

**First Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO**

BILL C

LLS NO. 23-0143.01 Megan McCall x4215

HOUSE BILL

HOUSE SPONSORSHIP

Lynch and Will, Cutter, Snyder

SENATE SPONSORSHIP

Simpson, Danielson, Ginal, Jaquez Lewis, Story

House Committees

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING INCENTIVES TO PROMOTE THE TIMBER INDUSTRY IN**
102 **COLORADO, AND, IN CONNECTION THEREWITH, CREATING AN**
103 **INTERNSHIP PROGRAM IN THE COLORADO STATE FOREST**
104 **SERVICE AND CREATING A STATE INCOME TAX CREDIT FOR THE**
105 **PURCHASE OF QUALIFYING ITEMS USED IN TIMBER PRODUCTION**
106 **AND FOREST HEALTH.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Wildfire Matters Review Committee. The bill creates the timber,

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

forest health, and wildfire mitigation industries workforce development program (program) in the state forest service. The program provides partial reimbursement to timber businesses and forest health or wildfire mitigation entities for the costs of hiring interns. The forest service must adopt rules, policies, and procedures for the program, including criteria for an internship to qualify, best practices for recruiting and selecting interns to increase representation of historically underrepresented communities in the industries, the criteria to use in selecting qualified interns, the required educational experience for an intern, and administrative requirements for the program.

For income tax years beginning on or after January 1, 2023, but before January 1, 2028, a business involved in forestry, logging, the timber trade, the production of wood and secondary products, or forest health and wildfire mitigation activities in Colorado may claim a credit against state income tax for 20% of the cost incurred by the taxpayer in purchasing certain equipment, vehicles, and equipment infrastructure. The total aggregate credit in any one income tax year is limited to \$10,000. Any amount of the credit that exceeds the taxpayer's income tax liability is not refundable but may be carried forward for up to 5 years.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** 23-31-320 as
3 follows:

4 **23-31-320. Timber, forest health, and wildfire mitigation**
5 **industries workforce development program - creation - rules -**
6 **legislative declaration - definitions.** (1) THE GENERAL ASSEMBLY FINDS,
7 DETERMINES, AND DECLARES THAT:

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

14 (b) THE BARRIERS TO ENTRY FOR YOUNGER WORKERS WHO ARE

1 INTERESTED IN BEGINNING A CAREER IN THE TIMBER, FOREST HEALTH, AND
2 WILDFIRE MITIGATION INDUSTRIES ARE SIGNIFICANT, INCLUDING ACCESS
3 TO TRAINING PROGRAMS THAT PROVIDE REAL-WORLD WORK EXPERIENCE;

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

7 (d) BY OFFERING INCENTIVES TO TIMBER BUSINESSES AND FOREST
8 HEALTH AND WILDFIRE MITIGATION ENTITIES TO CREATE INTERNSHIPS,
9 THERE WILL BE MORE OPPORTUNITIES FOR STUDENTS TO OBTAIN WORK
10 EXPERIENCE WITH TIMBER BUSINESSES OR WITH FOREST HEALTH OR
11 WILDFIRE MITIGATION ENTITIES.

12 (2) AS USED IN THIS SECTION:

13 (a) "FOREST HEALTH OR WILDFIRE MITIGATION ENTITY" MEANS A
14 FOR-PROFIT OR NOT-FOR-PROFIT ENTITY LOCATED OR OPERATING IN
15 COLORADO THAT CONCERNS ITSELF WITH FOREST HEALTH OR WILDFIRE
16 MITIGATION ACTIVITIES INCLUDING PRESCRIBED BURNING AS PROVIDED
17 FOR IN SECTION 24-33.5-1217 OR OTHER SCIENCE-BASED FOREST
18 MANAGEMENT PRACTICES.

