

CHAPTER 225

**HUMAN SERVICES - SOCIAL SERVICES**

SENATE BILL 96-193

BY SENATORS Dennis, Norton, Bishop, Linkhart, Meiklejohn, Pascoe, R. Powers, Rizzuto, Tebedo, and Wattenberg;  
also REPRESENTATIVES Owen, Chlouber, Clarke, Leyba, Schwarz, and Young.

**AN ACT**

**CONCERNING ENTERPRISE ZONES, AND MAKING AN APPROPRIATION IN CONNECTION THEREWITH.**

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

**SECTION 1.** The introductory portion to 39-30-103 (1) and 39-30-103 (3) (d) and (4), Colorado Revised Statutes, 1994 Repl. Vol., are amended, and the said 39-30-103 is further amended BY THE ADDITION OF THE FOLLOWING NEW SUBSECTIONS, to read:

**39-30-103. Zones established - termination.** (1) Any municipality, county, or group of contiguous municipalities or counties may propose an area of such municipality, county, or group of municipalities or counties to be designated as an enterprise zone if ~~such~~ THE area has a population of no more than ~~fifty~~ EIGHTY thousand persons and meets at least one of the following additional criteria:

(3) In proposing an area for designation as an enterprise zone, the local government shall submit to the executive director of the department of local affairs a development plan. This plan shall include information describing the following items:

(d) THE SPECIFIC BUSINESS DEVELOPMENT AND JOB CREATION OBJECTIVES TO BE ACHIEVED IN THE ZONE AND THE measures ~~which will be undertaken by~~ THAT local government and the private sector WILL UNDERTAKE to support ~~the business development and job creation~~ THOSE objectives; ~~of the zone;~~

(4) (a) EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH (e) OF THIS SUBSECTION (4), the executive director of the department of local affairs, after consultation with the executive directors of the department of labor and employment and the department of revenue, may approve the designation of not more than sixteen areas as enterprise

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*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

zones. ~~For each of the years 1987 and 1988, the executive director of the department of local affairs may approve the designation of one municipal and one rural enterprise zone.~~ The executive director of the department of local affairs shall designate an administrator for each enterprise zone.

(b) FOR ANY AREA DESIGNATED AS AN ENTERPRISE ZONE OR AS A PORTION OF AN ENTERPRISE ZONE PRIOR TO JULY 1, 1996, THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF LOCAL AFFAIRS SHALL REQUIRE LOCAL GOVERNMENTS THAT SUBMITTED DEVELOPMENT PLANS PERTAINING TO AREAS SELECTED AS ENTERPRISE ZONES TO DEVELOP AND SUBMIT NO LATER THAN SEPTEMBER 1, 1996, SPECIFIC BUSINESS DEVELOPMENT AND JOB CREATION OBJECTIVES TO BE ACHIEVED IN THE ZONES OR PORTIONS THEREOF. The executive director ~~of the department of local affairs~~ shall require the local governments ~~which~~ THAT submitted development plans pertaining to areas selected as enterprise zones to continue to submit annual documentation of efforts to improve conditions in those areas and the results of those efforts. IN ORDER FOR THE EXECUTIVE DIRECTOR TO DETERMINE IF THE ENTERPRISE ZONES OR PORTIONS THEREOF ARE ACHIEVING THE SPECIFIC BUSINESS DEVELOPMENT AND JOB CREATION OBJECTIVES SUBMITTED PURSUANT TO THIS PARAGRAPH (b) OR TO PARAGRAPH (d) OF SUBSECTION (3) OF THIS SECTION, such annual documentations shall include, but need not be limited to, THE MOST RECENT STATISTICS AVAILABLE FOR COMPANIES CLAIMING ENTERPRISE ZONE TAX CREDITS ON:

(I) The number of jobs created in the ~~area~~ enterprise ZONE AND THE STANDARD INDUSTRIAL CLASSIFICATION CODE (SIC) OF EACH COMPANY REPORTING THE CREATION OF JOBS WITHIN THE ZONE;

(II) The number of jobs retained in the ~~area~~ ZONE;

(III) THE AVERAGE ANNUAL COMPENSATION LEVEL, INCLUDING BENEFITS, OF THE JOBS CREATED OR RETAINED WITHIN THE ZONE, CATEGORIZED BY FULL TIME PERMANENT, PART TIME, TEMPORARY, AND CONTRACT JOBS;

(IV) ANY CHANGE IN THE UNEMPLOYMENT RATE IN THE ZONE;

(V) THE NUMBER OF EMPLOYEES FROM OUTSIDE THE ZONE TRANSFERRED TO A FACILITY WITHIN THE ZONE;

(VI) THE AMOUNT OF ANY MONETARY OR IN-KIND CONTRIBUTION FOR THE PURPOSE OF IMPLEMENTING THE ECONOMIC DEVELOPMENT PLAN FOR THE ENTERPRISE ZONE AND THE SPECIFIC PURPOSE OF THE CONTRIBUTION AS PROVIDED IN SECTION 39-30-103.5;

(VII) An analysis of capital investment in the ~~area~~ ENTERPRISE ZONE, INCLUDING:

