

HOUSE COMMITTEE OF REFERENCE REPORT

Chair of Committee

Date

March 10, 2022

Committee on Business Affairs & Labor.

After consideration on the merits, the Committee recommends the following:

HB22-1121 be amended as follows, and as so amended, be referred to the Committee on Finance with favorable recommendation:

1 Amend printed bill, strike everything below the enacting clause and
2 substitute:

3 "SECTION 1. Legislative declaration. (1) The general
4 assembly hereby finds and declares that:

5 (a) Local news media is an important source of unbiased
6 information for communities to learn about the actions of their state and
7 local governments;

8 (b) In many communities, local news media is the only available
9 source of reliable information, but local news broadcasters and
10 newspapers are closing across the country;

11 (c) Local news media advertising reaches communities in a more
12 meaningful way than other advertising options such as social media
13 advertising, which often excludes groups due to their demographics,
14 socioeconomic status, or personal choices;

15 (d) Multiple studies show that local news media is a trusted source
16 of information, while large social media platforms are increasingly seen
17 as spreading misinformation; and

18 (e) Advertising in local news media provides revenue for local
19 news media and so strengthens American democracy by supporting local
20 news media, the public's watchdog organizations.

21 SECTION 2. In Colorado Revised Statutes, add 39-22-543 as
22 follows:

23 39-22-543. Tax credit for supporting local broadcasters and
24 newspapers - legislative declaration - definitions - repeal. (1) IN
25 ACCORDANCE WITH SECTION 39-21-304 (1), WHICH REQUIRES EACH BILL
26 THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE A TAX PREFERENCE
27 PERFORMANCE STATEMENT AS PART OF A STATUTORY LEGISLATIVE
28 DECLARATION, THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES

1 THAT:

2 (a) THE GENERAL LEGISLATIVE PURPOSES OF THE TAX CREDITS
3 ALLOWED BY THIS SECTION ARE:

4 (I) TO INDUCE CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS,
5 SPECIFICALLY PURCHASING ADVERTISING FROM LOCAL BROADCASTERS
6 AND IN LOCAL NEWSPAPERS; AND

7 (II) TO PROVIDE TAX RELIEF TO TAXPAYERS WHO PURCHASE
8 ADVERTISING FROM LOCAL BROADCASTERS AND IN LOCAL NEWSPAPERS.

9 (b) THE SPECIFIC LEGISLATIVE PURPOSE OF THE TAX CREDITS
10 ALLOWED BY THIS SECTION IS TO SUPPORT LOCAL BROADCASTERS AND
11 NEWSPAPERS BY ENCOURAGING TAXPAYERS TO PURCHASE ADVERTISING
12 FROM LOCAL BROADCASTERS AND IN LOCAL NEWSPAPERS. IN ORDER TO
13 ALLOW THE GENERAL ASSEMBLY AND THE STATE AUDITOR TO MEASURE
14 THE EFFECTIVENESS OF THE CREDITS, THE DEPARTMENT OF REVENUE
15 SHALL REQUIRE EACH TAXPAYER WHO CLAIMS THE CREDIT TO SUBMIT A
16 CERTIFICATION FORM VERIFYING THAT THEY QUALIFY FOR THE CREDIT
17 AND IDENTIFYING EACH LOCAL BROADCASTER OR NEWSPAPER THAT THEY
18 PURCHASED ADVERTISING FROM.

19 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
20 REQUIRES:

21 (a) "ADVERTISING" MEANS PROVIDING CONSIDERATION FOR THE
22 PUBLICATION, DISSEMINATION, SOLICITATION, OR CIRCULATION OF VISUAL,
23 AURAL, SPOKEN, OR WRITTEN COMMUNICATION TO DIRECTLY OR
24 INDIRECTLY INDUCE ANY PERSON TO PURCHASE A GOOD OR SERVICE.

25 (b) "DISQUALIFIED ORGANIZATION" MEANS ANY ORGANIZATION:

26 (I) DESCRIBED IN SECTION 501 (c)(4) OF THE INTERNAL REVENUE
27 CODE AND EXEMPT FROM TAXATION UNDER SECTION 501 (a) OF THE
28 INTERNAL REVENUE CODE;

29 (II) DESCRIBED IN SECTION 527 OF THE INTERNAL REVENUE CODE;

30 OR

31 (III) OWNED OR CONTROLLED BY ONE OR MORE ORGANIZATIONS
32 DESCRIBED IN THIS SUBSECTION (2)(b).

33 (c) "ELIGIBLE SMALL BUSINESS" MEANS A BUSINESS WITH FEWER
34 THAN FIFTY EMPLOYEES.