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

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

25 (d) "TIMBER BUSINESS" MEANS A FOR-PROFIT BUSINESS ENTITY
26 INCORPORATED OR LOCATED IN COLORADO THAT CONCERNS ITSELF WITH
27 FORESTRY, LOGGING, THE TIMBER TRADE, THE PRODUCTION OF WOOD

1 PRODUCTS SUCH AS FURNITURE, AND SECONDARY PRODUCTS SUCH AS
2 WOOD PULP FOR THE PULP AND PAPER INDUSTRY.

3 (3) THE TIMBER, FOREST HEALTH, AND WILDFIRE MITIGATION
4 INDUSTRIES WORKFORCE DEVELOPMENT PROGRAM IS HEREBY CREATED IN
5 THE FOREST SERVICE TO PROVIDE INCENTIVES TO TIMBER BUSINESSES AND
6 FOREST HEALTH OR WILDFIRE MITIGATION ENTITIES TO HIRE INTERNS
7 THROUGH PARTIAL REIMBURSEMENT OF THE COSTS TO SUCH BUSINESSES
8 AND ENTITIES OF HIRING INTERNS. NOT LATER THAN JANUARY 1, 2024,
9 THE FOREST SERVICE SHALL PROMULGATE POLICIES, PROCEDURES, AND
10 GUIDELINES FOR ADMINISTERING THE INTERNSHIP PROGRAM. THE
11 POLICIES, PROCEDURES, AND GUIDELINES MUST SPECIFY, AT A MINIMUM:

12 (a) THE CRITERIA FOR SELECTING A TIMBER BUSINESS OR FOREST
13 HEALTH OR WILDFIRE MITIGATION ENTITY FOR PARTICIPATION IN THE
14 INTERNSHIP PROGRAM, INCLUDING THE ABILITY OF THE BUSINESS OR
15 ENTITY TO EFFECTIVELY SUPERVISE AN INTERN AND THE OPPORTUNITY FOR
16 AN INTERN TO GET MEANINGFUL WORK EXPERIENCE;

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

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

21 (II) THE INTERNSHIP CANNOT EXCEED SIX MONTHS IN DURATION
22 PER INTERN;

23 (c) BEST PRACTICES FOR A TIMBER BUSINESS OR FOREST HEALTH
24 OR WILDFIRE MITIGATION ENTITY TO USE IN RECRUITING AND SELECTING
25 QUALIFIED INTERNS TO INCREASE REPRESENTATION OF HISTORICALLY
26 UNDERREPRESENTED COMMUNITIES IN THE TIMBER, FOREST HEALTH, AND
27 WILDFIRE MITIGATION INDUSTRIES. IN DEVELOPING BEST PRACTICES, THE

1 FOREST SERVICE SHALL SPECIFICALLY CONSIDER HOW TO EXTEND
2 OPPORTUNITIES TO INDIVIDUALS WHO HAVE ACQUIRED EXPERIENCE IN
3 WILDLAND FIRE SERVICES THROUGH THE INMATE DISASTER RELIEF
4 PROGRAM CREATED IN SECTION 17-24-124 (3).

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

10 (e) THE PROCESS AND TIMETABLE FOR SELECTING QUALIFIED
11 BUSINESSES AND ENTITIES AND QUALIFIED INTERNS;

12 (f) THE ACCOUNTING REQUIREMENTS FOR TRACKING INTERNSHIP
13 COSTS; AND

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

17 (4) SUBJECT TO AVAILABLE APPROPRIATIONS, THE FOREST SERVICE
18 MAY REIMBURSE A QUALIFIED TIMBER BUSINESS OR FOREST HEALTH OR
19 WILDFIRE MITIGATION ENTITY AN AMOUNT NOT TO EXCEED FIFTY PERCENT
20 OF THE ACTUAL COST TO THE BUSINESS OR ENTITY TO EMPLOY THE INTERN.
21 THE ACTUAL COST INCLUDES THE WAGES PAID TO THE INTERN, A
22 REASONABLE ALLOCATION OF FIXED OVERHEAD EXPENSES, AND ALL
23 INCIDENTAL COSTS DIRECTLY RELATED TO THE INTERNSHIP. BASED ON THE
24 ANNUAL APPROPRIATION FOR THE INTERNSHIP PROGRAM, THE FOREST
25 SERVICE SHALL DETERMINE HOW MANY INTERNSHIPS MAY BE APPROVED,
26 THE AMOUNT OF REIMBURSEMENT PER INTERNSHIP, AND WHETHER A
27 TIMBER BUSINESS OR FOREST HEALTH OR WILDFIRE MITIGATION ENTITY

1 MAY BE REIMBURSED FOR MORE THAN ONE INTERN IN THE SAME FISCAL
2 YEAR. HOWEVER, NO TIMBER BUSINESS OR FOREST HEALTH OR WILDFIRE
3 MITIGATION ENTITY MAY BE REIMBURSED FOR MORE THAN THREE
4 INTERNSHIPS IN THE SAME FISCAL YEAR.