(A) THE NUMBER OF NEW OR EXPANDED BUSINESS FACILITIES AND THE NUMBER AND AMOUNT OF QUALIFIED REHABILITATION EXPENSES MADE ON REHABILITATED VACANT BUILDINGS;

(B) THE AMOUNT OF INVESTMENT IN QUALIFYING PROPERTY FOR WHICH TAX CREDITS WERE CLAIMED PURSUANT TO SECTION 39-30-104;

(VIII) THE NUMBER OF EMPLOYEES TRAINED AND THE AMOUNT OF INVESTMENT IN JOB TRAINING PROGRAMS PURSUANT TO SECTION 39-30-104 (4) AND THE NUMBER OF INDIVIDUALS HIRED AND THE AMOUNT OF INVESTMENT IN SCHOOL-TO-WORK PROGRAMS PURSUANT TO SECTION 39-30-104 (5).

(c) THE STATE AUDITOR SHALL SUBMIT A REPORT TO THE GOVERNOR AND THE GENERAL ASSEMBLY NO LATER THAN MARCH 1, 1998, AND EVERY TWO YEARS THEREAFTER EVALUATING THE IMPLEMENTATION OF THE PROGRAM AND ITS EFFECT ON THE EMPLOYMENT, UNEMPLOYMENT RATE, INVESTMENT, OVERALL GROWTH RATE, ECONOMIC DIVERSITY, AND PER CAPITA INCOME IN EACH ENTERPRISE ZONE OR COUNTY CONTAINING AN ENTERPRISE ZONE, MAKING RECOMMENDATIONS FOR STATUTORY CHANGES, IF ANY, AND INCLUDING ANY OTHER INFORMATION REQUESTED BY THE GOVERNOR OR THE GENERAL ASSEMBLY. THE EVALUATION SHALL BE BASED UPON OBJECTIVE VERIFIABLE DATA MAINTAINED BY THE DEPARTMENT OF LOCAL AFFAIRS, LOCAL GOVERNMENTS, AND ZONE ADMINISTRATORS AND SHALL INCLUDE INFORMATION CONCERNING THE AMOUNTS OF TAX CREDITS CLAIMED AND ALLOWED UNDER THE ENTERPRISE ZONE PROGRAM. FOR PURPOSES OF PREPARING THE REPORT REQUIRED BY THIS PARAGRAPH (c), THE STATE AUDITOR SHALL HAVE ACCESS TO ALL RECORDS AND DOCUMENTS APPLICABLE TO THE ENTERPRISE ZONE PROGRAM, WHETHER MAINTAINED BY THE DEPARTMENT OF LOCAL AFFAIRS, LOCAL GOVERNMENTS, OR ENTERPRISE ZONE ADMINISTRATORS.

(d) (I) NO LATER THAN JANUARY 1, 1997, THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF LOCAL AFFAIRS SHALL SUBMIT TO THE COLORADO ECONOMIC DEVELOPMENT COMMISSION CREATED IN SECTION 24-46-102, C.R.S., AND TO THE STATE AUDITOR A PLAN ESTABLISHING CRITERIA, PROCEDURES, AND A SCHEDULE FOR THE TERMINATION OF ENTERPRISE ZONES OR PORTIONS THEREOF.

(II) THE PLAN SHALL NOT PROVIDE FOR TAX CREDITS THAT ARE BASED ON AN AREA'S ENTERPRISE ZONE STATUS AND THAT HAVE ALREADY BEEN EARNED BY TAXPAYERS UNDER CRITERIA EXISTING WHEN THE QUALIFYING TRANSACTIONS ARE COMPLETED TO BE RESTRICTED, CURTAILED, OR OTHERWISE CUTOFF. IN ADDITION, THE PLAN SHALL ESTABLISH PROCEDURES FOR RECOGNIZING AND ALLOWING CREDITS TO TAXPAYERS WHO HAVE TAKEN ACTIONS IN RELIANCE ON AGREEMENTS REACHED WITH ZONE ADMINISTRATORS OR LOCAL GOVERNMENTS FOR LONG-TERM INVESTMENTS. FINALLY, THE PLAN SHALL PROVIDE THAT ALL DECISIONS CONCERNING THE DESIGNATION OR TERMINATION OF ENTERPRISE ZONES OR PORTIONS THEREOF ARE TO BE MADE BY THE COLORADO ECONOMIC DEVELOPMENT COMMISSION CREATED IN SECTION 24-46-102, C.R.S., UPON THE RECOMMENDATIONS OF THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF LOCAL AFFAIRS; EXCEPT THAT THE PLAN SHALL PROVIDE THAT NO TERMINATION DECISION SHALL BE EFFECTIVE PRIOR TO JULY 1, 1997, OR PRIOR TO THE SUBMISSION OF A REPORT ON THE TERMINATION DECISION TO THE GENERAL ASSEMBLY.

(III) THE STATE AUDITOR SHALL REVIEW THE PLAN SUBMITTED BY THE EXECUTIVE DIRECTOR PURSUANT TO THIS PARAGRAPH (d) AND SHALL PROVIDE COMMENTS AND SUGGESTIONS CONCERNING THE PLAN TO THE GENERAL ASSEMBLY WITHIN SIXTY DAYS AFTER IT IS RECEIVED.

