

HOUSE COMMITTEE OF REFERENCE REPORT

Chair of Committee

Date

March 31, 2022

Committee on Energy & Environment.

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:

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

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

5 **23-31-318. Timber, forest health, and wildfire mitigation**
6 **industries workforce development program - creation - rules -**
7 **legislative declaration - definitions.** (1) THE GENERAL ASSEMBLY FINDS,
8 DETERMINES, AND DECLARES THAT:

9 (a) FINDING QUALIFIED AND TRAINED EMPLOYEES IS A SIGNIFICANT
10 CHALLENGE FOR THE STATE'S TIMBER, FOREST HEALTH, AND WILDFIRE
11 MITIGATION INDUSTRIES, AND IT IS ESPECIALLY DIFFICULT TO PROVIDE
12 TRAINING AND EXPERIENCE TO YOUNGER WORKERS WHO ARE INTERESTED
13 IN BEGINNING CAREERS IN THE TIMBER, FOREST HEALTH, AND WILDFIRE
14 MITIGATION INDUSTRIES;

15 (b) THE BARRIERS TO ENTRY FOR YOUNGER WORKERS WHO ARE
16 INTERESTED IN BEGINNING A CAREER IN THE TIMBER, FOREST HEALTH, AND
17 WILDFIRE MITIGATION INDUSTRIES ARE SIGNIFICANT, INCLUDING ACCESS
18 TO TRAINING PROGRAMS THAT PROVIDE REAL-WORLD WORK EXPERIENCE;

19 (c) INTERNSHIPS ARE A RECOGNIZED WAY TO BUILD A TALENT
20 PIPELINE AND CAREER PATHWAY TO ALIGN EDUCATION, TRAINING, AND
21 WORK-BASED LEARNING; AND

22 (d) BY OFFERING INCENTIVES TO TIMBER BUSINESSES AND FOREST
23 HEALTH AND WILDFIRE MITIGATION ENTITIES TO CREATE INTERNSHIPS,
24 THERE WILL BE MORE OPPORTUNITIES FOR STUDENTS TO OBTAIN WORK
25 EXPERIENCE WITH TIMBER BUSINESSES OR WITH FOREST HEALTH OR
26 WILDFIRE MITIGATION ENTITIES.

27 (2) AS USED IN THIS SECTION:

28 (a) "FOREST HEALTH OR WILDFIRE MITIGATION ENTITY" MEANS A

1 FOR-PROFIT OR NOT-FOR-PROFIT ENTITY LOCATED OR OPERATING IN
2 COLORADO THAT CONCERNS ITSELF WITH FOREST HEALTH OR WILDFIRE
3 MITIGATION ACTIVITIES INCLUDING PRESCRIBED BURNING AS DEFINED IN
4 24-33.5-1217 OR OTHER SCIENCE-BASED FOREST MANAGEMENT
5 PRACTICES.

6 (b) "FOREST SERVICE" MEANS THE COLORADO STATE FOREST
7 SERVICE IDENTIFIED IN SECTION 23-31-302 AND THE DIVISION OF
8 FORESTRY CREATED IN SECTION 24-33-104.

9 (c) "INTERNSHIP PROGRAM" MEANS THE TIMBER, FOREST HEALTH,
10 AND WILDFIRE MITIGATION INDUSTRIES WORKFORCE DEVELOPMENT
11 PROGRAM CREATED IN SUBSECTION (3) OF THIS SECTION.

12 (d) "TIMBER BUSINESS" MEANS A FOR-PROFIT BUSINESS ENTITY
13 INCORPORATED OR LOCATED IN COLORADO THAT CONCERNS ITSELF WITH
14 FORESTRY, LOGGING, THE TIMBER TRADE, THE PRODUCTION OF WOOD
15 PRODUCTS SUCH AS FURNITURE, AND SECONDARY PRODUCTS SUCH AS
16 WOOD PULP FOR THE PULP AND PAPER INDUSTRY.

