

Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO

DRAFT
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BILL 1

LLS NO. 22-0161.01 Jason Gelender x4330

INTERIM COMMITTEE BILL

Legislative Oversight Committee Concerning Tax Policy

BILL TOPIC: "Alternative Transportation Options Tax Credit"
DEADLINES: Finalize by: JAN 26, 2022 File by: JAN 28, 2022

A BILL FOR AN ACT

101 **CONCERNING THE REPLACEMENT OF THE INCOME TAX DEDUCTION FOR**
102 **AMOUNTS SPENT BY AN EMPLOYER TO PROVIDE ALTERNATIVE**
103 **TRANSPORTATION OPTIONS TO EMPLOYEES WITH AN INCOME**
104 **TAX CREDIT FOR AMOUNTS SPENT BY AN EMPLOYER FOR THAT**
105 **PURPOSE.**

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/>.)

Legislative Oversight Committee Concerning Tax Policy. The bill replaces an existing income tax deduction for expenses incurred by

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

employers when providing alternative transportation options to employees with a refundable income tax credit of 50% of such expenses for such employers. The credit is allowed for income tax years beginning on or after January 1, 2023, but before January 1, 2033.

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

2 **SECTION 1.** In Colorado Revised Statutes, **amend** 39-22-509 as
3 follows:

4 **39-22-509. Credit against tax - employer expenditures for**
5 **alternative transportation options for employees - legislative**
6 **declaration - definitions.** (1) IN ACCORDANCE WITH SECTION 39-21-304
7 (1), WHICH REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE
8 TO INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A
9 STATUTORY LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY HEREBY
10 FINDS AND DECLARES THAT:

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

13 (I) TO INDUCE CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS,
14 SPECIFICALLY THE PROVISION OF ALTERNATIVE TRANSPORTATION OPTIONS
15 BY EMPLOYERS TO EMPLOYEES; AND

16 (II) TO PROVIDE TAX RELIEF FOR CERTAIN BUSINESSES,
17 SPECIFICALLY EMPLOYERS THAT PROVIDE ALTERNATIVE TRANSPORTATION
18 OPTIONS TO THEIR EMPLOYEES;

19 (b) THE SPECIFIC LEGISLATIVE PURPOSE OF THE TAX CREDIT
20 ALLOWED BY THIS SECTION IS TO INCREASE THE USE OF ALTERNATIVE
21 TRANSPORTATION OPTIONS BY EMPLOYEES IN GOING TO AND RETURNING
22 FROM THEIR PLACES OF EMPLOYMENT BY PROVIDING AN INCENTIVE TO
23 EMPLOYERS TO PROVIDE ALTERNATIVE TRANSPORTATION OPTIONS TO

1 EMPLOYEES. IN ORDER TO ALLOW THE GENERAL ASSEMBLY AND THE
2 STATE AUDITOR TO MEASURE THE EFFECTIVENESS OF THE CREDIT, THE
3 DEPARTMENT OF REVENUE, WHEN ADMINISTERING THE CREDIT, SHALL
4 REQUIRE EACH EMPLOYER THAT CLAIMS THE CREDIT TO PROVIDE, AT A
5 MINIMUM, INFORMATION ABOUT THE SPECIFIC ALTERNATIVE
6 TRANSPORTATION OPTIONS OFFERED, THE NUMBER OF EMPLOYEES
7 OFFERED AN ALTERNATIVE TRANSPORTATION OPTION, AND, TO THE
8 EXTENT FEASIBLE, THE NUMBER OF EMPLOYEES ACTUALLY USING AN
9 ALTERNATIVE TRANSPORTATION OPTION AND THE NUMBER OF TRIPS
10 TAKEN BY EMPLOYEES USING AN ALTERNATIVE TRANSPORTATION OPTION.

