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

HB22-1166 be amended as follows, and as so amended, be referred to the Committee on Finance with favorable recommendation:

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

"SECTION 1. In Colorado Revised Statutes, add 23-31-318 as follows:

23-31-318. Timber, forest health, and wildfire mitigation industries workforce development program - creation - rules - legislative declaration - definitions. (1) The General Assembly finds, determines, and declares that:

(a) Finding qualified and trained employees is a significant challenge for the State's timber, forest health, and wildfire mitigation industries, and it is especially difficult to provide training and experience to younger workers who are interested in beginning careers in the timber, forest health, and wildfire mitigation industries;

(b) The barriers to entry for younger workers who are interested in beginning a career in the timber, forest health, and wildfire mitigation industries are significant, including access to training programs that provide real-world work experience;

(c) Internships are a recognized way to build a talent pipeline and career pathway to align education, training, and work-based learning; and

(d) By offering incentives to timber businesses and forest health and wildfire mitigation entities to create internships, there will be more opportunities for students to obtain work experience with timber businesses or with forest health or wildfire mitigation entities.

(2) As used in this section:

(a) "Forest health or wildfire mitigation entity" means a
FOR-PROFIT OR NOT-FOR-PROFIT ENTITY LOCATED OR OPERATING IN
COLORADO THAT CONCERNS ITSELF WITH FOREST HEALTH OR WILDFIRE
MITIGATION ACTIVITIES INCLUDING PRESCRIBED BURNING AS DEFINED IN
24-33.5-1217 OR OTHER SCIENCE-BASED FOREST MANAGEMENT
PRACTICES.

(b) "Forest service" means the Colorado state forest
service identified in section 23-31-302 and the division of
forestry created in section 24-33-104.

(c) "Internship program" means the timber, forest health,
and wildfire mitigation industries workforce development
program created in subsection (3) of this section.

(d) "Timber business" means a for-profit business entity
incorporated or located in Colorado that concerns itself with
forestry, logging, the timber trade, the production of wood
products such as furniture, and secondary products such as
wood pulp for the pulp and paper industry.

(3) The timber, forest health, and wildfire mitigation
industries workforce development program is hereby created in
the forest service to provide incentives to timber businesses and
forest health or wildfire mitigation entities to hire interns
through partial reimbursement of the costs to such businesses
and entities of hiring interns. Not later than January 1, 2023,
the forest service shall promulgate policies, procedures, and
guidelines for administering the internship program. The
policies, procedures, and guidelines must specify, at a minimum:

(a) The criteria for selecting a timber business or forest
health or wildfire mitigation entity for participation in the
internship program, including the ability of the business or
entity to effectively supervise an intern and the opportunity for
an intern to get meaningful work experience;

(b) The criteria for an internship to qualify under the
internship program, including the following:

(I) The internship must provide an intern at least one
hundred thirty hours of work experience; and

(II) The internship cannot exceed six months in duration
per intern;

(c) Best practices for a timber business or forest health
or wildfire mitigation entity to use in recruiting and selecting
qualified interns to increase representation of historically
underrepresented communities in the timber, forest health, and
wildfire mitigation industries. In developing best practices, the
forest service shall specifically consider how to extend
opportunities to individuals who have acquired experience in
WILDLAND FIRE SERVICES THROUGH THE INMATE DISASTER RELIEF PROGRAM, CREATED IN SECTION 17-24-124 (3).

(d) The criteria for a timber business or forest health or wildfire mitigation entity to use in selecting qualified interns, including the required educational experience for an intern and the ability of the intern to perform meaningful work for the business;

(e) The process and timetable for selecting qualified businesses and entities and qualified interns;

(f) The accounting requirements for tracking internship costs; and

(g) The process by which a timber business or forest health or wildfire mitigation entity must seek reimbursement from the state for the internship costs it has assumed.

(4) Subject to available appropriations, the forest service may reimburse a qualified timber business or forest health or wildfire mitigation entity an amount not to exceed fifty percent of the actual cost to the business or entity to employ the intern. The actual cost includes the wages paid to the intern, a reasonable allocation of fixed overhead expenses, and all incidental costs directly related to the internship. Based on the annual appropriation for the internship program, the forest service shall determine how many internships may be approved, the amount of reimbursement per internship, and whether a timber business or forest health or wildfire mitigation entity may be reimbursed for more than one intern in the same fiscal year. However, no timber business or forest health or wildfire mitigation entity may be reimbursed for more than three internships in the same fiscal year.