(e) EFFECTIVE JANUARY 1, 1997, ALL DECISIONS CONCERNING THE DESIGNATION OR TERMINATION OF ENTERPRISE ZONES OR PORTIONS THEREOF SHALL BE MADE BY

THE COLORADO ECONOMIC DEVELOPMENT COMMISSION CREATED IN SECTION 24-46-102, C.R.S., UPON THE RECOMMENDATIONS OF THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF LOCAL AFFAIRS; EXCEPT THAT NO TERMINATION DECISION SHALL BE EFFECTIVE PRIOR TO JULY 1, 1997, AND NO TERMINATION DECISION SHALL BE EFFECTIVE PRIOR TO THE SUBMISSION OF A REPORT ON THE TERMINATION DECISION BY THE COMMISSION TO THE GENERAL ASSEMBLY.

(5) NO LATER THAN MARCH 1, 1997, THE COLORADO ECONOMIC DEVELOPMENT COMMISSION CREATED IN SECTION 24-46-102, C.R.S., SHALL REPORT TO THE GOVERNOR AND THE GENERAL ASSEMBLY THE RESULTS OF A COMPETITIVE BENCHMARKING STUDY, PERFORMED BY A PRIVATE CONSULTANT WITH EXPERIENCE IN EVALUATION OF STATE BUSINESS ASSISTANCE PROGRAMS IN MULTIPLE STATES, COMPARING COLORADO'S BUSINESS CLIMATE, AS IT AFFECTS THE RETENTION AND GROWTH OF BASIC EMPLOYERS AND THEIR INVESTMENT, WITH THE BUSINESS CLIMATE OF OTHER STATES. IN ADDITION, THE STUDY SHALL ASSESS LONG TERM ECONOMIC DEVELOPMENT STRATEGIES, INCLUDING BUT NOT LIMITED TO ENCOURAGING PRIMARY JOB CREATION THROUGHOUT COLORADO. ALONG WITH THE REPORT, THE COMMISSION SHALL PROVIDE THE GOVERNOR AND THE GENERAL ASSEMBLY ITS RECOMMENDATIONS FOR ADDITIONAL STUDY OR MODIFICATIONS TO COLORADO'S PUBLIC POLICY CONCERNING THE STATE'S BUSINESS CLIMATE AND ITS RECOMMENDATIONS CONCERNING SPECIFIC BUSINESS DEVELOPMENT AND JOB CREATION OBJECTIVES THAT SHOULD BE USED AS MINIMUM REQUIREMENTS OR STANDARDS FOR FUTURE DESIGNATION OF ENTERPRISE ZONES OR PORTIONS OF ENTERPRISE ZONES CONSISTENT WITH STATEWIDE ECONOMIC DEVELOPMENT TARGETS AND OBJECTIVES.

(6) WHEN THE TERMINATION OF AN ENTERPRISE ZONE OR PORTION OF AN ENTERPRISE ZONE WOULD PREVENT A TAXPAYER FROM QUALIFYING FOR TAX BENEFITS UNDER THIS ARTICLE AND THE TAXPAYER CAN IDENTIFY JOB CREATION OR CAPITAL EXPANSION ACTIVITIES THAT WERE PLANNED PRIOR TO THE TERMINATION ANNOUNCEMENT AND THAT WOULD HAVE OTHERWISE ENTITLED THE TAXPAYER TO CLAIM TAX BENEFITS UNDER SECTIONS 39-30-103.5, 39-30-104, OR 39-30-105, THE ENTERPRISE ZONE ADMINISTRATOR AND THE TAXPAYER SHALL JOINTLY CERTIFY THE CIRCUMSTANCES AND DETAILED PLAN INFORMATION TO THE COLORADO ECONOMIC DEVELOPMENT COMMISSION PRIOR TO THE EFFECTIVE DATE OF THE TERMINATION. WITHIN SIX MONTHS AFTER RECEIVING SUCH INFORMATION, THE COMMISSION SHALL CERTIFY AN EXTENSION OF THE PERIOD WITHIN WHICH THE TAXPAYER MAY CLAIM SUCH TAX BENEFITS, NOT TO EXCEED THE FIVE TAX YEARS FOLLOWING THE YEAR OF THE TERMINATION, AND THE AMOUNT OF EACH BENEFIT THAT THE TAXPAYER MAY CLAIM DURING THE EXTENSION PERIOD, BASED ON THE PLAN INFORMATION RECEIVED BY THE COMMISSION. IT IS THE INTENT OF THIS SUBSECTION (6) ONLY TO PERMIT TAXPAYERS TO CLAIM TAX BENEFITS ON WHICH THEY DEMONSTRABLY RELIED IN MAKING BUSINESS PLANNING DECISIONS, AND, EXCEPT AS SPECIFICALLY PROVIDED IN THIS SUBSECTION (6), NOTHING IN THIS SUBSECTION (6) SHALL BE CONSTRUED TO AUTHORIZE THE COMMISSION OR ANY ENTERPRISE ZONE ADMINISTRATOR TO GRANT TAX BENEFITS THAT HAVE BEEN REPEALED BY THE GENERAL ASSEMBLY OR TO GRANT TAX BENEFITS IN EXCESS OF THE LIMITS ESTABLISHED BY LAW.

