

Second Regular Session  
Seventieth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 16-1087.01 Esther van Mourik x4215

HOUSE BILL 16-1301

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HOUSE SPONSORSHIP

Garnett,

SENATE SPONSORSHIP

Scheffel,

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House Committees  
Finance

Senate Committees

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A BILL FOR AN ACT

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

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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.

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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 pre-apprenticeships and apprenticeships that  
9 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 (a) "APPRENTICE" MEANS AN APPRENTICE IN AN APPRENTICESHIP  
20 PROGRAM OR IN A CONSTRUCTION INDUSTRY APPRENTICESHIP PROGRAM.

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

26 (c) "CONSTRUCTION INDUSTRY APPRENTICESHIP PROGRAM" MEANS  
27 AN APPRENTICESHIP PROGRAM REGISTERED WITH THE OFFICE OF

1 APPRENTICESHIP IN THE UNITED STATES DEPARTMENT OF LABOR THAT  
2 TRAINS INDIVIDUALS FOR CAREERS IN THE CONSTRUCTION INDUSTRY.

3 (d) "CONSTRUCTION INDUSTRY PRE-APPRENTICESHIP PROGRAM"  
4 MEANS A PROGRAM OR SET OF STRATEGIES THAT:

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

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

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

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

19 (g) "PRE-APPRENTICE" MEANS A PRE-APPRENTICE IN A  
20 PRE-APPRENTICESHIP PROGRAM OR IN A CONSTRUCTION INDUSTRY  
21 PRE-APPRENTICESHIP PROGRAM.

22 (h) "PRE-APPRENTICESHIP PROGRAM" MEANS A PROGRAM DEFINED  
23 BY THE WORK FORCE DEVELOPMENT COUNCIL OR THE DEPARTMENT OF  
24 LABOR AND EMPLOYMENT THAT:

25 (I) PROVIDES INDIVIDUALS WITH A SET OF WELL-DEFINED  
26 OCCUPATIONAL SKILLS AND ABILITIES BY TEACHING BOTH THEORETICAL  
27 AND PRACTICAL CONCEPTS PRIMARILY THROUGH ON-THE-JOB TRAINING

1 AND RELATED INSTRUCTION; AND

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

4 (i) "QUALIFIED TAXPAYER" MEANS A TAXPAYER DOING BUSINESS  
5 IN THE STATE THAT MEETS THE REQUIREMENTS SET FORTH IN PARAGRAPHS  
6 (b) AND (c) OF SUBSECTION (2) OF THIS SECTION.

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

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

12 (l) "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 PRE-APPRENTICESHIP PROGRAM OR AN APPRENTICESHIP

1 PROGRAM;

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

4 (III) EMPLOYS A SUFFICIENT NUMBER OF PRE-APPRENTICESHIP OR  
5 APPRENTICESHIP CASE MANAGERS TO MONITOR STUDENT PARTICIPATION  
6 IN THE PRE-APPRENTICESHIPS OR APPRENTICESHIPS;

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

10 (V) IMPLEMENTS ADEQUATE SAFETY AND SUPERVISORY  
11 SAFEGUARDS FOR THE STUDENTS PARTICIPATING IN THE  
12 PRE-APPRENTICESHIP OR APPRENTICESHIP; AND

13 (VI) RETAINS AT LEAST ONE PRE-APPRENTICE OR APPRENTICE.

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

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

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

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

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

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

26           (b) A TAXPAYER SHALL SUBMIT A COMPLETE WRITTEN  
27           APPLICATION FOR CONDITIONAL APPROVAL TO THE DEPARTMENT OF LABOR

1 AND EMPLOYMENT BY THE DEADLINE ESTABLISHED IN RULES  
2 PROMULGATED BY THE DEPARTMENT. THE APPLICATION MUST INCLUDE  
3 IDENTIFICATION OF THE SELECTED PRE-APPRENTICE OR APPRENTICE AND  
4 THE SELECTED PRE-APPRENTICE'S OR APPRENTICE'S ACTUAL OR  
5 ANTICIPATED START DATE.

