

An Act

HOUSE BILL 24-1365

BY REPRESENTATIVE(S) Lukens and Soper, Amabile, Bacon, Bird, Boesenecker, Brown, Daugherty, English, Jodeh, Lieder, Lindstedt, Mauro, Titone, Woodrow, McCluskie;
also SENATOR(S) Bridges and Will, Buckner, Cutter, Michaelson Jenet, Priola.

CONCERNING REGIONAL TALENT DEVELOPMENT INITIATIVES, AND, IN CONNECTION THEREWITH, CREATING THE REGIONAL TALENT SUMMIT GRANT PROGRAM AND AN INCOME TAX CREDIT FOR FACILITY IMPROVEMENT AND EQUIPMENT ACQUISITION COSTS ASSOCIATED WITH TRAINING PROGRAMS DESIGNED TO ALLEVIATE WORKFORCE SHORTAGES AND MAKING AN APPROPRIATION.

Be it enacted by the General Assembly of the State of Colorado:

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

(a) House Bill 22-1350, enacted in 2022, established the regional talent development initiative act to invest in regional partnerships that encourage workforce development and respond to regional talent needs. The grant program, opportunity now, granted twenty-seven million dollars

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

to forty-six grantees and created over two hundred thirty industry and educational partnerships with the first round of funding. The second and third rounds of investment demonstrate Colorado's ongoing commitment to innovation, regional planning, economic development, and collaboration.

(b) However, Colorado continues to experience workforce shortages due to the mismatch of jobs available and the skilled talent needed to fill them. This challenge is heightened by recent federal investment in programs like the federal "Infrastructure Investment and Jobs Act", Pub.L. 117-58, the federal "Inflation Reduction Act of 2022", Pub.L. 117-169, and the federal "CHIPS and Science Act of 2022", Pub.L. 117-167, which create additional demands for skilled talent.

(c) Data shows that Colorado currently needs thirty-three thousand five hundred infrastructure and construction workers, and is projected to need an additional fifty thousand construction workers by the end of the decade, including an additional twenty thousand clean energy construction jobs. Colorado is projected to need six thousand ninety-eight construction laborers alone to respond to "Infrastructure Investment and Jobs Act" project needs.

(d) More skilled talent in infrastructure, advanced manufacturing, and clean energy is needed for Colorado to take full advantage of federal investments and achieve Colorado's ambitious housing, climate, broadband, and infrastructure goals. By investing an additional round of general fund funding into the opportunity now program, with a focus on infrastructure and building trades, Colorado makes an important investment in the workforce needed to build more housing now.

(e) Expanding the opportunity now program with a refundable tax credit expands the scope of this work for years to come. This refundable tax credit will support qualified applicants in increasing their training capacity and capabilities so that Colorado has the workforce needed to respond to federal investments as they break ground and achieve statewide priorities.

(f) The workforce shortage tax credit is intended to continue the opportunity now program by seeding investments that benefit the education and training system broadly;

(g) The regional talent summit grant program is also created to

affirm Colorado's collaborative, locally-driven, and state-supported approach to regional talent planning. These summits will allow for industry, business associations, community-based organizations, talent development practitioners, local workforce centers, local education providers, institutions of higher education, and state agencies to identify the workforce needs and resources of their areas. By seeding new partnerships to develop shared workforce and economic development goals, these summits will allow Colorado's regions to plan for and leverage local and state resources to achieve them.

(2) Therefore, the regional talent summit grant program and the workforce shortage tax credit are important tools for Colorado to address the need for talent acquisition and retention.

SECTION 2. In Colorado Revised Statutes, 24-48.5-405, **amend** (1)(c)(II) and (1)(c)(III); and **add** (1)(c)(IV) and (1)(c)(V) as follows:

24-48.5-405. Regional talent development initiative grant program - creation - administration - eligibility - application review - report. (1) (c) In prioritizing grant applications and awarding grants, the office, in collaboration with the departments and the selection committee, shall strive to meet the following grant program goals:

(II) To create intentional pathways between kindergarten through twelfth grade education, higher education, and employment that allow learners and earners to transition more easily into and out of each system and that ensure a highly skilled and well-educated workforce; ~~and~~

(III) To provide more opportunities for regional learners and earners to be more economically mobile and earn a living wage in an in-demand, high-skill, high-wage occupation;

(IV) TO ADDRESS WORKFORCE SHORTAGES IN INFRASTRUCTURE AND BUILDING TRADES BY CREATING MORE OPPORTUNITIES FOR WORKFORCE DEVELOPMENT PROJECTS IN THESE TRADES; AND

(V) TO ELEVATE EVIDENCE-BASED WORKFORCE TRAINING AND RELEVANT PROGRAMS OR SERVICES WHERE PARTICIPANTS FROM COMMUNITIES THAT HAVE BEEN HISTORICALLY UNDERREPRESENTED, UNDERSERVED, OR UNDERRESOURCED IN COLORADO ARE ABLE TO EARN A

LIVING WAGE AND ARE CONNECTED TO EMPLOYMENT OPPORTUNITIES.

SECTION 3. In Colorado Revised Statutes, 24-48.5-406, **add** (1)(a.5) as follows:

24-48.5-406. Regional talent development initiative grant program fund - repeal. (1) (a.5) (I) ON JULY 1, 2024, THE STATE TREASURER SHALL TRANSFER THREE MILLION EIGHT HUNDRED THOUSAND DOLLARS FROM THE GENERAL FUND TO THE FUND FOR USE FOR ACHIEVING THE GOAL SET FORTH IN SECTION 24-48.5-405 (1)(c)(IV).

(II) OF THE AMOUNT TRANSFERRED TO THE FUND PURSUANT TO SUBSECTION (1)(a.5)(I) OF THIS SECTION, NOT MORE THAN SEVEN PERCENT MAY BE USED FOR THE ADMINISTRATIVE COSTS INCURRED BY THE OFFICE AND THE SELECTION COMMITTEE IN ADMINISTERING THE REGIONAL TALENT DEVELOPMENT INITIATIVE GRANT PROGRAM.

(III) THIS SUBSECTION (1)(a.5) IS REPEALED, EFFECTIVE JULY 1, 2028.

SECTION 4. In Colorado Revised Statutes, 24-48.5-502, **amend** (1)(b)(V), (4)(a), (4)(b), and (5)(b); and **repeal** (4)(c) as follows:

24-48.5-502. Universal high school scholarship program - established - administration - cash fund - eligibility. (1) (b) The office shall administer the program or may contract with one or more vendors to administer the program. The office or vendor shall:

(V) ~~Audit~~ MONITOR, or contract with a vendor to ~~audit~~ MONITOR, service providers to ensure that service providers comply with all program rules and requirements.

(4) A student is eligible for a scholarship if the student:

(a) During the 2023-24 academic year, graduated from a Colorado high school or was awarded a high school equivalency credential awarded by the Colorado department of education;

(b) IS A DEGREE-SEEKING STUDENT WHO completes the free application for federal student aid or the Colorado application for state

financial aid; EXCEPT THAT THE OFFICE SHALL WAIVE THE REQUIREMENT OF COMPLETING THE FREE APPLICATION FOR FEDERAL STUDENT AID OR THE COLORADO APPLICATION FOR STATE FINANCIAL AID IF THE DEGREE-SEEKING STUDENT ATTESTS THAT THE STUDENT IS UNABLE TO MEET THIS REQUIREMENT; AND

(c) ~~Did not receive a grant or scholarship pursuant to part 10 of article 3.3 of title 23 for the 2024-25 academic year, and~~

(5) (b) A service provider shall comply with the program policies and procedures and with all reporting requirements described in this section. A service provider shall submit to ~~an audit~~ MONITORING by the office or vendor conducted pursuant to subsection (1)(b) of this section.