**SECTION 2.** 39-30-103.5 (1), Colorado Revised Statutes, 1994 Repl. Vol., is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

**39-30-103.5. Credit against tax - contributions to enterprise zone administrators to implement economic development plans - repeal.** (1) (e) ON OR BEFORE NOVEMBER 1, 1996, AND NOVEMBER 1 OF EACH YEAR THEREAFTER, EACH ZONE ADMINISTRATOR SHALL PROVIDE TO THE DIRECTOR OF THE DEPARTMENT OF LOCAL AFFAIRS A LIST OF ALL PROGRAMS, PROJECTS, AND ORGANIZATIONS TO WHICH TAXPAYERS MAY CONTRIBUTE DURING THE NEXT CALENDAR YEAR FOR THE PURPOSE OF IMPLEMENTING THE ECONOMIC DEVELOPMENT PLAN OF THE ZONE AND RECEIVING A TAX CREDIT PURSUANT TO THIS SECTION. THE LIST SHALL BE ACCOMPANIED BY A DESCRIPTION OF EACH PROGRAM, PROJECT, OR ORGANIZATION, INCLUDING THE PURPOSE AND RELATIONSHIP OF THE PROGRAM, PROJECT, OR ORGANIZATION TO THE ECONOMIC DEVELOPMENT GOALS OF THE ENTERPRISE ZONE, THE EXPECTED BENEFITS OF THE PROGRAM, PROJECT, OR ORGANIZATION TO THE ENTERPRISE ZONE, AND AN ESTIMATE OF THE AMOUNT OF POTENTIAL CONTRIBUTIONS TO THE PROGRAM, PROJECT, OR ORGANIZATION DURING THE NEXT CALENDAR YEAR. NO LATER THAN DECEMBER 1 OF EACH YEAR, THE DIRECTOR OF THE DEPARTMENT OF LOCAL AFFAIRS SHALL FORWARD THE LISTS OF PROGRAMS, PROJECTS, OR ORGANIZATIONS SUBMITTED BY ZONE ADMINISTRATORS TO THE COLORADO ECONOMIC DEVELOPMENT COMMISSION ESTABLISHED PURSUANT TO ARTICLE 46 OF TITLE 24, C.R.S. ANY MODIFICATIONS TO A LIST, INCLUDING PROGRAMS, PROJECTS, OR ORGANIZATIONS THAT ARE TO BE ADDED THERETO, SHALL BE SUBMITTED TO THE DEPARTMENT OF LOCAL AFFAIRS BY THE ZONE ADMINISTRATOR NO LATER THAN THIRTY DAYS AFTER THE MODIFICATION IS MADE. THE DEPARTMENT OF LOCAL AFFAIRS SHALL REPORT ANY SUCH MODIFICATIONS TO THE COLORADO ECONOMIC DEVELOPMENT COMMISSION WITHIN THIRTY DAYS OF RECEIPT. THE COMMISSION IS AUTHORIZED TO HOLD HEARINGS AND REVIEW THE PROPOSED PROGRAMS, PROJECTS, AND ORGANIZATIONS. A LIST OR MODIFICATION OF A LIST THAT IS SUBMITTED TO THE COMMISSION PURSUANT TO THIS SECTION SHALL NOT BE CONSIDERED FINAL UNTIL THIRTY DAYS AFTER THE COMMISSION HAS RECEIVED SUCH INFORMATION. THE COMMISSION IS AUTHORIZED TO REJECT ANY PROGRAM, PROJECT, OR ORGANIZATION THAT IT DETERMINES IS NOT ELIGIBLE UNDER THE REQUIREMENTS OF THIS SECTION OR IS NOT ESSENTIAL TO THE MISSION OF THE ENTERPRISE ZONE UPON A TWO-THIRDS VOTE OF THE COMMISSION. THE COMMISSION SHALL NOTIFY THE ZONE ADMINISTRATOR OF ANY PROGRAM, PROJECT, OR ORGANIZATION REJECTED WITHIN THIRTY DAYS OF RECEIPT OF THE LIST OR MODIFICATION OF THE LIST. ANY PROGRAM, PROJECT, OR ORGANIZATION REJECTED BY THE COMMISSION MAY REQUEST THAT THE COMMISSION RECONSIDER ITS DECISION WITHIN THIRTY DAYS AFTER THE DATE THE NOTICE OF REJECTION IS PROVIDED TO THE ZONE ADMINISTRATOR. A ZONE ADMINISTRATOR MAY ACCEPT CONTRIBUTIONS FOR ANY PROGRAM, PROJECT, OR ORGANIZATION IT HAS SUBMITTED PURSUANT TO THIS PARAGRAPH (e).