17 (3) THE TIMBER, FOREST HEALTH, AND WILDFIRE MITIGATION
18 INDUSTRIES WORKFORCE DEVELOPMENT PROGRAM IS HEREBY CREATED IN
19 THE FOREST SERVICE TO PROVIDE INCENTIVES TO TIMBER BUSINESSES AND
20 FOREST HEALTH OR WILDFIRE MITIGATION ENTITIES TO HIRE INTERNS
21 THROUGH PARTIAL REIMBURSEMENT OF THE COSTS TO SUCH BUSINESSES
22 AND ENTITIES OF HIRING INTERNS. NOT LATER THAN JANUARY 1, 2023,
23 THE FOREST SERVICE SHALL PROMULGATE POLICIES, PROCEDURES, AND
24 GUIDELINES FOR ADMINISTERING THE INTERNSHIP PROGRAM. THE
25 POLICIES, PROCEDURES, AND GUIDELINES MUST SPECIFY, AT A MINIMUM:

26 (a) THE CRITERIA FOR SELECTING A TIMBER BUSINESS OR FOREST
27 HEALTH OR WILDFIRE MITIGATION ENTITY FOR PARTICIPATION IN THE
28 INTERNSHIP PROGRAM, INCLUDING THE ABILITY OF THE BUSINESS OR
29 ENTITY TO EFFECTIVELY SUPERVISE AN INTERN AND THE OPPORTUNITY FOR
30 AN INTERN TO GET MEANINGFUL WORK EXPERIENCE;

31 (b) THE CRITERIA FOR AN INTERNSHIP TO QUALIFY UNDER THE
32 INTERNSHIP PROGRAM, INCLUDING THE FOLLOWING:

33 (I) THE INTERNSHIP MUST PROVIDE AN INTERN AT LEAST ONE
34 HUNDRED THIRTY HOURS OF WORK EXPERIENCE; AND

35 (II) THE INTERNSHIP CANNOT EXCEED SIX MONTHS IN DURATION
36 PER INTERN;

37 (c) BEST PRACTICES FOR A TIMBER BUSINESS OR FOREST HEALTH
38 OR WILDFIRE MITIGATION ENTITY TO USE IN RECRUITING AND SELECTING
39 QUALIFIED INTERNS TO INCREASE REPRESENTATION OF HISTORICALLY
40 UNDERREPRESENTED COMMUNITIES IN THE TIMBER, FOREST HEALTH, AND
41 WILDFIRE MITIGATION INDUSTRIES. IN DEVELOPING BEST PRACTICES, THE
42 FOREST SERVICE SHALL SPECIFICALLY CONSIDER HOW TO EXTEND
43 OPPORTUNITIES TO INDIVIDUALS WHO HAVE ACQUIRED EXPERIENCE IN

1 WILDLAND FIRE SERVICES THROUGH THE INMATE DISASTER RELIEF
2 PROGRAM, CREATED IN SECTION 17-24-124 (3).

3 (d) THE CRITERIA FOR A TIMBER BUSINESS OR FOREST HEALTH OR
4 WILDFIRE MITIGATION ENTITY TO USE IN SELECTING QUALIFIED INTERNS,
5 INCLUDING THE REQUIRED EDUCATIONAL EXPERIENCE FOR AN INTERN AND
6 THE ABILITY OF THE INTERN TO PERFORM MEANINGFUL WORK FOR THE
7 BUSINESS;

8 (e) THE PROCESS AND TIMETABLE FOR SELECTING QUALIFIED
9 BUSINESSES AND ENTITIES AND QUALIFIED INTERNS;

10 (f) THE ACCOUNTING REQUIREMENTS FOR TRACKING INTERNSHIP
11 COSTS; AND

12 (g) THE PROCESS BY WHICH A TIMBER BUSINESS OR FOREST
13 HEALTH OR WILDFIRE MITIGATION ENTITY MUST SEEK REIMBURSEMENT
14 FROM THE STATE FOR THE INTERNSHIP COSTS IT HAS ASSUMED.

15 (4) SUBJECT TO AVAILABLE APPROPRIATIONS, THE FOREST SERVICE
16 MAY REIMBURSE A QUALIFIED TIMBER BUSINESS OR FOREST HEALTH OR
17 WILDFIRE MITIGATION ENTITY AN AMOUNT NOT TO EXCEED FIFTY PERCENT
18 OF THE ACTUAL COST TO THE BUSINESS OR ENTITY TO EMPLOY THE INTERN.
19 THE ACTUAL COST INCLUDES THE WAGES PAID TO THE INTERN, A
20 REASONABLE ALLOCATION OF FIXED OVERHEAD EXPENSES, AND ALL
21 INCIDENTAL COSTS DIRECTLY RELATED TO THE INTERNSHIP. BASED ON THE
22 ANNUAL APPROPRIATION FOR THE INTERNSHIP PROGRAM, THE FOREST
23 SERVICE SHALL DETERMINE HOW MANY INTERNSHIPS MAY BE APPROVED,
24 THE AMOUNT OF REIMBURSEMENT PER INTERNSHIP, AND WHETHER A
25 TIMBER BUSINESS OR FOREST HEALTH OR WILDFIRE MITIGATION ENTITY
26 MAY BE REIMBURSED FOR MORE THAN ONE INTERN IN THE SAME FISCAL
27 YEAR. HOWEVER, NO TIMBER BUSINESS OR FOREST HEALTH OR WILDFIRE
28 MITIGATION ENTITY MAY BE REIMBURSED FOR MORE THAN THREE
29 INTERNSHIPS IN THE SAME FISCAL YEAR.

