



Legislative Council Staff

Research Note

Version: Final

Date: 2/18/2016

Bill Number

House Bill 16-1037

Sponsors

Representative Windholz
Senator Aguilar

Short Title

*Income Tax Credit Employer Of
Persons With Disabilities*

Research Analyst

Katie Ruedebusch (x3001)

Status

This research note reflects the final version of the bill. The bill was postponed indefinitely by the House Finance Committee on February 17, 2016.

Summary

This bill, *as requested by the Vocational Rehabilitation Services for the Blind Interim Study Committee*, creates two income tax credits for taxpayers who hire persons with developmental disabilities and persons who are blind or visually impaired and are referred for employment by the Division of Vocational Rehabilitation (DVR). The income tax credits are calculated as follows:

- **a tax credit for employee wages** equal to 50 percent of the gross wages of a qualifying employee in the first three months of continuous employment, and 30 percent of the gross wages of a qualifying employee in the next nine months of continuous employment; and
- **a tax credit for software and hardware costs** equal to a share of the cost of the purchase, maintenance, repair, or upgrade of software or hardware that assists a qualifying employee in performing his or her job as follows:
 - 75 percent of costs incurred in the first year of qualifying employee's employment;
 - 50 percent of costs incurred in the second year; and
 - 25 percent of costs incurred in the third year of employment.

Both credits are nonrefundable and are available for three years, beginning in tax year 2016. Both credits are limited to a taxpayer's income tax liability. The amount of a credit in excess of the liability may be carried forward for up to five years.

This research note was prepared by Legislative Council Staff, the nonpartisan research staff for the Colorado General Assembly. The research note is provided for informational purposes only and should not be relied upon as an official record of action by the General Assembly. Legislative Council Staff are not attorneys, and the research note is not a legal opinion. If you have legal questions about the bill, including questions about the meaning of the bill language or amendments, please contact the drafter.

Background

DVR, in the Colorado Department of Human Services (DHS), provides a range of vocational rehabilitation services to help persons with disabilities prepare for, find, and maintain employment. The Vocational Rehabilitation Services for the Blind Interim Study Committee was created to determine the most effective structure and delivery model for vocational rehabilitation services when DVR is transferred to the Colorado Department of Labor and Employment on July 1, 2016, following the passage of Senate Bill 15-239.

In 2008, the General Assembly enacted an income tax credit for employers that hire persons with intellectual and developmental disabilities. The credit was only available to employers in certain Colorado counties. In addition, the tax credit did not require a referral from DVR and did not specifically address persons who are blind or visually impaired. Finally, no separate tax credit for software and hardware costs existed.

The credit was contingent upon the December 2008, 2009, and 2010 forecasts of General Fund revenue being sufficient to grow General Fund appropriations by 6 percent. Due to this, the credit was never triggered. The tax credit ended after tax year 2011.

House Action

House Public Health Care and Human Services Committee (January 27, 2016). At the hearing, representatives from the Colorado Deaf-Blind Task Force, the National Federation of the Blind Colorado, and ARC of Colorado testified in support of the bill. The committee adopted a conceptual amendment, and referred the bill, as amended, to the House Finance Committee. The conceptual amendment added a "purchase" as a qualifying event for the software and hardware costs tax credit.

House Finance Committee (February 17, 2016). At the hearing, representatives from ARC of Colorado, the National Federation of the Blind Colorado, and an individual representing himself testified in support of the bill. The committee postponed the bill indefinitely.

Relevant Research

Final Report of the Vocational Rehabilitation Services for the Blind Interim Study Committee:
<http://tinyurl.com/zaqs7rh>