

CHAPTER 62

TAXATION

HOUSE BILL 25-1005

BY REPRESENTATIVE(S) Duran and Titone, Bird, Boesenecker, Brown, Camacho, Carter, Froelich, Joseph, Lieder, Lindsay, Lindstedt, McCormick, Phillips, Rydin, Sirota, Smith, Soper, Stewart K., Stewart R., Valdez, Woodrow;
also SENATOR(S) Amabile and Baisley, Bridges, Catlin, Cutter, Exum, Jodeh, Kipp, Kirkmeyer, Michaelson Jenet, Mullica, Rich, Roberts, Simpson, Snyder, Coleman.

AN ACT**CONCERNING THE CREATION OF TAX INCENTIVES TO SUPPORT THE FILM FESTIVAL INDUSTRY.**

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

SECTION 1. In Colorado Revised Statutes, 24-48.5-116, **amend** (5)(b) as follows:

24-48.5-116. Film, television, and media - performance-based incentive for film production in Colorado - Colorado office of film, television, and media operational account cash fund - creation - definition. (5) (b) The ~~moneys~~ MONEY in the fund shall be annually appropriated to the office for the operation of the office, for the performance-based incentive for film production in Colorado as specified in subsection (1) of this section, ~~and~~ for the loan guarantee program as specified in section 24-48.5-115 (3), AND FOR OTHER PROGRAMMING CARRIED OUT BY THE OFFICE IN ACCORDANCE WITH SECTION 24-48.5-115 (2).

SECTION 2. In Colorado Revised Statutes, **add** 39-22-571 as follows:

39-22-571. Film festival incentive tax credit - tax preference performance statement - legislative declaration - definitions - repeal. (1) (a) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

(I) COLORADO'S FILM FESTIVAL INDUSTRY HAS THE ABILITY TO BE A TRUE ECONOMIC DRIVER IN THE STATE; AND

(II) BY PROVIDING A TAX INCENTIVE TO BIG FILM FESTIVALS TO RELOCATE TO COLORADO, A SINGLE BIG FESTIVAL COULD BRING OVER TWENTY THOUSAND OUT OF

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.

STATE VISITORS, LEADING TO A BOOST IN LOCAL ECONOMIES, AN INCREASE IN SALES AND USE TAX REVENUE, AND JOB CREATION.

(b) 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 THE PURPOSE OF THE TAX CREDITS PROVIDED FOR IN THIS SECTION IS TO INDUCE DESIGNATED BEHAVIOR BY TAXPAYERS AND TO PROVIDE A REDUCTION IN INCOME TAX LIABILITY FOR CERTAIN BUSINESSES OR INDIVIDUALS BY ALLOWING FILM FESTIVAL ORGANIZERS TO RECEIVE A CREDIT AGAINST INCOME TAX OR AN INCOME TAX REFUND FOR QUALIFIED EXPENDITURES IF CERTAIN CRITERIA ARE MET. SPECIFICALLY, THESE TAX EXPENDITURES ARE INTENDED TO INCENTIVIZE FILM FESTIVAL ORGANIZERS TO RELOCATE TO COLORADO AND, IN PARTICULAR, FOR BIG FILM FESTIVALS TO BOOST LOCAL ECONOMIES, INCREASE SALES AND USE TAX REVENUE, AND CREATE NEW JOBS.

(c) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL MEASURE THE EFFECTIVENESS OF THE TAX CREDIT IN ACHIEVING THE PURPOSES SPECIFIED IN SUBSECTION (1)(b) OF THIS SECTION BASED ON THE AMOUNT OF QUALIFIED EXPENDITURES MADE IN COLORADO, THE NUMBER OF VISITORS ATTENDING FILM FESTIVALS IN THE STATE, AND THE AMOUNT OF STATE AND LOCAL SALES AND USE TAX COLLECTED THAT CAN BE ATTRIBUTED TO SUCH FILM FESTIVALS.

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

(a) "EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY" MEANS A FILM FESTIVAL ENTITY THAT IS NOT A GLOBAL FILM FESTIVAL ENTITY. AN EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY MAY BE AN ENTITY THAT PROVIDES VIDEO, TELEVISION, NEW MEDIA, OR CONTENT CREATION EXHIBITION.