**SECTION 3.** 39-30-103.5 (1) (a) and (1) (c), Colorado Revised Statutes, 1994 Repl. Vol., are amended, and the said 39-30-103.5 is further amended BY THE ADDITION OF THE FOLLOWING NEW SUBSECTIONS, to read:

**39-30-103.5. Credit against tax - contributions to enterprise zone administrators to implement economic development plans - repeal.** (1) (a) (I) EXCEPT AS OTHERWISE PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH (a), for income tax years commencing on or after January 1, 1989, any taxpayer who makes a monetary or in-kind contribution for the purpose of implementing the economic development plan for the enterprise zone to the person or agency which has been designated as the enterprise zone administrator by the

department of local affairs shall be allowed a credit against the income tax imposed by article 22 of this title in an amount equal to fifty percent of the total value of the contribution as certified by the enterprise zone administrator.

(II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 1996, THE AMOUNT OF THE CREDIT ALLOWED FOR CONTRIBUTIONS MADE PURSUANT TO THIS PARAGRAPH (a) SHALL BE TWENTY-FIVE PERCENT OF THE TOTAL VALUE OF THE CONTRIBUTION AS CERTIFIED BY THE ENTERPRISE ZONE ADMINISTRATOR; EXCEPT THAT NOTHING IN THIS SUBPARAGRAPH (II) SHALL BE CONSTRUED TO AFFECT THE AMOUNT OF THE CREDIT:

(A) FOR CONTRIBUTIONS MADE PRIOR TO JULY 1, 1997:

(I) TO AN ENTERPRISE ZONE ADMINISTRATOR FOR A PROJECT, PROGRAM, OR ORGANIZATION THAT WAS ORIGINALLY APPROVED BY AN ENTERPRISE ZONE ADMINISTRATOR IN WRITING PRIOR TO MAY 1, 1996; OR

(II) DIRECTLY TO A PROJECT, PROGRAM, OR ORGANIZATION THAT WAS ORIGINALLY APPROVED BY AN ENTERPRISE ZONE ADMINISTRATOR PRIOR TO MAY 1, 1996, AND THAT IS CERTIFIED BY THE ENTERPRISE ZONE ADMINISTRATOR PURSUANT TO SUBSECTION (5) OF THIS SECTION; OR

(B) FOR CONTRIBUTIONS MADE ON OR AFTER JULY 1, 1997, THROUGH DECEMBER 31, 2000, PURSUANT TO A WRITTEN AGREEMENT EXECUTED PRIOR TO JULY 1, 1997, BETWEEN A TAXPAYER AND AN ENTERPRISE ZONE ADMINISTRATOR IN WHICH THE TAXPAYER PLEDGES TO MAKE FUTURE CONTRIBUTIONS TO A PROJECT, PROGRAM, OR ORGANIZATION THAT WAS APPROVED BY THE ENTERPRISE ZONE ADMINISTRATOR PURSUANT TO THIS SECTION PRIOR TO MAY 1, 1996.

(c) ~~Any~~ UPON REQUEST, THE ENTERPRISE ZONE ADMINISTRATOR, ACTING ON BEHALF OF THE DEPARTMENT OF REVENUE, SHALL PROVIDE THE TAXPAYER WITH A FORM TO BE FILED WITH THE DEPARTMENT OF REVENUE FOR THE PURPOSE OF CLAIMING THE CREDIT ALLOWED BY THIS SECTION WHICH SHALL BE ACCOMPANIED BY A COPY OF THE CERTIFICATION OF THE VALUE AND PURPOSE OF THE CONTRIBUTION FURNISHED TO THE TAXPAYER BY THE ENTERPRISE ZONE ADMINISTRATOR.

(4) IN NO EVENT SHALL CREDITS BE ALLOWED PURSUANT TO THIS SECTION FOR CONTRIBUTIONS THAT DIRECTLY BENEFIT THE CONTRIBUTOR OR THAT ARE NOT DIRECTLY RELATED TO JOB CREATION, JOB PRESERVATION, OR OTHER PURPOSES SPECIFIED IN SUBSECTIONS (2) AND (3) OF THIS SECTION.

(5) (a) CONTRIBUTIONS PURSUANT TO THIS SECTION MAY BE MADE DIRECTLY TO PROGRAMS, PROJECTS, OR ORGANIZATIONS CERTIFIED BY THE ENTERPRISE ZONE ADMINISTRATOR. THE ENTERPRISE ZONE ADMINISTRATOR SHALL ONLY CERTIFY PROGRAMS, PROJECTS, OR ORGANIZATIONS THAT MEET THE CRITERIA SET FORTH IN THIS SECTION FOR THE PURPOSE OF RECEIVING DIRECT CONTRIBUTIONS.

(b) EACH PROGRAM, PROJECT, AND ORGANIZATION CERTIFIED BY THE ENTERPRISE ZONE ADMINISTRATOR PURSUANT TO THIS SUBSECTION (5) SHALL SUBMIT A REPORT AT LEAST ONCE PER YEAR, OR MORE OFTEN IF REQUIRED BY THE ENTERPRISE ZONE ADMINISTRATOR, INDICATING THE TOTAL VALUE OF CONTRIBUTIONS RECEIVED FOR

WHICH TAX CREDITS WOULD BE ALLOWED PURSUANT TO THIS SECTION AND THE SOURCE OF THE CONTRIBUTION.