5 **SECTION 2.** In Colorado Revised Statutes, **add** 39-22-549 as
6 follows:

7 **39-22-549. Credit for purchase of equipment, vehicles, and**
8 **structures used in the timber, forest health, and wildfire mitigation**
9 **industries - legislative declaration - definitions - repeal.** (1) (a) IN
10 ACCORDANCE WITH SECTION 39-21-304 (1), WHICH REQUIRES EACH BILL
11 THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE A TAX PREFERENCE
12 PERFORMANCE STATEMENT AS PART OF A STATUTORY LEGISLATIVE
13 DECLARATION, THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES
14 THAT THE GENERAL LEGISLATIVE PURPOSES OF THE TAX CREDIT CREATED
15 IN THIS SECTION ARE TO:

16 (I) IMPROVE INDUSTRY COMPETITIVENESS FOR THE STATE'S TIMBER
17 INDUSTRY AND PROVIDE TAX RELIEF FOR CERTAIN BUSINESSES ENGAGED
18 IN TIMBER, FOREST HEALTH, AND WILDFIRE MITIGATION ACTIVITIES,
19 THEREBY IMPROVING THE HEALTH OF COLORADO'S FORESTS AND
20 REDUCING THE RISK OF CATASTROPHIC WILDFIRE; AND

21 (II) REDUCE BASIC OPERATIONAL COSTS FOR BUSINESSES OR
22 ENTITIES ENGAGED IN THE STATE'S TIMBER, FOREST HEALTH, AND
23 WILDFIRE MITIGATION INDUSTRIES BY ALLOWING SUCH BUSINESSES OR
24 ENTITIES A SPECIFIED CREDIT AGAINST THEIR INCOME TAXES FOR THEIR
25 PURCHASE OF MECHANIZED EQUIPMENT, VEHICLES, AND EQUIPMENT
26 INFRASTRUCTURE USED TO MAKE WOOD PRODUCTS OR CONDUCT
27 PRESCRIBED BURNING OR OTHER SCIENCE-BASED FOREST MANAGEMENT

1 PRACTICES, THEREBY PROMOTING THE STATE'S TIMBER, FOREST HEALTH,
2 AND WILDFIRE MITIGATION INDUSTRIES.

3 (b) IN ORDER TO ALLOW THE GENERAL ASSEMBLY AND THE STATE
4 AUDITOR TO MEASURE THE EFFECTIVENESS OF THE CREDIT, THE
5 DEPARTMENT OF REVENUE SHALL TRACK THE NUMBER OF CREDITS
6 ALLOWED, THE TOTAL VALUE OF THE CREDITS ALLOWED, THE AVERAGE
7 AMOUNT OF EACH CREDIT ALLOWED, AND THE NUMBER OF QUALIFYING
8 ITEMS PURCHASED FOR WHICH THE CREDIT WAS ALLOWED.

9 (2) AS USED IN THIS SECTION:

10 (a) "EQUIPMENT INFRASTRUCTURE" MEANS ANY EQUIPMENT USED
11 IN THE MANUFACTURING OF WOOD PRODUCTS AND INCLUDES, WITHOUT
12 LIMITATION, DRY KILNS, SAWMILLS, DEBARKERS, PELLET MILLS, AND
13 STRUCTURES NECESSARY TO ENCLOSE LOGGING OR OTHER OPERATIONS
14 ENGAGED IN BY A TAXPAYER.

15 (b) "QUALIFYING ITEMS" MEANS:

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

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

20 (III) ANY EQUIPMENT INFRASTRUCTURE THAT IS USED IN THE
21 MANUFACTURING OF WOOD PRODUCTS;

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

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

26 (c) "TAXPAYER" MEANS ANY SOLE PROPRIETORSHIP, PARTNERSHIP,
27 LIMITED LIABILITY CORPORATION, SUBCHAPTER S CORPORATION, OR

1 REGULAR CORPORATION DOING BUSINESS IN THE STATE THAT CONCERNS
2 ITSELF WITH FORESTRY, LOGGING, THE TIMBER TRADE, THE PRODUCTION
3 OF WOOD PRODUCTS SUCH AS FURNITURE, AND SECONDARY PRODUCTS
4 SUCH AS WOOD PULP FOR THE PULP AND PAPER INDUSTRY, OR WITH FOREST
5 HEALTH AND WILDFIRE MITIGATION ACTIVITIES INCLUDING PRESCRIBED
6 BURNING AS PROVIDED FOR IN SECTION 24-33.5-1217 OR OTHER
7 SCIENCE-BASED FOREST MANAGEMENT PRACTICES.