(b) "GLOBAL FILM FESTIVAL ENTITY" MEANS A FILM FESTIVAL ENTITY THAT:

(I) IS EITHER A TAX-EXEMPT ENTITY UNDER SECTION 501 (c)(3) OF THE INTERNAL REVENUE CODE OR A FOR-PROFIT ENTITY; AND

(II) HAS A MULTI-DECADE OPERATING HISTORY AND A VERIFIABLE ANNUAL TRACK RECORD OF ATTRACTING ONE HUNDRED THOUSAND OR MORE IN-PERSON TICKET SALES AND TENS OF THOUSANDS OF OUT-OF-STATE AND INTERNATIONAL ATTENDEES FOR THE FILM FESTIVAL.

(c) "OFFICE" MEANS THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT CREATED IN SECTION 24-48.5-101 (1).

(d) "QUALIFIED EXPENDITURE" MEANS A PAYMENT MADE BY A GLOBAL FILM FESTIVAL ENTITY OR AN EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY OPERATING IN COLORADO IN CONNECTION WITH THE FILM FESTIVAL TAKING PLACE IN COLORADO. QUALIFIED EXPENDITURES FOR AN EXISTING OR SMALL COLORADO FILM FESTIVAL ARE LIMITED TO THOSE INCURRED IN COLORADO IN ACCORDANCE WITH POLICIES AND PROCEDURES DETERMINED BY THE OFFICE. "QUALIFIED EXPENDITURE" INCLUDES, BUT IS NOT LIMITED TO:

(I) SALARIES AND BENEFITS OF EMPLOYEES OF THE ENTITY THAT OPERATES THE FESTIVAL;

(II) COSTS ASSOCIATED WITH CONTRACTORS THAT FACILITATE THE OPERATION OF THE FESTIVAL;

(III) COSTS ASSOCIATED WITH THE RENTAL OF FILMS, EQUIPMENT, STORAGE, VENUES, AND OFFICE OR OTHER SPACE TO OPERATE THE FESTIVAL;

(IV) COSTS ASSOCIATED WITH RENTAL EXPENSES OR BUILDING OPERATION EXPENSES OF THE ENTITY THAT OPERATES THE FESTIVAL;

(V) TRAVEL EXPENSES FOR INDIVIDUALS ASSOCIATED WITH THE ENTITY THAT OPERATES THE FESTIVAL, INCLUDING TRAVEL EXPENSES FOR CONTRACTORS AND TALENT;

(VI) ANY OTHER COSTS INCURRED BY THE ENTITY ASSOCIATED WITH INSURANCE, TICKETS, MARKETING, AND OTHER RELATED FILM PROGRAMMING EVENTS;

(VII) CAPITAL COSTS TO OPERATE THE FILM FESTIVAL IN COLORADO; AND

(VIII) DEPRECIABLE INVESTMENTS IN REAL OR BUSINESS PERSONAL PROPERTY IN COLORADO THAT ARE NEEDED TO OPERATE THE FILM FESTIVAL.

(3) (a) SUBJECT TO SUBSECTION (3)(e) OF THIS SECTION, FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2027, BUT BEFORE JANUARY 1, 2037, THERE IS ALLOWED A CREDIT WITH RESPECT TO INCOME TAXES IMPOSED PURSUANT TO THIS ARTICLE 22 TO ANY GLOBAL FILM FESTIVAL ENTITY OR EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY THAT RECEIVES A TAX CREDIT CERTIFICATE PURSUANT TO THIS SECTION IN THE AMOUNT OF THE TAX CREDIT CERTIFICATE.

(b) THE OFFICE MAY RESERVE A TAX CREDIT FOR THE BENEFIT OF ANY GLOBAL FILM FESTIVAL ENTITY PURSUANT TO SUBSECTION (6) OF THIS SECTION SUBJECT TO THE FOLLOWING LIMITS:

(I) FOR CALENDAR YEARS COMMENCING ON OR AFTER JANUARY 1, 2027, BUT BEFORE JANUARY 1, 2029, THE AGGREGATE AMOUNT OF TAX CREDIT THAT MAY BE RESERVED IS FOUR MILLION DOLLARS PER YEAR;

(II) FOR THE CALENDAR YEAR COMMENCING ON JANUARY 1, 2029, THE AGGREGATE AMOUNT OF TAX CREDIT THAT MAY BE RESERVED IS FIVE MILLION DOLLARS; AND

(III) FOR CALENDAR YEARS COMMENCING ON OR AFTER JANUARY 1, 2030, BUT BEFORE JANUARY 1, 2037, THE AGGREGATE AMOUNT OF TAX CREDIT THAT MAY BE RESERVED IS THREE MILLION DOLLARS PER YEAR.