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

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

22 (b) A TAXPAYER WHO RECEIVES CONDITIONAL APPROVAL FOR A  
23 CREDIT ALLOWED IN THIS SECTION SHALL NOTIFY THE DEPARTMENT OF  
24 LABOR AND EMPLOYMENT PROMPTLY IF THE PRE-APPRENTICE OR  
25 APPRENTICE IS EITHER NOT SELECTED OR NOT RETAINED FOR THE CREDIT  
26 PERIOD, IN WHICH CASE THE CONDITIONAL APPROVAL MUST BE CANCELED.  
27 IN THE EVENT A CONDITIONAL APPROVAL IS CANCELED, THE DEPARTMENT

1 OF LABOR AND EMPLOYMENT MAY OFFER A DIFFERENT CONDITIONAL  
2 APPROVAL TO A TAXPAYER PURSUANT TO THE DEPARTMENT OF LABOR AND  
3 EMPLOYMENT'S RULES, SO LONG AS SUCH CONDITIONAL APPROVAL STILL  
4 MEETS THE LIMITATIONS SPECIFIED IN PARAGRAPH (a) OF SUBSECTION (4)  
5 OF THIS SECTION.

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

10 (d) IF THE DEPARTMENT OF LABOR AND EMPLOYMENT DETERMINES  
11 THE EMPLOYER IS A QUALIFIED TAXPAYER AND SUCH QUALIFIED TAXPAYER  
12 HAS PROVIDED ALL NECESSARY DOCUMENTATION, THE DEPARTMENT OF  
13 LABOR AND EMPLOYMENT SHALL ISSUE A CREDIT CERTIFICATE TO THE  
14 QUALIFIED TAXPAYER IN AN AMOUNT NOT TO EXCEED TWO THOUSAND  
15 FIVE HUNDRED DOLLARS FOR THE RETENTION OF EACH PRE-APPRENTICE  
16 AND IN AN AMOUNT NOT TO EXCEED FIVE THOUSAND DOLLARS FOR THE  
17 RETENTION OF EACH APPRENTICE. THE DEPARTMENT HAS THE DISCRETION  
18 TO VARY THE AMOUNT OF THE CREDIT, SUBJECT TO THE MAXIMUM  
19 AMOUNT, BASED ON THE NUMBER OF QUALIFIED TAXPAYERS WHO  
20 RECEIVED CONDITIONAL APPROVAL FOR THE CREDIT PERIOD AND BASED ON  
21 THE NUMBER OF PRE-APPRENTICES AND APPRENTICES THAT EACH  
22 QUALIFIED TAXPAYER RETAINS IN THE CREDIT PERIOD.

23 (e) THE CREDIT CERTIFICATE MUST BE SUBMITTED BY THE  
24 QUALIFIED TAXPAYER TO THE DEPARTMENT OF REVENUE WITH THE  
25 QUALIFIED TAXPAYER'S INCOME TAX RETURN.

26 (6) IF THE CREDIT EXCEEDS THE AMOUNT OF INCOME TAX DUE ON  
27 THE INCOME OF THE TAXPAYER FOR THE TAX YEAR DURING WHICH THE



1 CREDIT CERTIFICATE WAS ISSUED, THE AMOUNT OF THE TAX CREDIT NOT  
2 USED AS AN OFFSET AGAINST INCOME TAXES IN SUCH INCOME TAX YEAR  
3 MAY NOT BE ALLOWED AS A REFUND, BUT MAY BE CARRIED FORWARD AND  
4 APPLIED AGAINST THE INCOME TAX DUE IN EACH OF THE FIVE SUCCEEDING  
5 INCOME TAX YEARS, BUT MUST FIRST BE APPLIED AGAINST THE INCOME  
6 TAX DUE FOR THE EARLIEST OF THE INCOME TAX YEARS POSSIBLE.