8 (3) WITH RESPECT TO TAX YEARS COMMENCING ON OR AFTER
9 JANUARY 1, 2023, BUT PRIOR TO JANUARY 1, 2028, THERE IS ALLOWED TO
10 ANY TAXPAYER A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE 22
11 IN THE AMOUNT OF TWENTY PERCENT OF THE COST INCURRED BY THE
12 TAXPAYER IN PURCHASING A QUALIFYING ITEM, NOT TO EXCEED TEN
13 THOUSAND DOLLARS IN THE AGGREGATE FOR ALL QUALIFYING ITEMS
14 PURCHASED IN ANY ONE INCOME TAX YEAR.

15 (4) (a) IF A QUALIFYING ITEM THAT WAS PRODUCED IN COLORADO
16 IS AVAILABLE, THE TAX CREDIT ALLOWED BY THIS SECTION MAY ONLY BE
17 CLAIMED FOR QUALIFYING ITEMS PRODUCED IN COLORADO. IF A
18 QUALIFYING ITEM PRODUCED IN COLORADO IS NOT AVAILABLE, THE TAX
19 CREDIT ALLOWED BY THIS SECTION MAY BE CLAIMED REGARDLESS OF
20 WHERE THE QUALIFYING ITEM IS PRODUCED.

21 (b) IF AN ELECTRIC-POWERED QUALIFYING ITEM IS AVAILABLE, THE
22 TAX CREDIT ALLOWED BY THIS SECTION MAY ONLY BE CLAIMED FOR
23 ELECTRIC-POWERED QUALIFYING ITEMS. IF AN ELECTRIC-POWERED
24 QUALIFYING ITEM IS NOT AVAILABLE, THE TAX CREDIT MAY BE CLAIMED
25 REGARDLESS OF THE POWER SOURCE OF THE QUALIFYING ITEM.

26 (5) IF THE AMOUNT OF THE CREDIT SPECIFIED IN SUBSECTION (3) OF
27 THIS SECTION EXCEEDS THE AMOUNT OF INCOME TAXES DUE ON THE

1 INCOME OF THE TAXPAYER IN THE INCOME TAX YEAR FOR WHICH THE
2 CREDIT IS BEING CLAIMED, THE AMOUNT OF THE CREDIT NOT USED AS AN
3 OFFSET AGAINST INCOME TAXES IN SAID INCOME TAX YEAR IS NOT
4 REFUNDABLE BUT MAY BE CARRIED FORWARD AS A CREDIT AGAINST
5 SUBSEQUENT YEARS' TAX LIABILITY FOR A PERIOD NOT EXCEEDING FIVE
6 YEARS AND SHALL BE APPLIED FIRST TO THE EARLIEST INCOME TAX YEARS
7 POSSIBLE. ANY AMOUNT OF THE CREDIT THAT IS NOT USED DURING SAID
8 PERIOD IS NOT REFUNDABLE TO THE TAXPAYER.

9 (6) TO CLAIM A CREDIT UNDER THIS SECTION, A TAXPAYER MUST
10 SUBMIT TO THE DEPARTMENT OF REVENUE DOCUMENTATION IN A FORM
11 SATISFACTORY TO THE DEPARTMENT OF REVENUE THAT DEMONSTRATES
12 THE TAXPAYER PURCHASED THE QUALIFYING ITEM AND THE COST OF THE
13 ITEM PURCHASED BY THE TAXPAYER.

14 (7) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2036.

15 **SECTION 3. Act subject to petition - effective date.** This act
16 takes effect at 12:01 a.m. on the day following the expiration of the
17 ninety-day period after final adjournment of the general assembly; except
18 that, if a referendum petition is filed pursuant to section 1 (3) of article V
19 of the state constitution against this act or an item, section, or part of this
20 act within such period, then the act, item, section, or part will not take
21 effect unless approved by the people at the general election to be held in
22 November 2024 and, in such case, will take effect on the date of the
23 official declaration of the vote thereon by the governor.