(c) SUBJECT TO SUBSECTION (3)(e) OF THIS SECTION, THE OFFICE MAY RESERVE A TAX CREDIT FOR THE BENEFIT OF ANY EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY PURSUANT TO SUBSECTION (7) OF THIS SECTION. FOR CALENDAR YEARS COMMENCING ON OR AFTER JANUARY 1, 2027, BUT BEFORE JANUARY 1, 2037,

THE AGGREGATE AMOUNT OF TAX CREDIT THAT MAY BE RESERVED PURSUANT TO THIS SUBSECTION (3)(c) IS FIVE HUNDRED THOUSAND DOLLARS PER YEAR.

(d) THE TAX CREDIT ALLOWED PURSUANT TO THIS SECTION SHALL BE ADMINISTERED BY THE OFFICE JOINTLY WITH THE COLORADO OFFICE OF FILM, TELEVISION, AND MEDIA AND THE DIVISION OF BUSINESS FUNDING AND INCENTIVES, OR THEIR SUCCESSOR DIVISIONS OR OFFICES.

(e) THE TAX CREDIT CREATED IN THIS SECTION IS NOT ALLOWED TO ANY QUALIFIED APPLICANT UNLESS AT LEAST ONE QUALIFIED GLOBAL FILM FESTIVAL ENTITY COMMENCES THE RELOCATION OF THE FESTIVAL TO COLORADO BY JANUARY 1, 2026. THE OFFICE SHALL DETERMINE IF THE RELOCATION REQUIREMENT OF THIS SUBSECTION (3)(e) IS SATISFIED AND NOTIFY THE DEPARTMENT.

(4) (a) SUBJECT TO THE PROGRAM POLICIES AND PROCEDURES ESTABLISHED BY THE OFFICE, A GLOBAL FILM FESTIVAL ENTITY OR AN EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY MAY BE ALLOWED A TAX CREDIT FOR EACH TAX YEAR IN WHICH THE GLOBAL FILM FESTIVAL ENTITY OR EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY HOSTS A FILM FESTIVAL IN COLORADO. A GLOBAL FILM FESTIVAL ENTITY OR AN EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY MAY BE ALLOWED AN ADDITIONAL TAX CREDIT IN THE SUBSEQUENT TAX YEAR WITH RESPECT TO ANY QUALIFIED EXPENDITURES INCURRED IN THAT YEAR.

(b) FOR PURPOSES OF THIS SECTION, WHEN DETERMINING THE AMOUNT OF TAX CREDIT FOR WHICH A GLOBAL FILM FESTIVAL ENTITY OR EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY IS ELIGIBLE, ANY QUALIFIED EXPENDITURE THAT OCCURRED IN THE ELEVEN MONTHS PRIOR TO THE COMMENCEMENT OF A TAX YEAR IN WHICH THE FILM FESTIVAL ENTITY HOSTED A FILM FESTIVAL IN COLORADO MAY BE ADDED TO THE QUALIFIED EXPENDITURES THAT OCCURRED DURING THE TAX YEAR IN WHICH THE FILM FESTIVAL ENTITY HOSTED A FILM FESTIVAL IN COLORADO.

(c) ONLY ONE CREDIT IS ALLOWED IN ACCORDANCE WITH THIS SECTION WITH RESPECT TO A QUALIFIED EXPENDITURE.

(5) (a) THE OFFICE SHALL DEVELOP AND PUBLISH PROGRAM POLICIES AND PROCEDURES FOR THE ADMINISTRATION OF THIS SECTION, INCLUDING APPLICATION GUIDELINES FOR A GLOBAL FILM FESTIVAL ENTITY AND FOR AN EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY APPLYING TO RECEIVE A TAX CREDIT RESERVATION OR ISSUANCE UNDER THIS SECTION. THE OFFICE MAY INCLUDE GUARDRAILS OR REQUIREMENTS THAT THE APPLICANT MUST SATISFY BEFORE A TAX CREDIT RESERVATION OR ISSUANCE OCCURS.