(6) NO LATER THAN NINETY DAYS AFTER MAKING A CERTIFICATION OF VALUE PURSUANT TO SUBSECTION (1) OF THIS SECTION, THE ENTERPRISE ZONE ADMINISTRATOR MAKING THE CERTIFICATION SHALL REPORT TO THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF LOCAL AFFAIRS THE TOTAL VALUE OF THE CONTRIBUTION AS CERTIFIED BY THE ADMINISTRATOR, THE SOURCE OF THE CONTRIBUTION, THE PURPOSE OF THE CONTRIBUTION, AND THE RELATIONSHIP OF THE STATED PURPOSE OF THE CONTRIBUTION TO THE ENTERPRISE ZONE'S GOALS OR JOB CREATION OBJECTIVES.

(7) THE DEPARTMENT OF LOCAL AFFAIRS OR THE ENTERPRISE ZONE ADMINISTRATOR MAY RELEASE INFORMATION CONCERNING THE SOURCE AND AMOUNT OF CONTRIBUTIONS MADE PURSUANT TO THIS SECTION, AS WELL AS THE AMOUNT OF THE CREDITS ALLOWED PURSUANT TO THIS SECTION.

**SECTION 4.** 39-30-104, Colorado Revised Statutes, 1994 Repl. Vol., is amended to read:

**39-30-104. Credit against tax - investment in certain property.** (1) ~~In lieu of the amount of the investment tax credit allowed by section 39-22-507.5 for any income tax year beginning on or after January 1 of the year in which an area is designated as an enterprise zone, there shall be allowed to any person as a credit against the tax imposed by article 22 of this title an amount equal to three times the amount of the investment tax credit for that same taxable year as allowed by such section, to the extent that such triple credit is determined by reference to property which is used solely and exclusively in an enterprise zone for at least one year.~~ IN LIEU OF ANY CREDIT ALLOWABLE UNDER SECTION 39-22-507.5, THERE SHALL BE ALLOWED TO ANY PERSON AS A CREDIT AGAINST THE TAX IMPOSED BY ARTICLE 22 OF THIS TITLE, FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 1986, AN AMOUNT EQUAL TO THE TOTAL OF THREE PERCENT OF THE TOTAL QUALIFIED INVESTMENT, AS DETERMINED UNDER SECTION 46 (c) (2) OF THE INTERNAL REVENUE CODE IN SUCH TAXABLE YEAR IN QUALIFIED PROPERTY AS DEFINED IN SECTION 48 OF THE INTERNAL REVENUE CODE TO THE EXTENT THAT SUCH INVESTMENT IS IN PROPERTY WHICH IS USED SOLELY AND EXCLUSIVELY IN AN ENTERPRISE ZONE FOR AT LEAST ONE YEAR. THE REFERENCES IN THIS SUBSECTION (1) TO SECTIONS 46 (c) (2) AND 48 OF THE INTERNAL REVENUE CODE MEAN SECTIONS 46 (c) (2) AND 48 OF THE INTERNAL REVENUE CODE AS THEY EXISTED IMMEDIATELY PRIOR TO THE ENACTMENT OF THE FEDERAL "REVENUE RECONCILIATION ACT OF 1990".

(2) The amount of the credit set forth in subsection (1) of this section shall be subject to the limitations of section 39-22-507.5; except that, in computing the limitations on credit pursuant to section 39-22-507.5 (3), a taxpayer's actual tax liability for the income tax year shall not be reduced by the amount of credits allowed by section 39-30-105 AND THE LIMIT ON THAT PORTION OF A TAXPAYER'S TAX LIABILITY THAT EXCEEDS FIVE THOUSAND DOLLARS SHALL BE FIFTY PERCENT.

(2.5) NOTWITHSTANDING THE PROVISIONS OF SECTION 39-22-507.5 (7) (b), ANY EXCESS CREDIT CLAIMED PURSUANT TO THIS SECTION SHALL BE AN INVESTMENT TAX CREDIT CARRYOVER TO EACH OF THE TWELVE INCOME TAX YEARS FOLLOWING THE

UNUSED CREDIT YEAR.

~~(3) In lieu of any credit allowable under section 39-22-507.5 or subsection (1) of this section, there shall be allowed to any person as a credit against the tax imposed by article 22 of this title subject to the limitations imposed by section 39-22-507.5 (3) to (7), for income tax years commencing on or after January 1, 1986, an amount equal to the total of three percent of the total qualified investment, as determined under section 46 (c) (2) of the internal revenue code in such taxable year in qualified property as defined in section 48 of the internal revenue code to the extent that such investment is in property which is used solely and exclusively in an enterprise zone for at least one year. The references in this subsection (3) to sections 46 (c) (2) and 48 of the internal revenue code mean sections 46 (c) (2) and 48 of the internal revenue code as they existed immediately prior to the enactment of the federal "Revenue Reconciliation Act of 1990".~~

(4) (a) IN ADDITION TO ANY OTHER CREDIT ALLOWED UNDER THIS SECTION, FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 1997, THERE SHALL BE ALLOWED TO ANY PERSON AS A CREDIT AGAINST THE TAX IMPOSED BY ARTICLE 22 OF THIS TITLE AN AMOUNT EQUAL TO TEN PERCENT OF THE TOTAL INVESTMENT MADE DURING THE TAXABLE YEAR IN A QUALIFIED JOB TRAINING PROGRAM.

