

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

INTRODUCED

LLS NO. 07-0573.01 Nicole Myers

HOUSE BILL 07-1188

HOUSE SPONSORSHIP

Rose,

SENATE SPONSORSHIP

Kester,

House Committees
Finance

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF AN INCOME TAX CREDIT FOR**
102 **TAXPAYERS THAT CREATE NEW JOBS IN THE STATE.**

Bill Summary

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

For specified income tax years, allows an income tax credit to any taxpayer that creates a new job in the state as a result of opening a new business or relocating or expanding an existing business. Specifies that the amount of the credit for each new job created is as follows:

If the average wage for all new jobs created by the taxpayer in the income tax year for which the income tax credit is claimed is 110% or more but less than 115% of the average

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.

wage in the county in which the new job is created, the taxpayer shall be allowed a credit in the amount of \$1,000 for each new job created.

If the average wage for all new jobs created by the taxpayer in the income tax year for which the income tax credit is claimed is 115% or more but less than 120% of the average wage in the county in which the new job is created, the taxpayer shall be allowed a credit in the amount of \$1,250 for each new job created.

If the average wage for all new jobs created by the taxpayer in the income tax year for which the income tax credit is claimed is 120% or more of the average wage in the county in which the new job is created, the taxpayer shall be allowed a credit in the amount of \$1,500 for each new job created.

Requires the taxpayer to maintain the new job for at least one year in order to be eligible to claim the income tax credit. Specifies that a taxpayer shall be eligible to claim the credit in the income tax year following the income tax year in which the employee was hired to fill the new job. Specifies that the taxpayer shall be allowed to claim the credit one time for each new job created.

Directs the department of revenue to develop rules for any taxpayer that claims the income tax credit to determine the number of new jobs created and to verify that the average wage for the new jobs for which the credit is claimed is the applicable percentage above the average wage in the county in which the new jobs are created. Requires the department to include certain data regarding the credit in an annual report to the general assembly.

Allows a taxpayer to carry forward the amount of the income tax credit not applied against the taxpayer's income taxes in the income tax year in which the credit is claimed.

Defines terms.

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

2 **SECTION 1.** 24-46-105.7 (3), Colorado Revised Statutes, is
3 amended to read:

4 **24-46-105.7. Performance-based incentive for new job**
5 **creation - new jobs incentives cash fund - definitions.** (3) (a) An
6 employer that qualifies to claim a performance-based incentive for new
7 jobs created pursuant to this section and that qualifies for an income tax

1 credit pursuant to section 39-30-105, C.R.S., shall be allowed to claim
2 both the incentive allowed pursuant to this section and the credit allowed
3 pursuant to section 39-30-105, C.R.S.

4 (b) AN EMPLOYER THAT QUALIFIES TO CLAIM
5 PERFORMANCE-BASED INCENTIVE FOR NEW JOBS CREATED PURSUANT TO
6 THIS SECTION AND AN INCOME TAX CREDIT FOR NEW JOB CREATION
7 PURSUANT TO SECTION 39-22-530, C.R.S., SHALL NOT BE ALLOWED TO
8 CLAIM BOTH THE PERFORMANCE-BASED INCENTIVE AND THE CREDIT FOR
9 THE SAME EMPLOYEE.

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

13 **39-22-530. Tax credit for new job creation - definitions -**
14 **repeal.** (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
15 REQUIRES:

16 (a) "EMPLOYEE" MEANS A FULL-TIME EMPLOYEE HIRED TO FILL A
17 NEW JOB.

18 (b) "NEW JOB" MEANS A FULL-TIME JOB CREATED IN THE STATE BY
19 A TAXPAYER FOR WHICH AN EMPLOYEE IS HIRED AND THAT IS IN ADDITION
20 TO THE AVERAGE NUMBER OF FULL-TIME JOBS THAT THE TAXPAYER
21 PROVIDED IN THE STATE DURING THE THREE YEARS PRECEDING THE DATE
22 THAT SUCH EMPLOYEE WAS HIRED.

23 (2) SUBJECT TO THE PROVISIONS OF THIS SECTION, FOR INCOME
24 TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2007, BUT PRIOR TO
25 JANUARY 1, 2018, ANY TAXPAYER THAT CREATES A NEW JOB IN THE STATE
26 BY OPENING A NEW BUSINESS OR EXPANDING OR RELOCATING AN EXISTING
27 BUSINESS SHALL BE ALLOWED AN INCOME TAX CREDIT FOR EACH NEW JOB

1 CREATED DURING THE TAX YEAR, SO LONG AS THE TAXPAYER MAINTAINS
2 THE NEW JOB FOR AT LEAST ONE YEAR. A TAXPAYER SHALL BE ALLOWED
3 TO CLAIM THE CREDIT ONE TIME FOR EACH NEW JOB CREATED. THE CREDIT
4 SHALL BE ALLOWED IN THE INCOME TAX YEAR FOLLOWING THE INCOME
5 TAX YEAR IN WHICH THE NEW JOB WAS CREATED IN AN AMOUNT AS
6 FOLLOWS:

7 (a) IF THE AVERAGE WAGE FOR ALL NEW JOBS CREATED BY THE
8 TAXPAYER IN THE INCOME TAX YEAR FOR WHICH THE INCOME TAX CREDIT
9 IS CLAIMED IS ONE HUNDRED TEN PERCENT OR MORE BUT LESS THAN ONE
10 HUNDRED FIFTEEN PERCENT OF THE AVERAGE WAGE IN THE COUNTY IN
11 WHICH THE NEW JOBS ARE CREATED, THE TAXPAYER SHALL BE ALLOWED
12 A CREDIT IN THE AMOUNT OF ONE THOUSAND DOLLARS FOR EACH NEW JOB.