(b) WHEN DETERMINING THE PRIORITY AND AMOUNT OF A RESERVATION OF A TAX CREDIT FOR AN EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY, IF THERE ARE MORE REQUESTS FOR TAX CREDIT RESERVATIONS THAN THERE ARE RESERVATIONS AVAILABLE, THE OFFICE MUST PROVIDE PRIORITY TO EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITIES ACCORDING TO A COMPETITIVE EVALUATION. THE OFFICE SHALL EVALUATE APPLICATIONS BASED ON THE FOLLOWING CRITERIA AND SHALL PRIORITIZE APPLICATIONS FROM AN ENTITY THAT:

(1) FACES A SUBSTANTIAL MARKET OR ENVIRONMENTAL CHANGE THAT

DEMONSTRATIVELY IMPACTS THE ONGOING VIABILITY OF THE ENTITY AND IS OUTSIDE OF THE ENTITY'S CONTROL;

(II) DEMONSTRATES HISTORIC COMMUNITY AND ECONOMIC IMPACT, WITH SPECIAL CONSIDERATION BEING GIVEN TO AN ENTITY THAT HAS RUN A FESTIVAL FOR MORE THAN TEN YEARS;

(III) DEMONSTRATES INNOVATION AND UNIQUENESS;

(IV) INCREASES GEOGRAPHIC EQUITY; OR

(V) DEMONSTRATES COMMUNITY SUPPORT THROUGH LETTERS OF RECOMMENDATION INCLUDING, BUT NOT LIMITED TO, LETTERS THAT INCLUDE DEMONSTRATIONS OF HISTORIC AND ECONOMIC IMPACT FROM:

(A) A LOCAL ELECTED OFFICIAL, SUCH AS A MAYOR; OR

(B) A LOCAL GOVERNING BODY, SUCH AS A CITY COUNCIL OR BOARD OF COUNTY COMMISSIONERS.

(6) (a) FOR A GLOBAL FILM FESTIVAL ENTITY TO CLAIM A TAX CREDIT PURSUANT TO SUBSECTION (3) OF THIS SECTION, THE GLOBAL FILM FESTIVAL ENTITY MUST APPLY TO THE OFFICE FOR THE RESERVATION OF A TAX CREDIT AT A TIME AND IN A MANNER DETERMINED IN THE PROGRAM POLICIES AND PROCEDURES. A GLOBAL FILM FESTIVAL ENTITY MAY REQUEST RESERVATIONS OF TAX CREDITS IN AN AMOUNT UP TO THIRTY-FOUR MILLION DOLLARS IN ACCORDANCE WITH SUBSECTION (3) OF THIS SECTION. THE APPLICATION MUST INCLUDE A STATEMENT OF INTENT BY THE GLOBAL FILM FESTIVAL ENTITY TO ORGANIZE A FESTIVAL IN COLORADO. THE GLOBAL FILM FESTIVAL ENTITY MUST SUBMIT, IN CONJUNCTION WITH THE APPLICATION, ANY DOCUMENTATION NECESSARY TO DEMONSTRATE THAT IT MEETS THE DEFINITION OF A GLOBAL FILM FESTIVAL ENTITY, AS DEFINED IN SUBSECTION (2)(a) OF THIS SECTION, AND ANY OTHER INFORMATION REQUIRED BY THE OFFICE. IF THE OFFICE IS MAKING A MULTI-YEAR TAX CREDIT RESERVATION, IT SHALL DOCUMENT THE MULTI-YEAR TAX CREDIT RESERVATION IN A WRITTEN TAX CREDIT AGREEMENT.

(b) THE OFFICE SHALL REVIEW EACH TAX CREDIT RESERVATION APPLICATION SUBMITTED BY A GLOBAL FILM FESTIVAL ENTITY AND, BASED ON THE INFORMATION PROVIDED IN THE APPLICATION, THE OFFICE SHALL MAKE A DETERMINATION OF WHETHER THE GLOBAL FILM FESTIVAL ENTITY WILL RECEIVE A TAX CREDIT RESERVATION AND THE AMOUNT OF THAT RESERVATION. THE OFFICE MUST ESTABLISH AND PROVIDE WRITTEN NOTICE TO THE GLOBAL FILM FESTIVAL ENTITY OF THE MINIMUM FESTIVAL OPERATING REQUIREMENTS AS PART OF THE RESERVATION PROCESS FOR THE GLOBAL FILM FESTIVAL ENTITY TO RECEIVE A TAX CREDIT, WHICH MAY INCLUDE, BUT ARE NOT LIMITED TO, THE NUMBER OF FILMS REQUIRED TO BE SCREENED, THE MARKETING BUDGET, THE LENGTH OF THE FESTIVAL IN DAYS, THE LOCATION OF THE FESTIVAL, THE TIME DURING THE YEAR WHEN THE FESTIVAL IS REQUIRED TO TAKE PLACE, AND OTHER GUARDRAILS AS DETERMINED BY THE OFFICE.

