

## HOUSE FLOOR AMENDMENT

Second Reading

BY REPRESENTATIVE Herod

- 1 Amend printed bill, page 2, line 3, strike "(3) introductory portion," and  
2 substitute "(3)," and after "(5)(a)," insert "(6)(a) introductory portion,  
3 (6)(a)(I), (6)(a)(II) introductory portion, (6)(b), (6)(c)(I), (6)(c)(II)(A),  
4 (6)(d), (7),".
- 5 Page 3, line 8, strike "subsection (5)" and substitute "~~subsection (5)~~  
6 SUBSECTIONS (5) AND (6)".
- 7 Page 3, line 9, strike "~~but~~" and substitute "but".
- 8 Page 3, line 10, strike "~~before~~" and substitute "before" and after "~~January~~  
9 ~~1, 2025~~," insert "JANUARY 1, 2032,".
- 10 Page 3, line 12, after "company" insert "MAKING AT LEAST ONE HUNDRED  
11 THOUSAND DOLLARS IN ACTUAL QUALIFIED LOCAL EXPENDITURES AND".
- 12 Page 3, line 13, strike "the" and substitute "~~the~~ AN".
- 13 Page 3, strike line 14 and substitute "~~equal to:~~ NOT TO EXCEED  
14 TWENTY-TWO PERCENT OF THE ACTUAL QUALIFIED LOCAL EXPENDITURES.
- 15 (a) ~~Twenty percent of the total amount of the production~~  
16 ~~company's qualified local expenditures if the total of such expenditures~~  
17 ~~equals or exceeds one hundred thousand dollars for a production company~~  
18 ~~that originates production activities in Colorado;~~
- 19 (b) ~~Twenty percent of the total amount of the production~~  
20 ~~company's qualified local expenditures if the total of such expenditures~~  
21 ~~equals or exceeds two hundred fifty thousand dollars for a production~~  
22 ~~company that produces a television commercial or video game and that~~  
23 ~~does not originate production activities in Colorado but employs a~~  
24 ~~workforce made up of at least fifty percent Colorado residents for any~~  
25 ~~in-state production activity; and~~
- 26 (c) ~~Twenty-two percent of the total amount of the production~~  
27 ~~company's qualified local expenditures if the executive director of the~~  
28 ~~office of economic development determines, in the executive director's~~  
29 ~~discretion, that the production company meets the criteria of either~~  
30 ~~subsection (3)(a) or (3)(b) of this section and filmed in a rural community,~~  
31 ~~or a marginalized urban center or used local infrastructure when~~  
32 ~~filming."~~
- 33 Page 3, strike lines 15 through 18 and substitute:

1           "(5) (a) For the ~~income tax year that commences during the 2024~~  
2 calendar year, AND FOR EACH CALENDAR YEAR THEREAFTER, the  
3 maximum aggregate amount of all tax credits ~~allowed pursuant to~~  
4 ~~subsection (3)~~ THAT THE OFFICE MAY RESERVE PURSUANT TO SUBSECTION  
5 (6) of this section is five million dollars PER CALENDAR YEAR. ~~if, based~~  
6 ~~on the"~~.

7 Page 4, after line 16 insert:

8           "(6) (a) For a production company to claim a tax credit pursuant  
9 to subsection (3) of this section, the production company must apply to  
10 the office FOR A TAX CREDIT RESERVATION, in a manner to be determined  
11 by the office prior to beginning production activities in the state for the  
12 project for which the production company is seeking a tax credit. The  
13 application FOR A TAX CREDIT RESERVATION must include a statement of  
14 intent by the production company to produce a film in Colorado for which  
15 the production company will be eligible to receive the tax credit. The  
16 production company must submit, in conjunction with the application, any  
17 documentation necessary to demonstrate that:

18           (I) The production company's projected qualified local  
19 expenditures will satisfy the minimum ~~expenditures requirements~~  
20 EXPENDITURE REQUIREMENT specified in ~~subsection (3)(a) or (3)(b)~~  
21 SUBSECTION (3) of this section, as applicable and, if applicable, the  
22 ~~requirements set forth in subsection (3)(c) of this section; and~~

23           (II) If the production company seeks a tax credit specified in  
24 ~~subsection (3)(a)~~ SUBSECTION (3) of this section, the production company  
25 will originate production activities in Colorado, including copies of  
26 income tax forms, proof of voter registration, or copies of utility bills, to  
27 provide documentary evidence that, as of the date of applying for a tax  
28 credit:

