SUBSEQUENT YEARS' INCOME TAX LIABILITY FOR A PERIOD  
6 NOT EXCEEDING THREE YEARS AND SHALL BE APPLIED FIRST TO THE  
7 EARLIEST YEARS POSSIBLE. ANY AMOUNT OF THE TAX CREDIT THAT IS NOT  
8 USED DURING SAID PERIOD SHALL NOT BE REFUNDABLE TO THE EMPLOYER.

9           (5) (a) THE DIVISION AND THE EXECUTIVE DIRECTOR, IN  
10 CONSULTATION WITH EACH OTHER, SHALL PROMULGATE RULES NECESSARY  
11 FOR THEIR RESPECTIVE ADMINISTRATION OF THIS SECTION. RULES OF THE  
12 EXECUTIVE DIRECTOR SHALL BE PROMULGATED IN ACCORDANCE WITH  
13 ARTICLE 4 OF TITLE 24, C.R.S. RULES OF THE DIVISION SHALL BE ADOPTED  
14 PURSUANT TO SECTION 29-4-708, C.R.S.

15           (b) THE RULES SPECIFIED IN PARAGRAPH (a) OF THIS SUBSECTION (5)  
16 SHALL INCLUDE, BUT ARE NOT LIMITED TO, PROVISIONS THAT ANY  
17 EMPLOYER ELIGIBLE TO RECEIVE THIS CREDIT MUST HAVE AN EMPLOYEE  
18 ASSISTED HOUSING PROGRAM THAT MEETS MINIMUM GUIDELINES  
19 ESTABLISHED BY THE DIVISION; MINIMUM GUIDELINES FOR AN EMPLOYEE  
20 ASSISTED HOUSING PROGRAM SHALL INCLUDE, BUT ARE NOT LIMITED TO,  
21 PROVISIONS THAT ANY EMPLOYEE ASSISTED HOUSING PROGRAM ELIGIBLE  
22 TO APPLY FOR THIS TAX CREDIT MAY NOT DISCRIMINATE ON THE BASIS OF  
23 DISABILITY, RACE, CREED, COLOR, SEX, AGE, NATIONAL ORIGIN, OR  
24 ANCESTRY AS DESCRIBED IN SECTION 24-34-402, C.R.S.

25           (c) ADMINISTRATIVE COSTS INCURRED BY THE EMPLOYER FOR THE  
26 ADMINISTRATION OF THEIR EMPLOYEE ASSISTED HOUSING PROGRAM ARE  
27 NOT ELIGIBLE TO BE CLAIMED FOR THE CREDIT ALLOWED PURSUANT TO THIS

1 SECTION.

2           **SECTION 3. Effective date.** This act shall take effect at 12:01  
3 a.m. on the day following the expiration of the ninety-day period after  
4 final adjournment of the general assembly that is allowed for submitting  
5 a referendum petition pursuant to article V, section 1 (3) of the state  
6 constitution; except that, if a referendum petition is filed against this act  
7 or an item, section, or part of this act within such period, then the act,  
8 item, section, or part, if approved by the people, shall take effect on the  
9 date of the official declaration of the vote thereon by proclamation of the  
10 governor.