SECTION 5. In Colorado Revised Statutes, **add** part 7 to article 48.5 of title 24 as follows:

PART 7
REGIONAL TALENT SUMMIT ACT

24-48.5-701. Short title. THE SHORT TITLE OF THIS PART 7 IS THE "REGIONAL TALENT SUMMIT ACT".

24-48.5-702. Legislative declaration. (1) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

(a) THIS PART 7 IS INTENDED TO STRENGTHEN REGIONAL TALENT DEVELOPMENT PIPELINES TO MEET WORKFORCE DEMAND;

(b) THE STATE HAS AN OPPORTUNITY TO FULFILL DEMAND FOR WORKERS, WHICH WILL ALLOW THE STATE TO MEET ITS STRATEGIC GOALS AND GENERATE HIGH-QUALITY CAREERS; AND

(c) THE GRANT PROGRAM AND RELATED SERVICES DESCRIBED IN THIS PART 7 ARE IMPORTANT GOVERNMENT SERVICES.

(2) THEREFORE, THE GENERAL ASSEMBLY CREATES THE REGIONAL TALENT SUMMIT GRANT PROGRAM TO ADDRESS THESE NEEDS.

24-48.5-703. Definitions. AS USED IN THIS PART 7, UNLESS THE

CONTEXT OTHERWISE REQUIRES:

(1) "APPLICANT" MEANS AN ENTITY THAT:

(a) HAS THE CAPACITY TO HOST REGIONAL TALENT SUMMITS ACROSS THE STATE THAT CONVENE TO UNDERSTAND REGIONAL LABOR MARKET NEEDS IN EACH REGION OF THE STATE OR HAS THE CAPACITY TO CONVENE, FACILITATE, AND REPORT ON REGIONAL TALENT SUMMIT FINDINGS; AND

(b) APPLIES FOR A GRANT FROM THE GRANT PROGRAM.

(2) "FUND" MEANS THE REGIONAL TALENT SUMMIT GRANT PROGRAM FUND CREATED IN SECTION 24-48.5-705.

(3) "GRANT PROGRAM" MEANS THE REGIONAL TALENT SUMMIT GRANT PROGRAM CREATED IN SECTION 24-48.5-704.

(4) "OFFICE" MEANS THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT CREATED IN SECTION 24-48.5-101.

(5) "PROGRAM FACILITATOR" MEANS AN APPLICANT TO WHICH THE OFFICE AWARDS A GRANT AND WITH WHICH THE OFFICE CONTRACTS PURSUANT TO SECTION 24-48.5-704 (2)(a).

(6) "REGIONAL HOST" MEANS AN APPLICANT THAT HAS BEEN GRANTED AN AWARD TO SUPPORT THE COSTS OF HOSTING A REGIONAL TALENT SUMMIT.

(7) "REGIONAL TALENT SUMMIT" MEANS A CONVENING OF STATE AND REGIONAL STAKEHOLDERS TO DISCUSS THE ECONOMIC AND WORKFORCE NEEDS OF THEIR REGION AND THE PROGRAMS AND RESOURCES THAT MIGHT ADDRESS THOSE NEEDS.

(8) "SELECTION COMMITTEE" MEANS THE SELECTION COMMITTEE APPOINTED PURSUANT TO SECTION 24-48.5-704 (4)(a) TO REVIEW AND MAKE RECOMMENDATIONS ABOUT APPLICANTS, TO SELECT AND AWARD A GRANT TO THE REGIONAL HOST, AND TO SELECT AND AWARD A GRANT TO THE PROGRAM FACILITATOR.

24-48.5-704. Regional talent summit grant program - creation

- administration - eligibility - application review - report. (1) (a) THERE IS CREATED IN THE OFFICE THE REGIONAL TALENT SUMMIT GRANT PROGRAM. THE OFFICE SHALL ADMINISTER THE GRANT PROGRAM. THE SELECTION COMMITTEE APPOINTED PURSUANT TO SUBSECTION (4) OF THIS SECTION IS RESPONSIBLE FOR MAKING GRANT AWARD DECISIONS IN ACCORDANCE WITH THIS SECTION.

(b) (I) THE PURPOSE OF THE GRANT PROGRAM IS TO PROVIDE GRANTS TO THE PROGRAM FACILITATOR TO USE TO CONVENE AND FACILITATE REGIONAL SUMMITS AND DEVELOP A REPORT ON THE FINDINGS OF THE REGIONAL TALENT SUMMITS AND TO ONE OR MORE REGIONAL HOSTS TO USE TO SUPPORT SEVEN REGIONAL TALENT SUMMITS.

(II) THE OFFICE SHALL REQUIRE THE REGIONAL HOSTS AND THE PROGRAM FACILITATOR TO COMPLETE ALL REGIONAL TALENT SUMMITS ON OR BEFORE JULY 1, 2025.

(III) THE OFFICE SHALL REQUIRE THE PROGRAM FACILITATOR TO SUBMIT ITS COMPREHENSIVE TACTICAL PLAN TO THE OFFICE ON OR BEFORE DECEMBER 1, 2025.

(c) IN PRIORITIZING GRANT APPLICATIONS AND AWARDED GRANTS, THE OFFICE, IN COLLABORATION WITH THE SELECTION COMMITTEE, SHALL STRIVE TO MEET THE FOLLOWING GRANT PROGRAM GOALS:

(I) FOR A GRANT FOR A PROGRAM FACILITATOR:

(A) TO UNDERSTAND WORKFORCE DEVELOPMENT NEEDS IN REGIONS OF THE STATE;

(B) TO GENERATE A LANDSCAPE ANALYSIS FOR EACH IDENTIFIED REGION THAT INCLUDES JOB PROJECTIONS AND AN OVERVIEW OF EDUCATIONAL PATHWAYS;

(C) TO GATHER INSIGHT FROM EMPLOYERS ABOUT CRITICAL WORKFORCE AND TRAINING NEEDS;

(D) TO CREATE REGIONAL GOALS FOR ADDRESSING TALENT NEEDS;

(E) TO DEVELOP COMPREHENSIVE TACTICAL PLANS; AND

(F) TO SUBMIT THE WORKFORCE PLANS GENERATED BY THE PROGRAM FACILITATOR AS A RESULT OF THE REGIONAL TALENT SUMMITS BY DECEMBER 1, 2025, TO THE OFFICE. THE OFFICE SHALL PROVIDE THE WORKFORCE PLANS TO THE STATE WORKFORCE DEVELOPMENT COUNCIL WHICH SHALL PUBLISH THE PLANS IN THE COLORADO TALENT REPORT PREPARED PURSUANT TO SECTION 24-46.3-103 (3) AND SHALL COORDINATE WITH LOCAL ENTITIES AND ACROSS STATE AGENCIES TO SUPPORT REGIONAL GOALS.