(c) UPON COMPLETION OF THE QUALIFIED EXPENDITURES, A GLOBAL FILM FESTIVAL ENTITY THAT RECEIVED A TAX CREDIT RESERVATION FROM THE OFFICE MUST RETAIN A CERTIFIED PUBLIC ACCOUNTANT LICENCED TO PRACTICE IN THE

STATE OR A CERTIFIED PUBLIC ACCOUNTING FIRM THAT IS REGISTERED IN THE STATE TO REVIEW AND REPORT IN WRITING, AND IN ACCORDANCE WITH PROFESSIONAL STANDARDS, REGARDING THE ACCURACY OF THE FINANCIAL DOCUMENTS THAT DETAIL THE EXPENSES INCURRED IN THE COURSE OF THE ORGANIZATION OF THE FILM FESTIVAL IN COLORADO. THE CERTIFIED PUBLIC ACCOUNTANT'S WRITTEN REPORT MUST INCLUDE DOCUMENTATION OF THE GLOBAL FILM FESTIVAL ENTITY'S QUALIFIED EXPENDITURES. THIS REPORT MUST ALSO SHOW WHICH QUALIFIED EXPENDITURES OCCURRED WITHIN COLORADO AND WHICH OCCURRED OUTSIDE COLORADO ACCORDING TO STANDARDS DEVELOPED BY THE OFFICE.

(d) A GLOBAL FILM FESTIVAL ENTITY SHALL APPLY TO THE OFFICE FOR TAX CREDIT ISSUANCE IN ACCORDANCE WITH THE PROGRAM POLICIES AND PROCEDURES.

(e) WHEN THE OFFICE IS SATISFIED THAT THE GLOBAL FILM FESTIVAL ENTITY IS ELIGIBLE FOR A REFUNDABLE TAX CREDIT, THE OFFICE SHALL ISSUE TO THE GLOBAL FILM FESTIVAL ENTITY A TAX CREDIT CERTIFICATE THAT EVIDENCES THE GLOBAL FILM FESTIVAL ENTITY'S RIGHT TO CLAIM THE TAX CREDIT ALLOWED UNDER SUBSECTION (3) OF THIS SECTION. THE AMOUNT OF THE TAX CREDIT IS THE LESSER OF THE QUALIFIED EXPENDITURES CALCULATED PURSUANT TO SUBSECTION (4) OF THIS SECTION OR THE AMOUNT OF THE TAX CREDIT RESERVED PURSUANT TO SUBSECTION (6)(b) OF THIS SECTION. THE TAX CREDIT CERTIFICATE MUST INCLUDE THE TAXPAYER'S NAME, THE TAXPAYER'S SOCIAL SECURITY NUMBER OR FEDERAL EMPLOYER IDENTIFICATION NUMBER, THE APPROVED TAX CREDIT AMOUNT, AND THE INCOME TAX YEAR FOR WHICH THE TAX CREDIT IS BEING ALLOWED.

(7)(a) AN EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY MAY APPLY TO THE OFFICE FOR THE RESERVATION OF A TAX CREDIT AT A TIME AND IN A MANNER DETERMINED BY THE OFFICE AND PUBLISHED IN THE PROGRAM POLICIES AND PROCEDURES. AN EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY MAY REQUEST A RESERVATION OF A TAX CREDIT FOR UP TO FIVE HUNDRED THOUSAND DOLLARS OR ANOTHER MAXIMUM AMOUNT AS DETERMINED BY THE OFFICE. THE APPLICATION MUST INCLUDE A STATEMENT OF INTENT BY THE EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY TO ORGANIZE A FESTIVAL IN COLORADO.

(b) THE OFFICE SHALL REVIEW EACH APPLICATION FOR A TAX CREDIT RESERVATION SUBMITTED BY AN EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY AND, BASED ON THE INFORMATION PROVIDED IN THE APPLICATION, THE OFFICE SHALL MAKE A DETERMINATION OF WHETHER THE EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY WILL BE ELIGIBLE TO RECEIVE A TAX CREDIT AND THE AMOUNT OF THE TAX CREDIT RESERVATION THAT WILL BE GRANTED TO THE EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY. THE OFFICE SHALL INFORM THE EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY IN WRITING AS TO WHETHER IT HAS APPROVED OR DENIED THE APPLICATION FOR A TAX CREDIT RESERVATION, THE AMOUNT OF THE RESERVATION IF APPROVED, AND THE YEARS OF THE RESERVATION. IF THE OFFICE IS MAKING A MULTI-YEAR TAX CREDIT RESERVATION, IT SHALL DOCUMENT THE MULTI-YEAR TAX CREDIT RESERVATION IN A WRITTEN CONDITIONAL AGREEMENT. THE OFFICE MAY ESTABLISH AND PROVIDE WRITTEN NOTICE TO THE EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY OF THE MINIMUM FESTIVAL OPERATING REQUIREMENTS AS PART OF THE RESERVATION PROCESS FOR THE EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY TO RECEIVE A TAX CREDIT WHICH MAY INCLUDE, BUT ARE NOT LIMITED TO, THE NUMBER OF