35 (d) "LOCAL BROADCASTER" MEANS A BROADCAST ENTITY
36 LICENSED BY THE FEDERAL COMMUNICATIONS COMMISSION THAT:

37 (I) PRIMARILY SERVES THE NEEDS OF THE STATE OF COLORADO OR
38 A REGIONAL OR LOCAL COMMUNITY WITHIN COLORADO WITH NEWS,
39 WEATHER, AND EMERGENCY INFORMATION;

40 (II) PRIMARILY HAS CONTENT DERIVED FROM PRIMARY SOURCES
41 RELATING TO NEWS AND CURRENT EVENTS;

42 (III) EMPLOYS AT LEAST ONE JOURNALIST WHO RESIDES IN
43 COLORADO AND WHO REGULARLY GATHERS, COLLECTS, PHOTOGRAPHS,

1 RECORDS, WRITES, OR REPORTS NEWS OR INFORMATION THAT CONCERNS
2 LOCAL EVENTS OR OTHER MATTERS OF LOCAL PUBLIC INTEREST;
3 (IV) IS COVERED BY MEDIA LIABILITY INSURANCE;
4 (V) DISCLOSES ITS OWNERSHIP TO THE PUBLIC; AND
5 (VI) IS NEITHER A DISQUALIFIED ORGANIZATION NOR AN
6 ORGANIZATION THAT RECEIVED MORE THAN FIFTY PERCENT OF ITS GROSS
7 RECEIPTS IN THE PREVIOUS TAX YEAR FROM DISQUALIFIED
8 ORGANIZATIONS.
9 (e) "LOCAL NEWSPAPER" MEANS A PRINT OR DIGITAL PUBLICATION
10 THAT:
11 (I) PRIMARILY SERVES THE NEEDS OF THE STATE OF COLORADO OR
12 A REGIONAL OR LOCAL COMMUNITY WITHIN COLORADO;
13 (II) PRIMARILY HAS CONTENT DERIVED FROM PRIMARY SOURCES
14 RELATING TO NEWS AND CURRENT EVENTS;
15 (III) EMPLOYS AT LEAST ONE JOURNALIST WHO RESIDES IN
16 COLORADO AND WHO REGULARLY GATHERS, COLLECTS, PHOTOGRAPHS,
17 RECORDS, WRITES, OR REPORTS NEWS OR INFORMATION THAT CONCERNS
18 LOCAL EVENTS OR OTHER MATTERS OF LOCAL PUBLIC INTEREST;
19 (IV) IS COVERED BY MEDIA LIABILITY INSURANCE;
20 (V) DISCLOSES ITS OWNERSHIP TO THE PUBLIC; AND
21 (VI) IS NEITHER A DISQUALIFIED ORGANIZATION NOR AN
22 ORGANIZATION THAT RECEIVED MORE THAN FIFTY PERCENT OF ITS GROSS
23 RECEIPTS IN THE PREVIOUS TAX YEAR FROM DISQUALIFIED
24 ORGANIZATIONS.
25 (3) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,
26 2023, BUT BEFORE JANUARY 1, 2028, AN ELIGIBLE SMALL BUSINESS IS
27 ALLOWED A CREDIT AGAINST THE INCOME TAXES IMPOSED BY THIS
28 ARTICLE 22 IN AN AMOUNT EQUAL TO FIFTY PERCENT, NOT TO EXCEED TWO
29 THOUSAND FIVE HUNDRED DOLLARS, OF THE TOTAL AMOUNT PAID BY THE
30 ELIGIBLE SMALL BUSINESS TO A LOCAL BROADCASTER OR NEWSPAPER FOR
31 ADVERTISING IN COLORADO AND IN CONNECTION WITH A NEWS-RELATED
32 PORTION OF A BROADCAST OR A NEWS-RELATED PUBLICATION.
33 (4) TO QUALIFY FOR THE CREDIT PROVIDED BY THIS SECTION, A
34 TAXPAYER SHALL SUBMIT A CERTIFICATION FORM, WHICH MAY BE
35 PROVIDED BY EACH LOCAL BROADCASTER OR NEWSPAPER THAT THE
36 TAXPAYER PURCHASED ADVERTISING FROM, WITH THE TAXPAYER'S
37 INCOME TAX RETURN FORM. A LOCAL BROADCASTER OR NEWSPAPER THAT
38 PROVIDES A CERTIFICATION FORM MUST CERTIFY THAT THE TAXPAYER HAS
39 SATISFIED THE REQUIREMENTS FOR ALLOWANCE OF A TAX CREDIT AS
40 SPECIFIED IN THIS SECTION AND IDENTIFY THE LOCAL BROADCASTER OR
41 NEWSPAPER THAT THE TAXPAYER PURCHASED ADVERTISING FROM.
42 (5) IF THE AMOUNT OF A CREDIT UNDER THIS SECTION EXCEEDS A
43 TAXPAYER'S ACTUAL TAX LIABILITY FOR AN INCOME TAX YEAR, THE

1 AMOUNT OF THE CREDIT NOT USED AS AN OFFSET AGAINST INCOME TAXES
2 IN THE INCOME TAX YEAR MAY BE CARRIED FORWARD AS A CREDIT
3 AGAINST SUBSEQUENT YEARS' INCOME TAX LIABILITY FOR A PERIOD NOT
4 TO EXCEED TEN YEARS AND SHALL BE APPLIED FIRST TO THE EARLIEST
5 INCOME TAX YEARS POSSIBLE. ANY AMOUNT OF THE CREDIT THAT IS NOT
6 USED AFTER SUCH PERIOD SHALL NOT BE REFUNDED TO THE TAXPAYER.

7 (6) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2037.

8 **SECTION 3. Act subject to petition - effective date.** This act
9 takes effect at 12:01 a.m. on the day following the expiration of the
10 ninety-day period after final adjournment of the general assembly; except
11 that, if a referendum petition is filed pursuant to section 1 (3) of article V
12 of the state constitution against this act or an item, section, or part of this
13 act within such period, then the act, item, section, or part will not take
14 effect unless approved by the people at the general election to be held in
15 November 2022 and, in such case, will take effect on the date of the
16 official declaration of the vote thereon by the governor."

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