

**STATE
FISCAL IMPACT**

Drafting Number: LLS 13-1010	Date: April 30, 2013
Prime Sponsor(s): Sen. Hodge; Brophy Rep. Levy; Sonnenberg	Bill Status: Senate Finance Fiscal Analyst: Louis Pino (303-866-3556)

TITLE: CONCERNING AN EXTENSION OF THE NUMBER OF YEARS THAT A RENEWABLE ENERGY COMPANY MAY CLAIM EXCESS ENTERPRISE ZONE INVESTMENT INCOME TAX CREDITS AS CREDIT CARRYOVERS.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue General Fund	See State Revenue Section	
State Expenditures		
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature. Section 2 takes effect only if HB13-1142 becomes law and is effective on either the effective date of this act or HB13-1142, whichever is later.		
Appropriation Summary for FY 2013-2014: None		
Local Government Impact: None.		

Summary of Legislation

Under current law, the Enterprise Zone Investment Tax Credit is an income tax credit equal to 3 percent of qualified investments located in an enterprise zone. Taxpayers may claim up to half their annual tax liability plus \$5,000 in any one year and the credit may be carried forward for 12 tax years.

SB13-286 extends the carry forward period of the Enterprise Zone Investment Tax Credit by 8 years for renewable energy companies, thereby allowing companies to carry forward the credit for a total of 20 years. The bill defines a renewable energy company as an entity in the solar thermal electric, photovoltaic, landfill gas, wind, biomass, hydroelectric, geothermal electric, recycled energy, anaerobic digestion, or renewable fuel business.

However, portions of SB13-286 are contingent on passage of HB13-1142. Under the latter bill, taxpayers are limited to claiming half their annual tax liability plus \$5,000 up to \$750,000 in any one year, and can carry forward their credits for an additional 2 years for a total of 14 years. If HB13-1142 becomes law, SB13-286 allows renewable energy companies to carry forward the Enterprise Zone Investment Tax Credit for an additional 2 years. Thus, if HB13-1142 becomes law, SB13-286 allows renewable energy companies to carry forward the credit for 22 years.

State Revenue

This bill may reduce income tax revenue to the General Fund by an indeterminate amount and at an indeterminate date. If a company is unable to fully claim its credit by the end of the current law carry-forward period and is able to claim the credit during the bill's extended 8-year period, income tax revenue to the General Fund will be reduced. This impact could occur as soon as FY 2013-14 if a renewable energy company is in its twelfth year of deferring tax credits.

State Expenditures

This bill can be implemented within existing resources.

Departments Contacted

Governor's Office

Office of Economic Development

Revenue