7 (7) IF A TAXPAYER RECEIVING A CREDIT ALLOWED IN THIS SECTION  
8 IS A PARTNERSHIP, LIMITED LIABILITY COMPANY, S CORPORATION, OR  
9 SIMILAR PASS-THROUGH ENTITY, THE TAXPAYER MAY ALLOCATE THE  
10 CREDIT AMONG ITS PARTNERS, SHAREHOLDERS, MEMBERS, OR OTHER  
11 CONSTITUENT TAXPAYERS IN ANY MANNER AGREED TO BY SUCH  
12 PARTNERS, SHAREHOLDERS, MEMBERS, OR OTHER CONSTITUENT  
13 TAXPAYERS. THE TAXPAYER SHALL CERTIFY TO THE DEPARTMENT OF  
14 LABOR AND EMPLOYMENT THE AMOUNT OF THE CREDIT ALLOCATED TO  
15 EACH PARTNER, SHAREHOLDER, MEMBER, OR OTHER CONSTITUENT  
16 TAXPAYER, AND THE DEPARTMENT SHALL ISSUE CREDIT CERTIFICATES IN  
17 THE APPROPRIATE AMOUNTS TO EACH PARTNER, SHAREHOLDER, MEMBER,  
18 OR OTHER CONSTITUENT TAXPAYER. EACH PARTNER, SHAREHOLDER,  
19 MEMBER, OR OTHER CONSTITUENT TAXPAYER SHALL BE ALLOWED TO  
20 CLAIM SUCH AMOUNT SUBJECT TO ANY RESTRICTIONS SET FORTH IN THIS  
21 SECTION.

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

25 (9) NOTWITHSTANDING SECTION 24-1-136 (9) AND (11), C.R.S.,  
26 THE DEPARTMENT OF LABOR AND EMPLOYMENT SHALL INCLUDE  
27 INFORMATION REGARDING ALL CREDIT CERTIFICATES ISSUED PURSUANT TO

1 THIS SECTION, INCLUDING CONDITIONAL APPROVALS, THE NAMES OF  
2 QUALIFIED TAXPAYERS, AND THE AMOUNTS ISSUED, IN AN ANNUAL REPORT  
3 REQUIRED TO BE PRESENTED TO THE GENERAL ASSEMBLY.

4 (10) NO LATER THAN NOVEMBER 1, 2017, AND NO LATER THAN  
5 NOVEMBER 1 OF EACH YEAR THEREAFTER THROUGH NOVEMBER 1, 2019,  
6 THE DEPARTMENT OF LABOR AND EMPLOYMENT SHALL PROVIDE THE  
7 DEPARTMENT OF REVENUE WITH AN ELECTRONIC REPORT OF THE  
8 QUALIFIED TAXPAYERS WHO WERE ISSUED A CREDIT CERTIFICATE FOR THE  
9 PRECEDING CALENDAR YEAR OR ANY FISCAL YEAR ENDING IN THE  
10 PRECEDING CALENDAR YEAR, AND ANY CREDITS DISALLOWED PURSUANT  
11 TO PARAGRAPH (b) OF SUBSECTION (5) OF THIS SECTION FOR ANY YEAR,  
12 THAT INCLUDES THE FOLLOWING INFORMATION:

- 13 (a) THE QUALIFIED TAXPAYER'S NAME;
- 14 (b) THE QUALIFIED TAXPAYER'S COLORADO ACCOUNT NUMBER  
15 AND FEDERAL EMPLOYER IDENTIFICATION NUMBER;
- 16 (c) THE AMOUNT OF THE CREDIT CERTIFICATE; AND
- 17 (d) ANY ASSOCIATED NAMES, COLORADO ACCOUNT NUMBERS, AND  
18 FEDERAL EMPLOYER IDENTIFICATION NUMBERS OR SOCIAL SECURITY  
19 NUMBERS, IF THE CREDIT ALLOWED IN THIS SECTION IS ALLOCATED FROM  
20 A PASS-THROUGH ENTITY PURSUANT TO SUBSECTION (7) OF THIS SECTION.

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