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

39-22-543. Credit for purchase of equipment, vehicles, and structures used in the timber, forest health, and wildfire mitigation - legislative declaration - definitions - repeal. (1) In accordance with section 39-21-304 (1), which requires each bill that creates a new tax expenditure to include a tax preference performance statement as part of a statutory legislative declaration, the general assembly hereby finds and declares that the general legislative purposes of the tax credit created in this section are to improve industry competitiveness for the state's timber industry and provide tax relief for certain businesses engaged in timber, forest health, and wildfire mitigation activities, thereby improving the health of Colorado's forests and
REducing the risk of catastrophic wildfire. The specific intended purpose of the tax credit created in this section is to reduce basic operational costs for businesses or entities engaged in the state’s timber, forest health, and wildfire mitigation industries by allowing such businesses or entities a specified credit against their income taxes for their purchase of mechanized equipment, vehicles, and equipment infrastructure used to make wood products or conduct prescribed burning or other science-based forest management practices, thereby promoting the state’s timber, forest health, and wildfire mitigation industries. In order to allow the general assembly and the state auditor to measure the effectiveness of the credit, the department of revenue shall track the number of credits allowed, the total value of the credits allowed, the average amount of each credit allowed, and the number of qualifying items purchased for which the credit was allowed.

(2) As used in this section:

(a) "equipment infrastructure" means any equipment used in the manufacturing of wood products and includes, without limitation, dry kilns, sawmills, debarkers, pellet mills, and structures necessary to enclose logging or other operations engaged in by a taxpayer.

(b) "qualifying items" means:

(I) Any mechanized equipment that is used for the harvesting, skidding, processing, and loading of trees;

(II) Any truck or trailer that is used for the hauling of logs;

(III) Any equipment that is used in the manufacturing of wood products;

(IV) Any equipment that is used in small-diameter tree removal and processing; and

(V) Any equipment that is used in conducting prescribed burning as defined in section 24-33.5-1202 (8.3).

(c) "taxpayer" means any sole proprietorship, partnership, limited liability corporation, subchapter S corporation, or regular corporation doing business in the state that concerns itself with forestry, logging, the timber trade, the production of wood products such as furniture, and secondary products such as wood pulp for the pulp and paper industry, or with forest health and wildfire mitigation activities including prescribed burning as defined in 24-33.5-1217 or other science-based forest management practices.

(3) With respect to tax years commencing on or after
JANUARY 1, 2022, BUT PRIOR TO JANUARY 1, 2027, THERE IS ALLOWED TO
ANY TAXPAYER A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE 22
IN THE AMOUNT OF TWENTY PERCENT OF THE COST INCURRED BY THE
TAXPAYER IN PURCHASING A QUALIFYING ITEM, NOT TO EXCEED TEN
THOUSAND DOLLARS IN THE AGGREGATE FOR ALL QUALIFYING ITEMS
PURCHASED IN ANY ONE INCOME TAX YEAR.

(4) (a) If a qualifying item that was produced in Colorado
is available, the tax credit allowed by this section may only be
claimed for qualifying items produced in Colorado. If a
qualifying item produced in Colorado is not available, the tax
credit allowed by this section may be claimed regardless of
where the qualifying item is produced.

(b) If an electric-powered qualifying item is available, the
tax credit allowed by this section may only be claimed for
electric-powered qualifying items. If an electric-powered
qualifying item is not available, the tax credit may be claimed
regardless of the power source of the qualifying item.

(5) If the amount of the credit specified in subsection (3) of
this section exceeds the amount of income taxes due on the
income of the taxpayer in the income tax year for which the
credit is being claimed, the amount of the credit not used as an
offset against income taxes in said income tax year shall not be
allowed as a refund but may be carried forward as a credit
against subsequent years’ tax liability for a period not
exceeding five years and shall be applied first to the earliest
income tax years possible. Any amount of the credit that is not
used during said period shall not be refundable to the taxpayer.

(6) To claim a credit under this section, a taxpayer must
submit to the department of revenue with documentation in a
form satisfactory to the department of revenue that
demonstrates the taxpayer purchased the qualifying item and
the cost of the item purchased by the taxpayer.

(7) This section is repealed, effective July 1, 2032.

SECTION 3. Act subject to petition - effective date. This act
takes effect at 12:01 a.m. on the day following the expiration of the
ninety-day period after final adjournment of the general assembly; except
that, if a referendum petition is filed pursuant to section 1 (3) of article V
of the state constitution against this act or an item, section, or part of this
act within such period, then the act, item, section, or part will not take
effect unless approved by the people at the general election to be held in
November 2022 and, in such case, will take effect on the date of the
official declaration of the vote thereon by the governor.".
Page 1, strike lines 104 through 106 and substitute "FOREST SERVICE AND CREATING A STATE INCOME TAX".

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