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

32 **39-22-543. Credit for purchase of equipment, vehicles, and**
33 **structures used in the timber, forest health, and wildfire mitigation**
34 **- legislative declaration - definitions - repeal.** (1) IN ACCORDANCE
35 WITH SECTION 39-21-304 (1), WHICH REQUIRES EACH BILL THAT CREATES
36 A NEW TAX EXPENDITURE TO INCLUDE A TAX PREFERENCE PERFORMANCE
37 STATEMENT AS PART OF A STATUTORY LEGISLATIVE DECLARATION, THE
38 GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT THE GENERAL
39 LEGISLATIVE PURPOSES OF THE TAX CREDIT CREATED IN THIS SECTION ARE
40 TO IMPROVE INDUSTRY COMPETITIVENESS FOR THE STATE'S TIMBER
41 INDUSTRY AND PROVIDE TAX RELIEF FOR CERTAIN BUSINESSES ENGAGED
42 IN TIMBER, FOREST HEALTH, AND WILDFIRE MITIGATION ACTIVITIES,
43 THEREBY IMPROVING THE HEALTH OF COLORADO'S FORESTS AND

1 REDUCING THE RISK OF CATASTROPHIC WILDFIRE. THE SPECIFIC INTENDED
2 PURPOSE OF THE TAX CREDIT CREATED IN THIS SECTION IS TO REDUCE
3 BASIC OPERATIONAL COSTS FOR BUSINESSES OR ENTITIES ENGAGED IN THE
4 STATE'S TIMBER, FOREST HEALTH, AND WILDFIRE MITIGATION INDUSTRIES
5 BY ALLOWING SUCH BUSINESSES OR ENTITIES A SPECIFIED CREDIT AGAINST
6 THEIR INCOME TAXES FOR THEIR PURCHASE OF MECHANIZED EQUIPMENT,
7 VEHICLES, AND EQUIPMENT INFRASTRUCTURE USED TO MAKE WOOD
8 PRODUCTS OR CONDUCT PRESCRIBED BURNING OR OTHER SCIENCE-BASED
9 FOREST MANAGEMENT PRACTICES, THEREBY PROMOTING THE STATE'S
10 TIMBER, FOREST HEALTH, AND WILDFIRE MITIGATION INDUSTRIES. IN
11 ORDER TO ALLOW THE GENERAL ASSEMBLY AND THE STATE AUDITOR TO
12 MEASURE THE EFFECTIVENESS OF THE CREDIT, THE DEPARTMENT OF
13 REVENUE SHALL TRACK THE NUMBER OF CREDITS ALLOWED, THE TOTAL
14 VALUE OF THE CREDITS ALLOWED, THE AVERAGE AMOUNT OF EACH CREDIT
15 ALLOWED, AND THE NUMBER OF QUALIFYING ITEMS PURCHASED FOR
16 WHICH THE CREDIT WAS ALLOWED.

17 (2) AS USED IN THIS SECTION:

18 (a) "EQUIPMENT INFRASTRUCTURE" MEANS ANY EQUIPMENT USED
19 IN THE MANUFACTURING OF WOOD PRODUCTS AND INCLUDES, WITHOUT
20 LIMITATION, DRY KILNS, SAWMILLS, DEBARKERS, PELLET MILLS, AND
21 STRUCTURES NECESSARY TO ENCLOSE LOGGING OR OTHER OPERATIONS
22 ENGAGED IN BY A TAXPAYER.

23 (b) "QUALIFYING ITEMS" MEANS:

24 (I) ANY MECHANIZED EQUIPMENT THAT IS USED FOR THE
25 HARVESTING, SKIDDING, PROCESSING, AND LOADING OF TREES;

26 (II) ANY TRUCK OR TRAILER THAT IS USED FOR THE HAULING OF
27 LOGS;

28 (III) ANY EQUIPMENT THAT IS USED IN THE MANUFACTURING OF
29 WOOD PRODUCTS;

30 (IV) ANY EQUIPMENT THAT IS USED IN SMALL-DIAMETER TREE
31 REMOVAL AND PROCESSING; AND

32 (V) ANY EQUIPMENT THAT IS USED IN CONDUCTING PRESCRIBED
33 BURNING AS DEFINED IN SECTION 24-33.5-1202 (8.3).