(b) FOR PURPOSES OF THIS SUBSECTION (4):

(I) "QUALIFIED JOB TRAINING PROGRAM" MEANS A STRUCTURED TRAINING OR BASIC EDUCATION PROGRAM CONDUCTED ON-SITE OR OFF-SITE BY THE TAXPAYER OR ANOTHER ENTITY TO IMPROVE THE JOB SKILLS OF EMPLOYEES EMPLOYED BY THE TAXPAYER WORKING PREDOMINANTLY WITHIN AN ENTERPRISE ZONE.

(II) "TOTAL INVESTMENT" MEANS:

(A) LAND, BUILDING, REAL PROPERTY IMPROVEMENT, LEASEHOLD IMPROVEMENT, OR SPACE LEASE COSTS AND THE COSTS OF ANY CAPITAL EQUIPMENT PURCHASED OR LEASED BY THE TAXPAYER AND USED ENTIRELY WITHIN AN ENTERPRISE ZONE PRIMARILY FOR QUALIFIED JOB TRAINING PROGRAM PURPOSES OR TO MAKE A TRAINING SITE ACCESSIBLE, WHEN SUCH COSTS ARE NOT THE SUBJECT OF A CREDIT UNDER SUBSECTION (1) OF THIS SECTION; AND

(B) EXPENSES OF A QUALIFIED JOB TRAINING PROGRAM, WHETHER INCURRED WITHIN OR OUTSIDE OF AN ENTERPRISE ZONE, INCLUDING EXPENSED EQUIPMENT, SUPPLIES, TRAINING STAFF WAGES OR FEES, TRAINING CONTRACT COSTS, TEMPORARY SPACE RENTAL, TRAVEL EXPENSES, AND OTHER EXPENSE COSTS OF QUALIFIED JOB TRAINING PROGRAMS FOR EMPLOYEES WORKING PREDOMINANTLY WITHIN AN ENTERPRISE ZONE.

(5) (a) IN ADDITION TO ANY OTHER TAX CREDIT ALLOWED UNDER THIS SECTION, FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 1997, THERE SHALL BE ALLOWED TO ANY PERSON AS A CREDIT AGAINST THE TAX IMPOSED BY ARTICLE 22 OF THIS TITLE AN AMOUNT EQUAL TO TEN PERCENT OF THE TOTAL QUALIFIED INVESTMENT MADE IN A QUALIFIED SCHOOL-TO-WORK PROGRAM.

(b) FOR PURPOSES OF THIS SUBSECTION (5):

(I) "QUALIFIED INVESTMENT" MEANS MONEYS DIRECTLY EXPENDED FOR WAGES, WORKERS' COMPENSATION INSURANCE, UNEMPLOYMENT INSURANCE, AND TRAINING EXPENSES TO EMPLOY A STUDENT TO WORK PREDOMINANTLY WITHIN AN ENTERPRISE ZONE THROUGH A QUALIFIED SCHOOL-TO-WORK PROGRAM.

(II) "QUALIFIED SCHOOL-TO-WORK PROGRAM" MEANS A PROGRAM THAT INTEGRATES SCHOOL CURRICULUM WITH JOB TRAINING, THAT ENCOURAGES PLACEMENT OF STUDENTS IN JOBS THAT WILL TEACH THEM NEW SKILLS AND IMPROVE THEIR SCHOOL PERFORMANCE, AND THAT IS APPROVED BY:

(A) THE BOARD OF EDUCATION OF THE SCHOOL DISTRICT IN WHICH THE PROGRAM IS OPERATING;

(B) THE STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION; OR

(C) THE DIVISION OF PRIVATE OCCUPATIONAL SCHOOLS CREATED PURSUANT TO SECTION 23-60-701, C.R.S.

(6) FOR CREDITS CLAIMED FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 1997, NO CREDIT SHALL BE ALLOWED PURSUANT TO THIS SECTION IF THE INVESTMENT RESULTED FROM THE RELOCATION OF A BUSINESS OPERATION FROM WITHIN THE STATE TO AN ENTERPRISE ZONE, REGARDLESS OF WHETHER THE ORIGINAL LOCATION OF THE OPERATION WAS WITHIN AN ENTERPRISE ZONE, EXCEPT TO THE EXTENT SUCH RELOCATION MEETS THE CRITERIA FOR AN EXPANSION AS DESCRIBED IN SECTION 39-22-508.2 (2) (b) and (2) (c).

**SECTION 5.** 39-30-105 (1) (b) and (5), Colorado Revised Statutes, 1994 Repl. Vol., are amended to read:

**39-30-105. Credit for new business facility employees.** (1) (b) In addition to the five-hundred-dollar credit available under paragraph (a) of this subsection (1), a taxpayer qualified under said paragraph (a) shall be allowed for the first two full income tax years while located in an enterprise zone a credit in an amount equal to two hundred dollars for each new business facility employee who is insured under a health insurance plan or program provided through his OR HER employer. To be eligible for such credit, the employer must contribute fifty percent or more of the total cost of a health insurance plan or program, and such plan or program must be in accordance with the provisions of article 8 or part 1, 2, 3, or 4 of article 16 of title 10, C.R.S., or be a self-insurance program and include partial or complete coverage for hospital and physician services.