29           (b) (I) The office shall review each application FOR A TAX CREDIT  
30 RESERVATION submitted by a production company before the production  
31 company begins work on a film in Colorado. Based on the information  
32 provided in the production company's application ~~the office shall make~~  
33 ~~an initial determination of whether the production company will be~~  
34 ~~eligible to receive a tax credit and estimate the amount of the tax credit~~  
35 ~~that may be granted to the production company. The office, with the~~  
36 ~~approval of the Colorado economic development commission created in~~  
37 ~~section 24-46-102, shall grant conditional written approval to a~~  
38 ~~production company that, based on the information provided by the~~  
39 ~~production company and on an analysis of such information by the office~~  
40 ~~and the Colorado economic development commission, the production~~  
41 ~~company will satisfy the requirements of subsection (3) of this section~~

1 ~~and be eligible to claim a tax credit. The office shall not grant conditional~~  
2 ~~written approval to a production company until the production company~~  
3 ~~and the office have entered into a contract.~~ FOR A TAX CREDIT  
4 RESERVATION, THE OFFICE MAY DETERMINE THAT A PRODUCTION  
5 COMPANY IS ENTITLED TO A TAX CREDIT RESERVATION IN ACCORDANCE  
6 WITH THE PROVISIONS OF THIS SECTION. THE OFFICE SHALL ISSUE TAX  
7 CREDIT RESERVATIONS SUBJECT TO THE LIMITATIONS SET FORTH IN THIS  
8 SUBSECTION (6) AND IN SUBSECTION (5) OF THIS SECTION. THE OFFICE  
9 SHALL NOT ISSUE TAX CREDIT RESERVATIONS AFTER DECEMBER 31, 2029.

10 (II) IF THE OFFICE RESERVES A TAX CREDIT FOR THE BENEFIT OF A  
11 PRODUCTION COMPANY, THE OFFICE SHALL NOTIFY THE PRODUCTION  
12 COMPANY IN WRITING OF THE RESERVATION AND THE AMOUNT RESERVED.  
13 THE RESERVATION OF A TAX CREDIT BY THE OFFICE FOR A PRODUCTION  
14 COMPANY DOES NOT ENTITLE THE PRODUCTION COMPANY TO THE  
15 ISSUANCE OF A TAX CREDIT CERTIFICATE UNTIL THE PRODUCTION  
16 COMPANY COMPLIES WITH ALL OF THE OTHER REQUIREMENTS SPECIFIED IN  
17 THIS SECTION FOR THE ISSUANCE OF THE TAX CREDIT CERTIFICATE. WHEN  
18 THE OFFICE APPROVES A TAX CREDIT RESERVATION, THE OFFICE MAY ALSO  
19 IMPOSE ADDITIONAL REQUIREMENTS, WHICH A PRODUCTION COMPANY  
20 SHALL SATISFY AS PART OF COMPLETING THE PRODUCTION ACTIVITIES  
21 BEFORE A TAX CREDIT CERTIFICATE IS ISSUED TO THE PRODUCTION  
22 COMPANY.

23 (III) IF APPROVED, THE OFFICE MAY ISSUE A TAX CREDIT  
24 RESERVATION TO A PRODUCTION COMPANY IN AN AMOUNT NOT TO EXCEED  
25 TWENTY-TWO PERCENT OF THE ESTIMATED QUALIFIED LOCAL  
26 EXPENDITURES.

27 (c) (I) (A) A PRODUCTION COMPANY SHALL COMPLETE THE  
28 PRODUCTION ACTIVITIES IN COLORADO ON OR BEFORE DECEMBER 31,  
29 2031. Upon completion of the production activities in Colorado, a  
30 production company that received ~~conditional approval for~~ a tax credit  
31 RESERVATION from the office must retain a certified public accountant  
32 ~~licensed~~ LICENSED to practice in the state or a certified public accounting  
33 firm that is registered in the state, to review and report in writing, and in  
34 accordance with professional standards, regarding the accuracy of the  
35 financial documents that detail the expenses incurred in the course of the  
36 film production activities in Colorado. The certified public accountant's  
37 written report must include documentation of the production company's  
38 expenditures, including its actual qualified local expenditures, and any  
39 documentation necessary to show that the production company employed  
40 a workforce for the in-state production activities made up of at least fifty  
41 percent Colorado residents. When the production company provides a  
42 copy of the certified public accountant's written report and the production  
43 company certifies in writing to the office that the amount of the