(II) FOR A GRANT FOR A REGIONAL HOST:

(A) TO SECURE A FACILITY TO HOST THE REGIONAL SUMMIT;

(B) TO DETERMINE RELEVANT PARTNERS TO ATTEND THE REGIONAL SUMMIT; AND

(C) TO GATHER INSIGHT FROM REGIONAL EMPLOYERS ABOUT WORKFORCE TRAINING NEEDS.

(2) THE OFFICE, THROUGH THE SELECTION COMMITTEE, SHALL:

(a) AWARD A GRANT TO AND EXECUTE A CONTRACT WITH A PROGRAM FACILITATOR. THE OFFICE SHALL REQUIRE THE PROGRAM FACILITATOR TO:

(I) WORK WITH THE OFFICE, THE DEPARTMENT OF LABOR AND EMPLOYMENT, THE DEPARTMENT OF EDUCATION, LOCAL DATA EXPERTS, AND THE DEPARTMENT OF HIGHER EDUCATION TO GENERATE A LANDSCAPE ANALYSIS FOR EACH IDENTIFIED REGION THAT INCLUDES JOB PROTECTIONS AND AN OVERVIEW OF EDUCATIONAL PATHWAYS;

(II) WORK WITH REGIONAL HOSTS TO PLAN REGIONAL TALENT SUMMITS;

(III) FACILITATE A SUMMIT FOR REGIONAL ATTENDEES TO IDENTIFY REGIONAL ECONOMIC GOALS AND WORKFORCE DEVELOPMENT NEEDS;

(IV) CREATE ALIGNMENT BETWEEN BUSINESS, EDUCATION, WORKFORCE, AND COMMUNITY PARTNERS FOR WORKFORCE DEVELOPMENT; AND

(V) DEVELOP COMPREHENSIVE TACTICAL PLANS INFORMED BY THE RESOURCES AND NEEDS OF EACH REGION THAT SET TWO-YEAR GOALS AND FIVE-YEAR GOALS FOR DEVELOPING MORE CAREER PATHWAYS IN HIGH-NEED FIELDS IN EACH REGION INCLUDING A LANDSCAPE ANALYSIS FOR EACH REGION OF THE STATE THAT IDENTIFIES REGIONAL WORKFORCE NEEDS, OPPORTUNITIES, AND CHALLENGES.

(b) AWARD A GRANT TO ONE OR MORE REGIONAL HOSTS. THE OFFICE SHALL REQUIRE THE REGIONAL HOSTS TO:

(I) SECURE A FACILITY TO HOST EACH REGIONAL SUMMIT;

(II) DETERMINE RELEVANT BUSINESS, EDUCATION, WORKFORCE, AND COMMUNITY PARTNERS TO PARTICIPATE IN EACH REGIONAL SUMMIT; AND

(III) GATHER INSIGHT FROM REGIONAL EMPLOYERS ABOUT CRITICAL WORKFORCE AND TRAINING NEEDS.

(c) ESTABLISH A PROCESS FOR AN APPLICANT TO APPLY FOR A GRANT TO FUND THE DEVELOPMENT OF REGIONAL TALENT SUMMITS, WHICH APPLICATION PROCESS MUST BE COMPLETED NO LATER THAN NOVEMBER 1, 2024; AND

(d) ESTABLISH POLICIES SETTING FORTH THE PARAMETERS AND ELIGIBILITY FOR THE GRANT PROGRAM.

(3) TO BE ELIGIBLE FOR A GRANT, AN APPLICANT MUST, AT A MINIMUM, INCLUDE WITH ITS GRANT APPLICATION:

(a) A DETAILED PROPOSAL AND OPERATIONS PLAN THAT MEETS THE GOALS SPECIFIED IN SUBSECTION (1)(c) OF THIS SECTION; AND

(b) INFORMATION ABOUT HOW THE PROPOSED REGIONAL TALENT SUMMIT WILL ADDRESS THE ECONOMIC DEVELOPMENT GOALS OF EACH REGION.

(4) (a) THE OFFICE SHALL APPOINT A SELECTION COMMITTEE CONSISTING OF MEMBERS WHO REPRESENT THE OFFICE, THE COLORADO WORKFORCE DEVELOPMENT COUNCIL, LOCAL WORKFORCE DEVELOPMENT PRACTITIONERS, LOCAL EDUCATION PROVIDERS, INSTITUTIONS OF HIGHER

EDUCATION, EDUCATION-RELATED COMMUNITY-BASED ORGANIZATIONS, AND THE STATEWIDE CHAMBER OF COMMERCE.

(b) THE SELECTION COMMITTEE SHALL REVIEW GRANT APPLICATIONS IN ACCORDANCE WITH THE PROCESSES AND CRITERIA SPECIFIED IN AND DEVELOPED PURSUANT TO THIS SECTION AND SHALL MAKE FINAL DETERMINATIONS AND AWARD GRANTS BASED ON THESE PROCESSES AND CRITERIA.

(c) (I) THE SELECTION COMMITTEE SHALL CONSIDER REGIONAL DIVERSITY, COMMUNITY ENGAGEMENT, LOCAL PARTNERSHIPS, AND EVENT CAPACITY WHEN SELECTING ONE OR MORE REGIONAL HOSTS.

(II) MEMBERS OF THE SELECTION COMMITTEE SERVE WITHOUT COMPENSATION BUT ARE ENTITLED TO REIMBURSEMENT FOR ACTUAL AND NECESSARY EXPENSES INCURRED IN THE DISCHARGE OF THE MEMBERS' DUTIES.

24-48.5-705. Regional talent summit grant program fund.

(1) (a) THERE IS CREATED IN THE STATE TREASURY THE REGIONAL TALENT SUMMIT GRANT PROGRAM FUND.

(b) ON JULY 1, 2024, THE STATE TREASURER SHALL TRANSFER TWO HUNDRED THOUSAND DOLLARS FROM THE GENERAL FUND TO THE FUND FOR GRANTS TO A PROGRAM FACILITATOR AND ONE OR MORE REGIONAL HOSTS.

(c) THE MONEY IN THE FUND IS CONTINUOUSLY APPROPRIATED TO THE OFFICE FOR USE IN ACCORDANCE WITH THIS PART 7.

(2) THE OFFICE MAY SEEK, ACCEPT, AND EXPEND GIFTS, GRANTS, OR DONATIONS FROM PRIVATE OR PUBLIC SOURCES FOR THE PURPOSES OF THIS PART 7.

24-48.5-706. Repeal of part. THIS PART 7 IS REPEALED, EFFECTIVE JULY 1, 2030.

SECTION 6. In Colorado Revised Statutes, 8-83-208, **add** (1)(d) as follows:

8-83-208. Implementation - local plans. (1) (d) BEGINNING

JANUARY 1, 2026, ANY MODIFIED OR NEW LOCAL PLAN MUST INCORPORATE THE TACTICAL PLANS CREATED PURSUANT TO SECTION 24-48.5-704 (2)(a)(V).

SECTION 7. In Colorado Revised Statutes, **add** 39-22-565 as follows:

39-22-565. Workforce shortage tax credit - tax preference performance statement - report - definitions - repeal. (1) **Tax preference performance statement.** 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 FINDS AND DECLARES THAT:

(a) THE GENERAL LEGISLATIVE PURPOSES OF THE TAX CREDIT ALLOWED BY THIS SECTION ARE:

(I) TO INDUCE CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS; AND

(II) TO PROVIDE TAX RELIEF FOR CERTAIN BUSINESSES OR INDIVIDUALS.