(5) (a) For taxable years beginning on or after January 1, 1993, if the amount of the credit provided for pursuant to the provisions of subparagraph (I) of paragraph (a) of subsection (1), PARAGRAPH (b) OF SUBSECTION (1), or subsection (3) of this section exceeds the amount of income taxes due on the income of the taxpayer in the income tax year for which the credit is being claimed, the amount of the credit not used as an offset against income taxes in said income tax year shall not be allowed as a refund but may be carried forward as a credit against subsequent years' tax liability for a period not exceeding five years and shall be applied first to the earliest income tax years possible. Any amount of the credit which is not used during said period shall

not be refundable to the taxpayer.

(b) This subsection (5) is effective for income tax years commencing on or after January 1, 1993; EXCEPT THAT APPLICATION OF THIS SUBSECTION (5) TO THE CREDIT DESCRIBED IN PARAGRAPH (b) OF SUBSECTION (1) OF THIS SECTION SHALL BE EFFECTIVE FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 1996.

**SECTION 6.** The introductory portion to 39-22-508.2(2)(c) and 39-22-508.2(2)(c)(I), Colorado Revised Statutes, 1994 Repl. Vol., are amended to read:

**39-22-508.2. Definitions - construction of terms.** As used in sections 39-22-508.2 to 39-22-508.6, unless the context otherwise requires:

(2)(c) If a facility ~~which~~ THAT does not constitute a new business facility, as defined in subsection (3) of this section, is expanded by the taxpayer, the expansion shall be considered a separate facility for purposes of the credit for new business facility employees allowed by section 39-30-105 if:

(I) The expansion results in the employment of ten or more new business facility employees OR, FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 1996, A TEN PERCENT INCREASE IN THE NUMBER OF NEW BUSINESS FACILITY EMPLOYEES RESULTING IN THE EMPLOYMENT OF AT LEAST ONE FULL-TIME NEW BUSINESS FACILITY EMPLOYEE, WHICHEVER IS LESS, DURING THE TAXABLE YEAR over and above the average number of employees employed in the enterprise zone by the taxpayer during the twelve months immediately prior to the expansion, computed pursuant to paragraph (b) of subsection (4) of this section; and

**SECTION 7.** 24-46-102, Colorado Revised Statutes, 1988 Repl. Vol., is REPEALED AND REENACTED, WITH AMENDMENTS, to read:

**24-46-102. Colorado economic development commission - creation - membership.** (1) EFFECTIVE JULY 1, 1996, THE COLORADO ECONOMIC DEVELOPMENT COMMISSION IS ABOLISHED AND THE TERMS OF THE MEMBERS OF THE COMMISSION SERVING AS SUCH IMMEDIATELY PRIOR TO JUNE 30, 1996, ARE TERMINATED.

(2) THERE IS HEREBY CREATED THE COLORADO ECONOMIC DEVELOPMENT COMMISSION, REFERRED TO IN THIS ARTICLE AS THE "COMMISSION". THE COMMISSION SHALL EXERCISE ITS POWERS AND PERFORM ITS DUTIES AND FUNCTIONS SPECIFIED IN THIS ARTICLE UNDER THE DEPARTMENT OF LOCAL AFFAIRS AS IF THE SAME WERE TRANSFERRED TO THE DEPARTMENT BY A **TYPE 2** TRANSFER AS SUCH TRANSFER IS DEFINED IN THE "ADMINISTRATIVE ORGANIZATION ACT OF 1968", ARTICLE 1 OF THIS TITLE.

(3) THE COMMISSION SHALL CONSIST OF NINE MEMBERS WHO SHALL BE APPOINTED NO LATER THAN AUGUST 1, 1996, AS FOLLOWS: FOUR MEMBERS SHALL BE APPOINTED BY THE GOVERNOR; TWO MEMBERS SHALL BE APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES; TWO MEMBERS SHALL BE APPOINTED BY THE PRESIDENT OF THE SENATE; AND ONE MEMBER SHALL BE THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF LOCAL AFFAIRS. NO MEMBER OF THE GENERAL ASSEMBLY SHALL BE APPOINTED AS A MEMBER OF THE COMMISSION. THE GOVERNOR SHALL APPOINT AT

LEAST ONE PERSON FROM WEST OF THE CONTINENTAL DIVIDE AND ONE PERSON FROM THE EASTERN SLOPE PREDOMINATELY FROM THE RURAL AREA. MEMBERS SHALL SERVE AT THE PLEASURE OF THEIR APPOINTING AUTHORITY.

**SECTION 8. Severability.** If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this act that can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

**SECTION 9. Appropriation.** In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado economic development fund not otherwise appropriated, to the department of local affairs, for allocation to the Colorado economic development commission, for the fiscal year beginning July 1, 1996, the sum of one hundred three thousand six hundred dollars (\$103,600), or so much thereof as may be necessary, for the implementation of this act.

**SECTION 10. Effective date - applicability.** This act shall take effect July 1, 1996, and shall apply to income tax years commencing on or after January 1, 1996.

**SECTION 11. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: May 31, 1996