1 production company's actual qualified local expenditures equals or  
2 exceeds the applicable minimum total amount of the production  
3 company's qualified local expenditures as specified in subsection (3) of  
4 this section, the office shall conduct a review of the certified public  
5 accountant's written report to ensure the requirements of this section are  
6 met. If the office is satisfied that the requirements of this section are met,  
7 and the office confirms that the certified public accountant who provided  
8 the written report is from the list described in subsection (6)(c)(II)(B) of  
9 this section, then the office shall issue to the production company a tax  
10 credit certificate that evidences the production company's right to claim  
11 the tax credit allowed under subsection (3) of this section. The tax credit  
12 certificate must include the taxpayer's name, the taxpayer's social security  
13 number or federal employer identification number, the approved tax  
14 credit amount, the income tax year for which the tax credit is being  
15 allowed, and any other information that the executive director of the  
16 department of revenue may require. ~~The office shall not issue tax credit~~  
17 ~~certificates for all income tax years that commence in a single income tax~~  
18 ~~year in excess of the maximum aggregate amount for such income tax~~  
19 ~~years.~~

20 (B) IF THE OFFICE DETERMINES THAT A PRODUCTION COMPANY HAS  
21 FAILED TO COMPLY WITH THE REQUIREMENTS OF THIS SUBSECTION (6), THE  
22 OFFICE SHALL NOTIFY THE PRODUCTION COMPANY AND MAY RESCIND THE  
23 TAX CREDIT RESERVATION. IF THE OFFICE RESCINDS THE TAX CREDIT  
24 RESERVATION, THE PRODUCTION COMPANY MAY SUBMIT A NEW TAX  
25 CREDIT RESERVATION APPLICATION PURSUANT TO THIS SUBSECTION (6).  
26 WHEN THE OFFICE RESCINDS A TAX CREDIT RESERVATION IN A CALENDAR  
27 YEAR, THE MAXIMUM AGGREGATE AMOUNT OF ALL TAX CREDITS THAT THE  
28 OFFICE MAY RESERVE IN THAT CALENDAR YEAR SET FORTH IN SUBSECTION  
29 (5)(a) OF THIS SECTION IS INCREASED BY THE AMOUNT OF THE RESCINDED  
30 TAX CREDIT RESERVATION.

31 (II) (A) Any services provided by a certified public accountant to  
32 meet the requirements of this ~~subsection (5)(c)~~ SUBSECTION (6)(c) must  
33 be performed in Colorado.

34 (d) The office shall develop procedures for the administration of  
35 this section, including application guidelines for production companies  
36 applying to receive a tax credit RESERVATION.

37 (7) (a) A production company shall claim the credit allowed under  
38 subsection (3) of this section by including the credit certificate issued to  
39 the production company by the office pursuant to subsection (6)(c)(I) of  
40 this section with its income tax return for the income tax year for which  
41 the certificate was issued. If the amount of the tax credit exceeds the  
42 production company's income taxes due on the income of the production  
43 company for the income tax year, the excess credit is not carried forward

1 and shall be refunded to the taxpayer.  
2 (b) THE OFFICE SHALL, IN A SUFFICIENTLY TIMELY MANNER TO  
3 ALLOW THE DEPARTMENT TO PROCESS RETURNS CLAIMING THE INCOME  
4 TAX CREDIT ALLOWED IN THIS SECTION, PROVIDE THE DEPARTMENT WITH  
5 AN ELECTRONIC REPORT OF EACH PRODUCTION COMPANY TO WHICH THE  
6 OFFICE ISSUED A TAX CREDIT CERTIFICATE FOR THE PRECEDING INCOME  
7 TAX YEAR THAT INCLUDES THE FOLLOWING INFORMATION:  
8 (I) THE PRODUCTION COMPANY'S NAME;  
9 (II) THE AMOUNT OF THE INCOME TAX CREDIT; AND  
10 (III) THE PRODUCTION COMPANY'S SOCIAL SECURITY NUMBER OR  
11 THE PRODUCTION COMPANY'S COLORADO ACCOUNT NUMBER AND  
12 FEDERAL EMPLOYER IDENTIFICATION NUMBER.".

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