(b) THE SPECIFIC LEGISLATIVE PURPOSE OF THE TAX CREDIT ALLOWED BY THIS SECTION IS TO ENCOURAGE WORKFORCE DEVELOPMENT IN INDUSTRIES THAT ARE FACING WORKER SHORTAGES BY PROVIDING FINANCIAL ASSISTANCE FOR FACILITY IMPROVEMENT AND EQUIPMENT ACQUISITION COSTS ASSOCIATED WITH TRAINING PROGRAMS DESIGNED TO ALLEVIATE WORKER SHORTAGES.

(c) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL MEASURE THE EFFECTIVENESS OF THE TAX CREDIT IN ACHIEVING THE PURPOSES SPECIFIED IN SUBSECTIONS (1)(a) AND (1)(b) OF THIS SECTION BASED ON THE INFORMATION REQUIRED TO BE MAINTAINED AND REPORTED BY THE OFFICE PURSUANT TO SUBSECTION (12) OF THIS SECTION.

(2) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "APPLICANT" MEANS A PERSON SUBJECT TO TAX PURSUANT TO

THIS ARTICLE 22, AN ENTITY THAT IS EXEMPT FROM TAXATION PURSUANT TO SECTION 39-22-112 (1), OR A POLITICAL SUBDIVISION OF THE STATE.

(b) "APPLICATION" MEANS AN APPLICATION IN THE FORM AND MANNER APPROVED BY THE OFFICE FOR THE TAX CREDIT ALLOWED IN THIS SECTION.

(c) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

(d) "FEDERAL INVESTMENTS" MEANS THE FEDERAL "INFRASTRUCTURE INVESTMENT AND JOBS ACT", PUB.L. 117-58, THE FEDERAL "INFLATION REDUCTION ACT OF 2022", PUB.L. 117-169, AND THE FEDERAL "CHIPS AND SCIENCE ACT OF 2022", PUB.L. 117-167.

(e) "OFFICE" MEANS THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT CREATED IN SECTION 24-48.5-101.

(f) "POTENTIAL QUALIFIED ASSET" MEANS AN ASSET THAT MAY BE A QUALIFIED ASSET UPON THE DETERMINATION OF THE OFFICE.

(g) "QUALIFIED APPLICANT" MEANS AN APPLICANT THAT MAKES A QUALIFIED INVESTMENT TO TRAIN INDIVIDUALS IN A QUALIFIED INDUSTRY AND THAT IS SELECTED PURSUANT TO SUBSECTION (5) OF THIS SECTION.

(h) (I) "QUALIFIED ASSET" MEANS:

(A) LAND IN THIS STATE;

(B) BUILDINGS, FIXTURES, AND OTHER STRUCTURAL COMPONENTS OF BUILDINGS IN THIS STATE FOR WHICH THE APPLICANT IS ALLOWED A DEDUCTION FOR DEPRECIATION PURSUANT TO SECTION 167 OF THE INTERNAL REVENUE CODE, INCLUDING PURCHASING OR CONSTRUCTING A FACILITY, RENOVATING A FACILITY, MAKING TENANT IMPROVEMENTS, AND FUNDING A CAPITAL LEASE WITH CAPITALIZED LABOR, CONSTRUCTION, AND INSTALLATION COSTS;

(C) TANGIBLE PERSONAL PROPERTY ACQUIRED FOR USE EXCLUSIVELY IN THIS STATE FOR WHICH THE APPLICANT IS ALLOWED A DEDUCTION FOR DEPRECIATION PURSUANT TO SECTION 167 OF THE INTERNAL REVENUE CODE; AND

(D) COMPUTER SOFTWARE ACQUIRED FOR USE EXCLUSIVELY IN THIS STATE FOR WHICH THE APPLICANT IS ALLOWED A DEDUCTION FOR DEPRECIATION UNDER SECTION 167 OF THE INTERNAL REVENUE CODE.

(II) FOR PURPOSES OF THIS SUBSECTION (2)(h), IF AN APPLICANT IS NOT SUBJECT TO FEDERAL INCOME TAX, THE APPLICANT IS DEEMED TO BE ALLOWED A DEDUCTION FOR DEPRECIATION IF SUCH A DEDUCTION WOULD HAVE BEEN ALLOWED WERE THE APPLICANT SUBJECT TO FEDERAL INCOME TAX.

(i) "QUALIFIED INDUSTRY" MEANS AN INDUSTRY AFFECTED BY FEDERAL INVESTMENTS THAT HAS A DEMONSTRATED WORKFORCE SHORTAGE, AS DETERMINED BY THE OFFICE AS SPECIFIED IN THE POLICIES AND PROCEDURES DEVELOPED BY THE OFFICE PURSUANT TO SUBSECTION (13) OF THIS SECTION.

(j) "QUALIFIED INVESTMENT" MEANS THE AMOUNT PAID BY A QUALIFIED APPLICANT TO ACQUIRE, CONSTRUCT, RECONSTRUCT, OR ERECT A QUALIFIED ASSET TO THE EXTENT THE AMOUNT PAID REFLECTS NEW ACTIVITY AND TO THE EXTENT THE AMOUNT IS REQUIRED TO BE CAPITALIZED PURSUANT TO THE INTERNAL REVENUE CODE OR THE AMOUNT IS ALLOWED TO BE DEDUCTED UNDER SECTION 179 OF THE INTERNAL REVENUE CODE.

(k) "SELECTION COMMITTEE" MEANS A SELECTION COMMITTEE APPOINTED BY THE OFFICE CONSISTING OF MEMBERS WHO HAVE EXPERTISE AND EXPERIENCE AS EMPLOYERS, IN EDUCATION, OR IN OTHER RELEVANT AREAS.

(3) Tax credit allowed. (a) EXCEPT AS PROVIDED IN SUBSECTION (3)(c) OF THIS SECTION, A QUALIFIED APPLICANT IS ALLOWED TO USE A TAX CREDIT CERTIFICATE ISSUED BY THE OFFICE PURSUANT TO SUBSECTION (8) OF THIS SECTION AGAINST THE INCOME TAXES IMPOSED BY THIS ARTICLE 22 IN THE INCOME TAX YEAR THAT THE QUALIFIED APPLICANT PLACES A QUALIFIED ASSET IN SERVICE IN THE AMOUNT SPECIFIED ON THE TAX CREDIT CERTIFICATE ISSUED BY THE OFFICE; EXCEPT THAT THE TAX CREDIT CERTIFICATE MAY NOT BE USED IN AN INCOME TAX YEAR COMMENCING BEFORE JANUARY 1, 2026, AND MAY NOT BE USED IN AN INCOME TAX YEAR COMMENCING ON OR AFTER JANUARY 1, 2033.

(b) IN ORDER TO CLAIM THE TAX CREDIT ALLOWED PURSUANT TO

THIS SECTION, THE QUALIFIED APPLICANT MUST SUBMIT AN APPLICATION AS SPECIFIED IN SUBSECTION (5) OF THIS SECTION, PLACE THE QUALIFIED ASSET INTO SERVICE BEFORE JANUARY 1, 2033, OBTAIN A TAX CREDIT CERTIFICATE FROM THE OFFICE AS SPECIFIED IN SUBSECTION (8) OF THIS SECTION, AND, ONCE ISSUED BY THE OFFICE, FILE THE TAX CREDIT CERTIFICATE WITH THE QUALIFIED APPLICANT'S INCOME TAX RETURN AS SPECIFIED IN SUBSECTION (9) OF THIS SECTION.