34 (c) "TAXPAYER" MEANS ANY SOLE PROPRIETORSHIP, PARTNERSHIP,
35 LIMITED LIABILITY CORPORATION, SUBCHAPTER S CORPORATION, OR
36 REGULAR CORPORATION DOING BUSINESS IN THE STATE THAT CONCERNS
37 ITSELF WITH FORESTRY, LOGGING, THE TIMBER TRADE, THE PRODUCTION
38 OF WOOD PRODUCTS SUCH AS FURNITURE, AND SECONDARY PRODUCTS
39 SUCH AS WOOD PULP FOR THE PULP AND PAPER INDUSTRY, OR WITH FOREST
40 HEALTH AND WILDFIRE MITIGATION ACTIVITIES INCLUDING PRESCRIBED
41 BURNING AS DEFINED IN 24-33.5-1217 OR OTHER SCIENCE-BASED FOREST
42 MANAGEMENT PRACTICES.

43 (3) WITH RESPECT TO TAX YEARS COMMENCING ON OR AFTER

1 JANUARY 1, 2022, BUT PRIOR TO JANUARY 1, 2027, THERE IS ALLOWED TO
2 ANY TAXPAYER A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE 22
3 IN THE AMOUNT OF TWENTY PERCENT OF THE COST INCURRED BY THE
4 TAXPAYER IN PURCHASING A QUALIFYING ITEM, NOT TO EXCEED TEN
5 THOUSAND DOLLARS IN THE AGGREGATE FOR ALL QUALIFYING ITEMS
6 PURCHASED IN ANY ONE INCOME TAX YEAR.

7 (4) (a) IF A QUALIFYING ITEM THAT WAS PRODUCED IN COLORADO
8 IS AVAILABLE, THE TAX CREDIT ALLOWED BY THIS SECTION MAY ONLY BE
9 CLAIMED FOR QUALIFYING ITEMS PRODUCED IN COLORADO. IF A
10 QUALIFYING ITEM PRODUCED IN COLORADO IS NOT AVAILABLE, THE TAX
11 CREDIT ALLOWED BY THIS SECTION MAY BE CLAIMED REGARDLESS OF
12 WHERE THE QUALIFYING ITEM IS PRODUCED.

13 (b) IF AN ELECTRIC-POWERED QUALIFYING ITEM IS AVAILABLE, THE
14 TAX CREDIT ALLOWED BY THIS SECTION MAY ONLY BE CLAIMED FOR
15 ELECTRIC-POWERED QUALIFYING ITEMS. IF AN ELECTRIC-POWERED
16 QUALIFYING ITEM IS NOT AVAILABLE, THE TAX CREDIT MAY BE CLAIMED
17 REGARDLESS OF THE POWER SOURCE OF THE QUALIFYING ITEM.

18 (5) IF THE AMOUNT OF THE CREDIT SPECIFIED IN SUBSECTION (3) OF
19 THIS SECTION EXCEEDS THE AMOUNT OF INCOME TAXES DUE ON THE
20 INCOME OF THE TAXPAYER IN THE INCOME TAX YEAR FOR WHICH THE
21 CREDIT IS BEING CLAIMED, THE AMOUNT OF THE CREDIT NOT USED AS AN
22 OFFSET AGAINST INCOME TAXES IN SAID INCOME TAX YEAR SHALL NOT BE
23 ALLOWED AS A REFUND BUT MAY BE CARRIED FORWARD AS A CREDIT
24 AGAINST SUBSEQUENT YEARS' TAX LIABILITY FOR A PERIOD NOT
25 EXCEEDING FIVE YEARS AND SHALL BE APPLIED FIRST TO THE EARLIEST
26 INCOME TAX YEARS POSSIBLE. ANY AMOUNT OF THE CREDIT THAT IS NOT
27 USED DURING SAID PERIOD SHALL NOT BE REFUNDABLE TO THE TAXPAYER.

28 (6) TO CLAIM A CREDIT UNDER THIS SECTION, A TAXPAYER MUST
29 SUBMIT TO THE DEPARTMENT OF REVENUE WITH DOCUMENTATION IN A
30 FORM SATISFACTORY TO THE DEPARTMENT OF REVENUE THAT
31 DEMONSTRATES THE TAXPAYER PURCHASED THE QUALIFYING ITEM AND
32 THE COST OF THE ITEM PURCHASED BY THE TAXPAYER.

33 (7) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2032.

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

- 1 Page 1, strike lines 104 through 106 and substitute "**FOREST SERVICE AND**
- 2 **CREATING A STATE INCOME TAX**".

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