11 ~~(1) (2) There shall be allowed to corporate employers a deduction~~
12 ~~from Colorado gross income, to the extent not previously deducted in~~
13 ~~arriving at Colorado gross income, equal to the employer's contribution~~
14 ~~to.~~ AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

15 (a) "ALTERNATIVE TRANSPORTATION OPTIONS" MEANS:

16 ~~(a) (I)~~ Free or partially subsidized ridesharing arrangements for
17 employees, including, but not limited to, ~~providing~~ TO:

18 (A) PROVIDING vehicles for such ~~arrangements, cash incentives~~
19 ~~(not~~ ARRANGEMENTS;

20 (B) CASH INCENTIVES, NOT to exceed the value of such
21 ~~transportation)~~ ARRANGEMENTS, for participation in ridesharing
22 ~~arrangements, and the~~ ARRANGEMENTS;

23 (C) THE payment of all or part of the administrative cost incurred
24 in organizing, establishing, or administering a ridesharing program FOR
25 EMPLOYEES; AND

26 (D) FREE OR PARTIALLY SUBSIDIZED MASS TRANSIT TICKETS,
27 TOKENS, PASSES, OR FARES FOR USE BY EMPLOYEES IN GOING TO AND

1 RETURNING FROM THEIR PLACES OF EMPLOYMENT.

2 (b) "EMPLOYER" MEANS AN ENTITY, INCLUDING BUT NOT LIMITED
3 TO A CORPORATION, PARTNERSHIP, JOINT VENTURE, COMMON TRUST FUND,
4 LIMITED ASSOCIATION, POOL OR WORKING AGREEMENT, OR LIMITED
5 LIABILITY COMPANY, THAT EMPLOYS ONE OR MORE PERSONS IN THIS
6 STATE.

7 ~~(H)~~ (c) ~~For the purposes of this section,~~ "Ridesharing
8 arrangement" means the vehicular transportation of passengers traveling
9 together primarily to and from such passengers' places of business or
10 work or traveling together on a regularly scheduled basis with a
11 commonality of purposes if the vehicle used in such transportation is not
12 operated for profit by an entity primarily engaged in the transportation
13 business and if no charge is made therefor other than that reasonably
14 calculated to recover the direct and indirect costs of the "ridesharing
15 arrangement", including, but not limited to, a reasonable incentive to
16 maximize occupancy of the vehicle. However, nothing in this
17 ~~subparagraph (H) shall be construed as excluding~~ SUBSECTION (2)(c)
18 EXCLUDES from this definition an arrangement by an employer engaged
19 in the transportation business ~~who~~ THAT provides ridesharing
20 arrangements for its employees. ~~The term~~ "RIDESHARING" includes
21 "ridesharing arrangements" commonly known as carpools and vanpools,
22 ~~except that this term~~ BUT does not include school transportation vehicles
23 operated by elementary and secondary schools when they are operated for
24 the transportation of children to or from school or on school-related
25 events.

26 (b) ~~Free or partially subsidized mass transit tickets, tokens, passes,~~
27 ~~or fares for use by employees in going to and returning from their places~~

1 of employment.

2 (3) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY 1,
3 2023, BUT BEFORE JANUARY 1, 2033, THERE IS ALLOWED A CREDIT TO
4 EACH EMPLOYER IN AN AMOUNT EQUAL TO FIFTY PERCENT OF THE AMOUNT
5 SPENT BY THE EMPLOYER TO PROVIDE ALTERNATIVE TRANSPORTATION
6 OPTIONS TO SOME OR ALL OF ITS EMPLOYEES.

7 (4) THE AMOUNT OF ANY CREDIT ALLOWED UNDER THIS SECTION
8 THAT EXCEEDS THE EMPLOYER'S INCOME TAXES DUE IS REFUNDED TO THE
9 EMPLOYER.

10 (5) THE EXECUTIVE DIRECTOR MAY PRESCRIBE FORMS AND
11 PROMULGATE RULES AS NECESSARY TO ADMINISTER THIS SECTION.

12 (6) THIS SECTION IS REPEALED, EFFECTIVE JANUARY 1, 2037.

13 **SECTION 2. Act subject to petition - effective date.** This act
14 takes effect January 1, 2023; except that, if a referendum petition is filed
15 pursuant to section 1 (3) of article V of the state constitution against this
16 act or an item, section, or part of this act within the ninety-day period
17 after final adjournment of the general assembly, then the act, item,
18 section, or part will not take effect unless approved by the people at the
19 general election to be held in November 2022 and, in such case, will take
20 effect January 1, 2023, or on the date of the official declaration of the
21 vote thereon by the governor, whichever is later.