(c) A TAX CREDIT IS NOT ALLOWED PURSUANT TO THIS SECTION IF:

(I) THE AMOUNT REFUNDED PURSUANT TO SUBSECTION (10) OF THIS SECTION IS USED TO SUPPLANT LOCAL, STATE, OR FEDERAL MONEY THAT WOULD OTHERWISE BE APPROPRIATED; OR

(II) THE QUALIFIED APPLICANT EXPENDS MONEY RECEIVED FROM THE STATE TO OFFSET AT LEAST HALF OF A QUALIFIED INVESTMENT, NOT INCLUDING THE AMOUNT REFUNDED PURSUANT TO SUBSECTION (10) OF THIS SECTION.

(4) **Tax credit administration.** EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (7) OF THIS SECTION, THE OFFICE IS THE ADMINISTRATOR OF THE TAX CREDIT ALLOWED BY THIS SECTION.

(5) **Application submission and review.** (a) AN APPLICANT THAT INTENDS TO CLAIM A TAX CREDIT PURSUANT TO THIS SECTION SHALL SUBMIT AN APPLICATION TO THE OFFICE.

(b) THE OFFICE SHALL ACCEPT APPLICATIONS FOR ANNUAL APPLICATION PERIODS BY DEADLINES ESTABLISHED IN THE POLICIES AND PROCEDURES DEVELOPED BY THE OFFICE PURSUANT TO SUBSECTION (13) OF THIS SECTION; EXCEPT THAT THE OFFICE MAY ONLY RECEIVE APPLICATIONS BETWEEN JANUARY 1, 2025, AND DECEMBER 31, 2029.

(c) THE OFFICE SHALL REVIEW ALL SUBMITTED APPLICATIONS TO DETERMINE WHETHER:

(I) THE APPLICANT IS A QUALIFIED APPLICANT; AND

(II) THE APPLICATION IS COMPLETE AND INCLUDES A DESCRIPTION OF A POTENTIAL QUALIFIED ASSET AND THE ESTIMATED QUALIFIED INVESTMENT.

(d) IF THE OFFICE DETERMINES THAT THE APPLICATION IS COMPLETE AND IN COMPLIANCE, THE OFFICE SHALL ADD THE APPLICATION TO AN EVALUATION POOL FOR THE APPLICATION PERIOD. WITHIN A REASONABLE PERIOD AFTER THE END OF THE APPLICATION PERIOD, THE OFFICE SHALL FORWARD THE EVALUATION POOL TO THE SELECTION COMMITTEE FOR THE MERIT-BASED REVIEW DESCRIBED IN SUBSECTION (7) OF THIS SECTION.

(e) IF THE OFFICE DETERMINES THAT THE APPLICATION IS INCOMPLETE OR THAT IT DOES NOT COMPLY WITH THE REQUIREMENTS OF THIS SECTION OR THE POLICIES AND PROCEDURES DEVELOPED BY THE OFFICE PURSUANT TO SUBSECTION (13) OF THIS SECTION, THE OFFICE SHALL REMOVE THE APPLICATION FROM THE REVIEW PROCESS AND NOTIFY THE APPLICANT IN WRITING OF ITS DECISION. AN APPLICANT MAY RESUBMIT A DISAPPROVED APPLICATION TO BE EVALUATED IN A FUTURE APPLICATION PERIOD.

(6) Application and issuance fees. (a) (I) FOR AN APPLICATION FOR WHICH THE AMOUNT OF THE TAX CREDIT REQUESTED BY AN APPLICANT PURSUANT TO THIS SECTION IS TWO HUNDRED FIFTY THOUSAND DOLLARS OR MORE, THE OFFICE MAY IMPOSE A REASONABLE APPLICATION FEE ON AN APPLICANT THAT DOES NOT EXCEED FIVE HUNDRED DOLLARS.

(II) FOR AN APPLICATION FOR WHICH THE AMOUNT OF THE TAX CREDIT REQUESTED BY AN APPLICANT PURSUANT TO THIS SECTION IS LESS THAN TWO HUNDRED FIFTY THOUSAND DOLLARS, THE OFFICE MAY IMPOSE A REASONABLE APPLICATION FEE ON AN APPLICANT THAT DOES NOT EXCEED TWO HUNDRED DOLLARS.

(b) THE OFFICE MAY IMPOSE ON A QUALIFIED APPLICANT A REASONABLE ISSUANCE FEE OF UP TO THREE PERCENT OF THE AMOUNT OF THE TAX CREDIT SPECIFIED ON THE TAX CREDIT CERTIFICATE ISSUED BY THE OFFICE AS SPECIFIED IN SUBSECTION (8) OF THIS SECTION, WHICH MUST BE PAID BEFORE THE TAX CREDIT CERTIFICATE IS ISSUED TO THE QUALIFIED APPLICANT.

(c) ANY FEE REVENUE COLLECTED PURSUANT TO THIS SUBSECTION (6) MUST BE APPLIED TO THE ADMINISTRATION OF THE TAX CREDIT CREATED BY THIS SECTION.

(7) Merit-based review and tax credit reservation. (a) (I) FOR EACH APPLICATION PERIOD, THE SELECTION COMMITTEE SHALL CONDUCT A

MERIT-BASED REVIEW OF THE APPLICATIONS THAT HAVE BEEN PLACED IN THE EVALUATION POOL PURSUANT TO SUBSECTION (5)(d) OF THIS SECTION. THE SELECTION COMMITTEE SHALL COMPLETE ITS REVIEW AND AWARD RESERVATIONS WITHIN A REASONABLE PERIOD AFTER THE END OF THE APPLICATION PERIOD, NOT TO EXCEED NINETY DAYS.

(II) EXCEPT AS PROVIDED IN SUBSECTION (7)(a)(IV) OF THIS SECTION, BASED UPON THE TOTALITY OF THE FACTORS SET FORTH IN SUBSECTION (7)(c) OF THIS SECTION, THE SELECTION COMMITTEE MAY RESERVE FOR THE BENEFIT OF A QUALIFIED APPLICANT A TAX CREDIT IN AN AMOUNT TO BE DETERMINED BY THE SELECTION COMMITTEE NOT TO EXCEED FIFTY PERCENT OF THE ESTIMATED QUALIFIED INVESTMENT; EXCEPT THAT THE AGGREGATE AMOUNT OF TAX CREDITS RESERVED FOR ALL QUALIFIED APPLICANTS IN AN ANNUAL APPLICATION PERIOD MAY NOT EXCEED FIFTEEN MILLION DOLLARS.

(III) THE SELECTION COMMITTEE MAY RESERVE TAX CREDITS TO BE USED BY A QUALIFIED APPLICANT FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2026, BUT BEFORE JANUARY 1, 2033, BASED UPON THE ANTICIPATED DATE THE QUALIFIED ASSET IS PLACED INTO SERVICE.