13 (b) IF THE AVERAGE WAGE FOR ALL NEW JOBS CREATED BY THE
14 TAXPAYER IN THE INCOME TAX YEAR FOR WHICH THE INCOME TAX CREDIT
15 IS CLAIMED IS ONE HUNDRED FIFTEEN PERCENT OR MORE BUT LESS THAN
16 ONE HUNDRED TWENTY PERCENT OF THE AVERAGE WAGE IN THE COUNTY
17 IN WHICH THE NEW JOBS ARE CREATED, THE TAXPAYER SHALL BE
18 ALLOWED A CREDIT IN THE AMOUNT OF ONE THOUSAND TWO HUNDRED
19 FIFTY DOLLARS FOR EACH NEW JOB.

20 (c) IF THE AVERAGE WAGE FOR ALL NEW JOBS CREATED BY THE
21 TAXPAYER IN THE INCOME TAX YEAR FOR WHICH THE INCOME TAX CREDIT
22 IS CLAIMED IS ONE HUNDRED TWENTY PERCENT OR MORE OF THE AVERAGE
23 WAGE IN THE COUNTY IN WHICH THE NEW JOBS ARE CREATED, THE
24 TAXPAYER SHALL BE ALLOWED A CREDIT IN THE AMOUNT OF ONE
25 THOUSAND FIVE HUNDRED DOLLARS FOR EACH NEW JOB.

26 (3) (a) A TAXPAYER THAT QUALIFIES TO CLAIM AN INCOME TAX
27 CREDIT PURSUANT TO THIS SECTION AND SECTION 39-30-105 SHALL BE

1 ALLOWED TO CLAIM BOTH THE CREDIT ALLOWED PURSUANT TO THIS
2 SECTION AND SECTION 39-30-105.

3 (b) A TAXPAYER THAT QUALIFIES TO CLAIM AN INCOME TAX
4 CREDIT PURSUANT TO THIS SECTION AND A PERFORMANCE-BASED
5 INCENTIVE FOR NEW JOBS CREATED PURSUANT TO SECTION 24-46-105.7,
6 C.R.S., SHALL NOT BE ALLOWED TO CLAIM BOTH THE CREDIT AND THE
7 PERFORMANCE-BASED INCENTIVE FOR THE SAME EMPLOYEE.

8 (4) (a) THE DEPARTMENT OF REVENUE SHALL DEVELOP RULES FOR
9 ANY TAXPAYER THAT CLAIMS AN INCOME TAX CREDIT PURSUANT TO THIS
10 SECTION TO DETERMINE THE NUMBER OF NEW JOBS CREATED AND TO
11 VERIFY THAT THE AVERAGE WAGE FOR THE NEW JOBS FOR WHICH THE
12 CREDIT IS CLAIMED IS THE APPLICABLE PERCENTAGE ABOVE THE AVERAGE
13 WAGE IN THE COUNTY IN WHICH THE NEW JOBS ARE CREATED, BASED ON
14 THE MOST RECENT STATISTICS AVAILABLE FROM THE DEPARTMENT OF
15 LABOR AND EMPLOYMENT. SUCH RULES SHALL BE PROMULGATED IN
16 ACCORDANCE WITH ARTICLE 4 OF TITLE 24, C.R.S.

17 (b) THE DEPARTMENT OF REVENUE SHALL INCLUDE DATA
18 REGARDING THE NUMBER OF TAXPAYERS THAT CLAIMED THE INCOME TAX
19 CREDIT PURSUANT TO THIS SECTION AND THE ESTIMATED TOTAL AMOUNT
20 OF ALL CREDITS CLAIMED DURING THE MOST RECENT INCOME TAX YEAR
21 FOR WHICH SUCH INFORMATION IS AVAILABLE IN AN ANNUAL REPORT TO
22 THE GENERAL ASSEMBLY.

23 (5) IF THE AMOUNT OF THE INCOME TAX CREDIT ALLOWED
24 PURSUANT TO THIS SECTION EXCEEDS THE TAXPAYER'S ACTUAL TAX
25 LIABILITY IN THE INCOME TAX YEAR FOR WHICH THE CREDIT IS CLAIMED,
26 THE AMOUNT OF THE CREDIT NOT USED AS AN OFFSET AGAINST INCOME
27 TAXES IN THAT INCOME TAX YEAR SHALL NOT BE REFUNDED BUT MAY BE

1 CARRIED FORWARD AS A CREDIT AGAINST SUBSEQUENT YEARS' INCOME
2 TAX LIABILITY FOR A PERIOD NOT TO EXCEED FIVE YEARS. SUCH AMOUNT
3 SHALL BE APPLIED FIRST TO THE EARLIEST INCOME TAX YEAR POSSIBLE.
4 ANY AMOUNT OF THE CREDIT THAT IS NOT USED DURING SAID PERIOD
5 SHALL NOT BE REFUNDED TO THE TAXPAYER.

6 (6) THIS SECTION IS REPEALED, EFFECTIVE JANUARY 1, 2025.

7 **SECTION 3. Effective date.** This act shall take effect at 12:01
8 a.m. on the day following the expiration of the ninety-day period after
9 final adjournment of the general assembly that is allowed for submitting
10 a referendum petition pursuant to article V, section 1 (3) of the state
11 constitution, (August 8, 2007, if adjournment sine die is on May 9, 2007);
12 except that, if a referendum petition is filed against this act or an item,
13 section, or part of this act within such period, then the act, item, section,
14 or part, if approved by the people, shall take effect on the date of the
15 official declaration of the vote thereon by proclamation of the governor.