FILMS REQUIRED TO BE SCREENED, THE MARKETING BUDGET, THE LENGTH OF THE FESTIVAL IN DAYS, THE LOCATION OF THE FESTIVAL, THE TIME DURING THE YEAR WHEN THE FESTIVAL IS REQUIRED TO TAKE PLACE, AND ANY OTHER GUARDRAILS AS DETERMINED BY THE OFFICE.

(c) UPON COMPLETION OF THE QUALIFIED EXPENDITURES, AN EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY THAT RECEIVED APPROVAL FOR A TAX CREDIT RESERVATION FROM THE OFFICE MUST RETAIN A CERTIFIED PUBLIC ACCOUNTANT LICENCED TO PRACTICE IN THE STATE OR A CERTIFIED PUBLIC ACCOUNTING FIRM THAT IS REGISTERED IN THE STATE TO REVIEW AND REPORT IN WRITING, AND IN ACCORDANCE WITH PROFESSIONAL STANDARDS, REGARDING THE ACCURACY OF THE FINANCIAL DOCUMENTS THAT DETAIL THE EXPENSES INCURRED IN THE COURSE OF THE ORGANIZATION OF THE FILM FESTIVAL IN COLORADO. THE CERTIFIED PUBLIC ACCOUNTANT'S WRITTEN REPORT MUST INCLUDE DOCUMENTATION OF THE EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY'S QUALIFIED EXPENDITURES. THIS REPORT MUST ALSO SHOW WHICH QUALIFIED EXPENDITURES OCCURRED WITHIN COLORADO ACCORDING TO STANDARDS DEVELOPED BY THE OFFICE.

(d) THE EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY SHALL APPLY TO THE OFFICE FOR TAX CREDIT ISSUANCE IN ACCORDANCE WITH THE PROGRAM POLICIES AND PROCEDURES.

(e) WHEN THE OFFICE IS SATISFIED THAT AN EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY IS ELIGIBLE FOR A TAX CREDIT, THE OFFICE SHALL ISSUE TO THE EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY A REFUNDABLE TAX CREDIT CERTIFICATE THAT EVIDENCES THE EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY'S RIGHT TO CLAIM THE TAX CREDIT ALLOWED UNDER SUBSECTION (3) OF THIS SECTION. THE AMOUNT OF THE TAX CREDIT IS THE LESSER OF THE QUALIFIED EXPENDITURES CALCULATED PURSUANT TO SUBSECTION (4) OF THIS SECTION OR THE AMOUNT OF THE TAX CREDIT RESERVED PURSUANT TO SUBSECTION (7)(b) OF THIS SECTION. THE TAX CREDIT CERTIFICATE MUST INCLUDE THE TAXPAYER'S NAME, THE TAXPAYER'S SOCIAL SECURITY NUMBER OR FEDERAL EMPLOYER IDENTIFICATION NUMBER, THE APPROVED TAX CREDIT AMOUNT, AND THE CALENDAR YEAR FOR WHICH THE TAX CREDIT IS BEING ALLOWED.

(8) IF A CREDIT AUTHORIZED BY THIS SECTION EXCEEDS THE INCOME TAX DUE ON THE INCOME OF THE QUALIFIED GLOBAL FILM FESTIVAL ENTITY OR EXISTING OR SMALL COLORADO FILM FESTIVAL ENTITY, OR THE ENTITY IS A TAX-EXEMPT ENTITY UNDER SECTION 501 (c)(3) OF THE INTERNAL REVENUE CODE THAT DOES NOT PAY COLORADO STATE INCOME TAXES, THE EXCESS TAX CREDIT MAY NOT BE CARRIED FORWARD AND ONE HUNDRED PERCENT OF THE UNCLAIMED VALUE OF THE TAX CREDIT SHALL BE REFUNDED BY THE DEPARTMENT TO THE FILM FESTIVAL ENTITY. A TAX-EXEMPT ENTITY SHALL FILE A RETURN PURSUANT TO SECTION 39-22-601 (7)(b).

(9) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2041.

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 2026 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: April 8, 2025