(IV) IF THE SEPTEMBER 2025 REVENUE FORECAST, AND EACH SEPTEMBER REVENUE FORECAST THROUGH THE SEPTEMBER 2028 REVENUE FORECAST AS PREPARED BY EITHER LEGISLATIVE COUNCIL STAFF OR THE OFFICE OF STATE PLANNING AND BUDGETING, PROJECTS THAT STATE REVENUES, AS DEFINED IN SECTION 24-77-201 (4), WILL NOT INCREASE BY AT LEAST FOUR PERCENT FOR THE CURRENT FISCAL YEAR, THE AGGREGATE AMOUNT OF TAX CREDITS RESERVED FOR ALL QUALIFIED APPLICANTS IN THE APPLICATION PERIOD COMMENCING IN THE CALENDAR YEAR THAT BEGINS DURING THE CURRENT FISCAL YEAR IS REDUCED BY FIFTY PERCENT; EXCEPT THAT IF THE AMOUNT OF A REDUCED TAX CREDIT RESERVATION IS EQUAL TO OR LESS THAN FIVE HUNDRED DOLLARS, THEN THE SELECTION COMMITTEE SHALL NOT ISSUE A TAX CREDIT RESERVATION.

(b) (I) IF THE SELECTION COMMITTEE RESERVES TAX CREDITS FOR THE BENEFIT OF A QUALIFIED APPLICANT UNDER SUBSECTION (7)(a) OF THIS SECTION, THE SELECTION COMMITTEE SHALL NOTIFY THE OFFICE OF THE RESERVATION AND THE AMOUNT OF TAX CREDITS RESERVED. THE OFFICE SHALL NOTIFY THE QUALIFIED APPLICANT OF THE TAX CREDIT RESERVATION. THE RESERVATION OF A TAX CREDIT DOES NOT ENTITLE THE QUALIFIED

APPLICANT TO AN ISSUANCE OF A TAX CREDIT CERTIFICATE UNTIL THE QUALIFIED APPLICANT COMPLIES WITH ALL THE REQUIREMENTS SPECIFIED IN THIS SECTION, BY THE SELECTION COMMITTEE, OR BY THE OFFICE, FOR THE ISSUANCE OF A TAX CREDIT CERTIFICATE PURSUANT TO SUBSECTION (8) OF THIS SECTION.

(II) THE OFFICE SHALL NOTIFY ANY QUALIFIED APPLICANT IN WRITING FOR WHICH THE SELECTION COMMITTEE RESERVED NO TAX CREDIT UNDER SUBSECTION (7)(a) OF THIS SECTION.

(c) (I) IN CONDUCTING THE MERIT-BASED REVIEW PURSUANT TO SUBSECTION (7)(a) OF THIS SECTION, THE SELECTION COMMITTEE SHALL CONSIDER THE FACTORS SET FORTH IN THIS SUBSECTION (7)(c) IN ADDITION TO ANY OTHER FACTORS THE SELECTION COMMITTEE MAY REQUEST THE OFFICE TO INCLUDE IN ITS POLICIES AND PROCEDURES DEVELOPED PURSUANT TO SUBSECTION (13) OF THIS SECTION. THE SELECTION COMMITTEE MAY WEIGH THE FACTORS EQUALLY OR DIFFERENTLY.

(II) THE SELECTION COMMITTEE SHALL CONSIDER:

(A) WHETHER THE QUALIFIED APPLICANT'S QUALIFIED INVESTMENT WILL INFLUENCE COMPETITIVENESS IN A QUALIFIED INDUSTRY;

(B) WHETHER THE QUALIFIED APPLICANT'S QUALIFIED INVESTMENT WILL RESULT IN INCREASED JOB PLACEMENTS IN QUALIFIED INDUSTRIES OR INCREASED JOB PLACEMENTS WITH A LIVING WAGE IN QUALIFIED INDUSTRIES;

(C) THE TYPE, SCOPE, AND QUALITY OF THE QUALIFIED APPLICANT'S QUALIFIED ASSET AND THE RESULTING TRAINING OF INDIVIDUALS IN A QUALIFIED INDUSTRY; AND

(D) WHETHER THE QUALIFIED APPLICANT'S QUALIFIED INVESTMENT WILL RESULT IN INCREASED TRAINING AND WORKFORCE DEVELOPMENT IN A QUALIFIED INDUSTRY.

(d) THE SELECTION COMMITTEE MAY IMPOSE ADDITIONAL REQUIREMENTS ON THE QUALIFIED APPLICANT AS A CONDITION OF AWARDING THE TAX CREDIT RESERVATION PURSUANT TO THIS SUBSECTION (7).

(8) Proof of compliance - audit of eligible expenditure certification - issuance of tax credit certificate. AFTER A QUALIFIED APPLICANT PLACES A POTENTIAL QUALIFIED ASSET IN SERVICE, THE QUALIFIED APPLICANT SHALL NOTIFY THE OFFICE THAT THE POTENTIAL QUALIFIED ASSET HAS BEEN PLACED IN SERVICE AND SHALL CERTIFY THE QUALIFIED INVESTMENT, AFTER WHICH THE OFFICE SHALL MAKE A FINAL DETERMINATION WHETHER THE POTENTIAL QUALIFIED ASSET IS A QUALIFIED ASSET. THE QUALIFIED APPLICANT SHALL INCLUDE A REVIEW OF THE CERTIFICATION BY A LICENSED CERTIFIED PUBLIC ACCOUNTANT THAT IS NOT AFFILIATED WITH THE QUALIFIED APPLICANT AND THAT ALIGNS WITH OFFICE POLICIES FOR CERTIFICATION OF A QUALIFIED INVESTMENT. THE QUALIFIED APPLICANT SHALL ALSO CERTIFY AND PROVIDE DOCUMENTS DEMONSTRATING THAT THE QUALIFIED APPLICANT SATISFIED ANY ADDITIONAL REQUIREMENTS IMPOSED BY THE SELECTION COMMITTEE PURSUANT TO SUBSECTION (7) OF THIS SECTION. WITHIN A REASONABLE TIME AFTER RECEIPT OF SUCH DOCUMENTATION FROM THE QUALIFIED APPLICANT, THE OFFICE SHALL REVIEW THE QUALIFIED APPLICANT'S DOCUMENTATION OF CERTIFIED QUALIFIED INVESTMENT, DETERMINE WHETHER THE DOCUMENTATION SATISFIES THE REQUIREMENTS OF THE OFFICE, AND, IF THE OFFICE DETERMINES THAT THE DOCUMENTATION SATISFIES THE REQUIREMENTS OF THE OFFICE, THE OFFICE SHALL ISSUE A TAX CREDIT CERTIFICATE IN THE AMOUNT SPECIFIED IN THE TAX CREDIT RESERVATION, NOT TO EXCEED FIFTY PERCENT OF THE CERTIFIED QUALIFIED INVESTMENT, ISSUED TO THE QUALIFIED APPLICANT PURSUANT TO SUBSECTION (7) OF THIS SECTION; EXCEPT THAT A TAX CREDIT CERTIFICATE MAY NOT BE ISSUED FOR AN INCOME TAX YEAR COMMENCING BEFORE JANUARY 1, 2026, OR FOR AN INCOME TAX YEAR COMMENCING ON OR AFTER JANUARY 1, 2033.

(9) Filing tax credit certificate with income tax return. (a) IN ORDER TO CLAIM THE TAX CREDIT AUTHORIZED BY THIS SECTION, A QUALIFIED APPLICANT SHALL FILE THE TAX CREDIT CERTIFICATE ISSUED BY THE OFFICE PURSUANT TO SUBSECTION (8) OF THIS SECTION WITH THE QUALIFIED APPLICANT'S STATE INCOME TAX RETURN. IF THE QUALIFIED APPLICANT IS A POLITICAL SUBDIVISION OF THE STATE OR IS EXEMPT FROM TAX PURSUANT TO SECTION 39-22-112(1), THE QUALIFIED APPLICANT SHALL FILE A RETURN PURSUANT TO SECTION 39-22-601 (7)(b). THE AMOUNT OF THE TAX CREDIT THAT A QUALIFIED APPLICANT MAY CLAIM PURSUANT TO THIS SECTION IS THE AMOUNT STATED ON THE TAX CREDIT CERTIFICATE.

(b) A TAX CREDIT CERTIFICATE ISSUED TO A PARTNERSHIP, A LIMITED LIABILITY COMPANY TAXED AS A PARTNERSHIP, OR MULTIPLE OWNERS OF A PROPERTY MUST BE PASSED THROUGH TO THE PARTNERS, MEMBERS, OR OWNERS, INCLUDING ANY NONPROFIT ENTITY THAT IS A PARTNER, MEMBER, OR OWNER, RESPECTIVELY, ON A PRO RATA BASIS OR PURSUANT TO AN EXECUTED AGREEMENT AMONG THE PARTNERS, MEMBERS, OR OWNERS DOCUMENTING AN ALTERNATE DISTRIBUTION METHOD.

(10) **Refundability.** IF THE AMOUNT OF THE TAX CREDIT ALLOWED PURSUANT TO THIS SECTION EXCEEDS THE AMOUNT OF INCOME TAXES OTHERWISE DUE ON THE INCOME OF THE QUALIFIED APPLICANT IN THE INCOME TAX YEAR FOR WHICH THE TAX CREDIT IS BEING CLAIMED, OR THE QUALIFIED APPLICANT IS A POLITICAL SUBDIVISION OF THE STATE OR A PERSON WHO IS EXEMPT FROM TAXATION PURSUANT TO SECTION 39-22-112 (1), THE AMOUNT OF THE TAX CREDIT NOT USED AS AN OFFSET AGAINST INCOME TAXES IN THE INCOME TAX YEAR IS REFUNDED TO THE QUALIFIED APPLICANT.

(11) **Compliance monitoring and recapture.** (a) EXCEPT AS PROVIDED IN SUBSECTION (11)(b) OF THIS SECTION, IF, AS OF THE LAST DAY OF ANY TAXABLE YEAR DURING THE COMPLIANCE PERIOD, THE EQUIPMENT, BUILDING, STRUCTURE, OR FACILITY THAT WAS DEEMED A QUALIFIED ASSET IS NOT BEING USED AS A QUALIFIED ASSET, THE OFFICE SHALL NOTIFY THE QUALIFIED APPLICANT AND THE DEPARTMENT THAT THE TAX CREDIT ALLOWED IN THIS SECTION IS DISALLOWED. THE QUALIFIED APPLICANT SHALL ADD THE FULL AMOUNT OF THE TAX CREDIT THAT WAS ACTUALLY USED TO OFFSET THE QUALIFIED APPLICANT'S INCOME TAX OR REFUNDED TO THE QUALIFIED APPLICANT TO ITS RETURN AS A RECAPTURED TAX CREDIT FOR THE TAXABLE YEAR IN WHICH THE TAX CREDIT IS DISALLOWED PURSUANT TO THIS SUBSECTION (11).

(b) THE POTENTIAL INCREASE IN TAX REQUIRED PURSUANT TO SUBSECTION (11)(a) OF THIS SECTION DOES NOT APPLY:

(I) IF A BUILDING, STRUCTURE, OR FACILITY IS NOT A QUALIFIED ASSET AS A RESULT OF A CASUALTY LOSS IF THE LOSS IS RESTORED BY RECONSTRUCTION OR REPLACEMENT WITHIN A REASONABLE PERIOD ESTABLISHED BY THE OFFICE;

(II) SOLELY BY REASON OF THE DISPOSITION OF A BUILDING,

STRUCTURE, OR FACILITY, OR AN INTEREST THEREIN, IF IT IS REASONABLY EXPECTED THAT THE BUILDING, STRUCTURE, OR FACILITY WILL CONTINUE TO BE OPERATED AS A QUALIFIED ASSET FOR THE REMAINDER OF THE COMPLIANCE PERIOD; OR

(III) IF A QUALIFYING ASSET IS REPLACED OR UPGRADED IN THE NORMAL COURSE OF ITS USE.

(c) (I) THE OFFICE SHALL ESTABLISH REPORTING REQUIREMENTS TO MONITOR COMPLIANCE WITH THIS SUBSECTION (11) THAT SHALL INCLUDE:

(A) A DISPOSITION OF A QUALIFIED ASSET BY THE QUALIFIED APPLICANT;

(B) THE NUMBER OF ANNUAL TRAINEES WHO HAVE USED A QUALIFIED ASSET;

(C) THE GEOGRAPHIC DISTRIBUTION OF TRAINEES WHO HAVE USED A QUALIFIED ASSET;

(D) DEMOGRAPHIC INFORMATION ABOUT THE TRAINEES WHO HAVE USED A QUALIFIED ASSET;

(E) THE LOCATION AND DISPOSITION OF ASSETS DISPLACED BY A QUALIFIED ASSET, IF ANY; AND

(F) TO THE EXTENT A QUALIFIED ASSET IS USED TO EXPAND OR CREATE A TRAINING FACILITY, AN ASSESSMENT OF TRAINING CAPACITY PRIOR TO IMPLEMENTATION OF THE QUALIFIED ASSET.

(II) IF A DISPUTE ARISES ABOUT WHETHER A POTENTIAL QUALIFIED ASSET IS A QUALIFIED ASSET, THE OFFICE SHALL ADJUDICATE THE DISPUTE AND NOTIFY THE DEPARTMENT OF THE RESOLUTION.

(III) NOTWITHSTANDING SECTION 39-21-107 (2), IF A QUALIFIED ASSET IS DISPOSED OF DURING ANY TAXABLE YEAR DURING THE COMPLIANCE PERIOD, AND THEREAFTER THE ASSET IS NOT A QUALIFIED ASSET:

(A) THE QUALIFIED APPLICANT SHALL ADD THE FULL AMOUNT OF THE TAX CREDIT TO ITS RETURN AS A RECAPTURED TAX CREDIT FOR THE TAXABLE

YEAR IN WHICH THE TAX CREDIT IS DISALLOWED PURSUANT TO THIS SUBSECTION (11) NOTWITHSTANDING THE DISPOSITION OF THE QUALIFIED ASSET;

(B) THE STATUTORY PERIOD FOR THE ASSESSMENT OF ANY DEFICIENCY WITH RESPECT TO THE DISALLOWED TAX CREDIT MUST NOT EXPIRE BEFORE THE EXPIRATION OF THREE YEARS FROM THE DATE THE OFFICE IS NOTIFIED, IN SUCH A MANNER AS THE OFFICE DETERMINES, THAT THE STRUCTURE IS NOT A QUALIFIED ASSET; AND

(C) THE DEPARTMENT SHALL ASSESS ANY DEFICIENCY BEFORE THE EXPIRATION OF SUCH THREE-YEAR PERIOD TOGETHER WITH ANY APPLICABLE INTEREST AND PENALTY IMPOSED PURSUANT TO THIS ARTICLE 22.

(d) AS USED IN THIS SUBSECTION (11), UNLESS THE CONTEXT OTHERWISE REQUIRES, "COMPLIANCE PERIOD" MEANS THE PERIOD OF FIFTEEN YEARS FOLLOWING THE TAXABLE YEAR IN WHICH THE QUALIFIED APPLICANT PLACED THE QUALIFIED ASSET IN SERVICE.

(12) Reporting. (a) NO LATER THAN DECEMBER 31, 2025, AND, NOTWITHSTANDING THE REQUIREMENT IN SECTION 24-1-136 (11)(a)(I), NO LATER THAN DECEMBER 31 OF EACH YEAR THEREAFTER THROUGH 2033, THE OFFICE SHALL PROVIDE A WRITTEN REPORT TO THE GENERAL ASSEMBLY AND SHALL FURTHER MAKE THE REPORT AVAILABLE TO THE PUBLIC. IN CONNECTION WITH TAX CREDITS ISSUED PURSUANT TO THIS SECTION, THE REPORT MUST INCLUDE:

(I) THE NUMBER OF QUALIFIED ASSETS PLACED IN SERVICE;

(II) A DESCRIPTION OF THE USE OR USES OF EACH QUALIFIED ASSET AND A STATEWIDE SUMMARY OF THE NUMBER OF QUALIFIED ASSETS FOR EACH USE; AND

(III) THE AMOUNT OF ANY DISALLOWED TAX CREDIT RECAPTURED PURSUANT TO SUBSECTION (11) OF THIS SECTION.

(b) THE OFFICE SHALL, IN A SUFFICIENTLY TIMELY MANNER TO ALLOW THE DEPARTMENT TO PROCESS RETURNS CLAIMING THE INCOME TAX CREDIT ALLOWED IN THIS SECTION, PROVIDE THE DEPARTMENT WITH AN ELECTRONIC REPORT OF EACH QUALIFIED APPLICANT TO WHICH THE OFFICE

ISSUES A TAX CREDIT CERTIFICATE FOR THE PRECEDING TAX YEAR THAT INCLUDES THE FOLLOWING INFORMATION:

(I) THE QUALIFIED APPLICANT'S NAME;

(II) THE AMOUNT OF THE TAX CREDIT; AND

(III) THE QUALIFIED APPLICANT'S SOCIAL SECURITY NUMBER OR THE QUALIFIED APPLICANT'S COLORADO ACCOUNT NUMBER AND FEDERAL EMPLOYER IDENTIFICATION NUMBER.

(c) THE OFFICE, THE OFFICE OF THE STATE AUDITOR, OR THE OFFICE OF THE STATE CONTROLLER MAY REVIEW THE QUALIFIED APPLICANT'S FINANCES, EXPENSES, EQUIPMENT, EMPLOYMENT, AND TRAINING DOCUMENTATION RELATING TO A QUALIFIED INVESTMENT IN A QUALIFIED ASSET.

(13) Policies and procedures. (a) THE OFFICE MAY CREATE AND MODIFY POLICIES, PROCEDURES, AND GUIDELINES AS NECESSARY TO FURTHER ADMINISTER THE TAX CREDITS ALLOWED PURSUANT TO THIS SECTION AND SHALL SOLICIT ADVICE FROM THE DEPARTMENT IN CREATING AND MODIFYING SUCH POLICIES, PROCEDURES, AND GUIDELINES.

(b) THE OFFICE SHALL DEVELOP STANDARDS FOR DETERMINING WHICH INDUSTRIES ARE INCLUDED AS A QUALIFIED INDUSTRY FOR WHICH A TAX CREDIT UNDER THIS SECTION IS ALLOWED TO A QUALIFIED APPLICANT.

(c) ANY STANDARDS DEVELOPED BY THE OFFICE PURSUANT TO THIS SUBSECTION (13) MUST BE POSTED ON THE OFFICE'S WEBSITE. THE OFFICE MAY ANNUALLY REVIEW AND UPDATE AS NECESSARY STANDARDS DEVELOPED PURSUANT TO THIS SUBSECTION (13).

(d) THE OFFICE SHALL DETERMINE THE ANNUAL APPLICATION PERIOD.

(14) Workforce development tax credit program cash fund.

(a) THE WORKFORCE DEVELOPMENT TAX CREDIT PROGRAM CASH FUND IS CREATED IN THE STATE TREASURY. THE FUND CONSISTS OF GIFTS, GRANTS, DONATIONS, AND FEE REVENUE CREDITED TO THE FUND PURSUANT TO SUBSECTION (6) OF THIS SECTION AND ANY OTHER MONEY THAT THE

GENERAL ASSEMBLY MAY APPROPRIATE, TRANSFER, OR REQUIRE BY LAW TO BE CREDITED TO THE FUND.

(b) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE WORKFORCE DEVELOPMENT TAX CREDIT PROGRAM CASH FUND TO THE FUND.

(c) MONEY IN THE FUND IS CONTINUOUSLY APPROPRIATED TO THE OFFICE FOR THE PURPOSE OF ADMINISTERING THE TAX CREDIT ISSUED PURSUANT TO THIS SECTION.

(d) THE STATE TREASURER SHALL TRANSFER ALL UNEXPENDED AND UNENCUMBERED MONEY IN THE FUND ON DECEMBER 31, 2050, TO THE GENERAL FUND.

(15) **Repeal.** THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2050.

SECTION 8. In Colorado Revised Statutes, 24-75-402, **add** (5)(ggg) as follows:

24-75-402. Cash funds - limit on uncommitted reserves - reduction in the amount of fees - exclusions - definitions.
(5) Notwithstanding any provision of this section to the contrary, the following cash funds are excluded from the limitations specified in this section:

(ggg) THE WORKFORCE DEVELOPMENT TAX CREDIT PROGRAM CASH FUND CREATED IN SECTION 39-22-565 (14).

SECTION 9. In Colorado Revised Statutes, 39-22-601, **amend** (7)(b) as follows:

39-22-601. Returns - repeal. (7) (b) The executive director may require a person or organization NOT SUBJECT TO TAX UNDER THIS ARTICLE 22 OR A PERSON OR ORGANIZATION exempt from taxes pursuant to section 39-22-112 to make and file a return containing such information as the executive director may prescribe to claim a credit allowed under this article 22 even if the person or organization does not have unrelated business income.

SECTION 10. Appropriation. For the 2024-25 state fiscal year, \$109,603 is appropriated to the office of the governor for use by the economic development programs. This appropriation is from the general fund and is based on an assumption that the office will require an additional 0.8 FTE. To implement this act, the office may use this appropriation for opportunity now grant administration.

SECTION 11. 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 2024 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Julie McCluskie
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Steve Fenberg
PRESIDENT OF
THE SENATE

Robin Jones
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

Cindi L. Markwell
SECRETARY OF
THE SENATE

APPROVED _____
(Date and Time)

Jared S. Polis
GOVERNOR OF THE STATE OF COLORADO