

CHAPTER 262

TAXATION

HOUSE BILL 12-1241

BY REPRESENTATIVE(S) Ferrandino, Hullinghorst, Court, Fischer, Labuda, Levy, Pabon, Singer, Duran, Fields, Kagan, Kefalas, Kerr A., McCann, Miklosi, Pace, Peniston, Ryden, Schafer S., Soper, Todd, Vigil, Wilson, Young, McNulty; also SENATOR(S) Heath, Boyd, Foster, Steadman, Tochtrop.

AN ACT**CONCERNING ENTERPRISE ZONE DESIGNATIONS.**

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

SECTION 1. In Colorado Revised Statutes, 39-30-103, **amend** (1) (a), (1.3), (2), and (4) (b) introductory portion as follows:

39-30-103. Zones established - review - termination - repeal. (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 the area has a population of no more than one hundred fifteen thousand persons as calculated pursuant to subsection (1.3) of this section, or one hundred fifty thousand persons as calculated pursuant to subsection (1.3) of this section if the area is a rural area, and meets at least one of the following additional criteria:

(a) An unemployment rate at least twenty-five percent above the state average for the most recent period of twelve consecutive months for which data is available from the ~~department of labor and employment~~ UNITED STATES CENSUS BUREAU OR THE DEPARTMENT OF LOCAL AFFAIRS;

(1.3) For the purposes of this article, the population of an enterprise zone shall be calculated using data from the ~~most recent federal decennial~~ UNITED STATES census BUREAU OR THE DEPARTMENT OF LOCAL AFFAIRS at the county, municipal, or block levels. Such calculations that require the use of block level data shall include the entire population of each block in which the enterprise zone is located.

(2) (a) EXCEPT AS PROVIDED IN PARAGRAPHS (b) AND (c) OF THIS SUBSECTION (2),

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

the director of the Colorado office of economic development shall determine whether an area meets the criteria specified in subsection (1) of this section based on the most recent statistics available. EXCEPT AS PROVIDED IN PARAGRAPHS (b) AND (c) OF THIS SUBSECTION (2), all decisions concerning the designation or termination of an enterprise zone or any portion of an enterprise zone shall be made by the Colorado economic development commission created in section 24-46-102, C.R.S., upon the recommendations of the director of the Colorado office of economic development.

(b) (I) IN ORDER TO REVIEW THE EFFECTIVENESS OF THE "URBAN AND RURAL ENTERPRISE ZONE ACT", THERE IS HEREBY CREATED AN ENTERPRISE ZONE REVIEW TASK FORCE, REFERRED TO IN THIS PARAGRAPH (b) AS THE "TASK FORCE".

(II) THE TASK FORCE CONSISTS OF FIFTEEN MEMBERS AS FOLLOWS:

(A) THE DIRECTOR OF THE OFFICE OF ECONOMIC DEVELOPMENT OR THE DIRECTOR'S DESIGNEE; AND SUCH MEMBER SHALL SERVE AS CHAIR OF THE TASK FORCE;

(B) FIVE ZONE ADMINISTRATORS REPRESENTING VARIOUS PARTS OF THE STATE WITH VARIOUS POPULATION DENSITIES, WITH AT LEAST ONE ZONE ADMINISTRATOR REPRESENTING AN URBAN ENTERPRISE ZONE AND AT LEAST ONE ZONE ADMINISTRATOR REPRESENTING A RURAL ENTERPRISE ZONE;

(C) TWO ECONOMIC DEVELOPMENT PROFESSIONALS;

(D) THE DIRECTOR OF THE DEPARTMENT OF REVENUE OR THE DIRECTOR'S DESIGNEE;

(E) ONE PERSON REPRESENTING NONPROFIT ORGANIZATIONS;

(F) THREE BUSINESS OWNERS, ONE WITH FEWER THAN FIFTY EMPLOYEES, ONE WITH FIFTY TO ONE HUNDRED AND FIFTY EMPLOYEES, AND ONE WITH MORE THAN ONE HUNDRED FIFTY EMPLOYEES; AND

(G) TWO PERSONS KNOWLEDGEABLE ABOUT THE STATE'S BUDGET ISSUES.

(III) THE MEMBERS OF THE TASK FORCE SHALL BE APPOINTED BY THE OFFICE OF ECONOMIC DEVELOPMENT ON OR BEFORE JULY 1, 2012.

(IV) MEMBERS OF THE TASK FORCE SHALL SERVE AT THE WILL OF THE PERSON APPOINTING THE MEMBER.

(V) MEMBERS OF THE TASK FORCE SHALL NOT BE COMPENSATED FOR OR REIMBURSED FOR THEIR EXPENSES INCURRED IN ATTENDING MEETINGS OF THE TASK FORCE.

(VI) THE TASK FORCE SHALL MEET AS OFTEN AS NECESSARY AND MAY ADOPT POLICIES AND PROCEDURES NECESSARY TO CARRY OUT ITS DUTIES.

(VII) THE TASK FORCE SHALL REVIEW:

(A) THE CRITERIA FOR DESIGNATION OF AN ENTERPRISE ZONE;

(B) THE TAX CREDITS AVAILABLE IN THIS ARTICLE TO ASSESS THEIR EFFECTIVENESS IN ACHIEVING THE PURPOSES OF THE ENTERPRISE ZONES AND EXPANDING ECONOMIC DEVELOPMENT IN SUCH ZONES; AND

(C) ALL OTHER ISSUES RELATED TO ENTERPRISE ZONES THAT THE TASK FORCE FINDS NECESSARY.

(VIII) THE TASK FORCE SHALL REPORT ITS PROGRESS, FINDINGS, AND RECOMMENDATIONS TO THE FINANCE COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND THE SENATE, THE HOUSE ECONOMIC AND BUSINESS DEVELOPMENT COMMITTEE, AND THE SENATE BUSINESS, LABOR, AND TECHNOLOGY COMMITTEE, OR ANY SUCCESSOR COMMITTEES, ON OR BEFORE NOVEMBER 1, 2013.

(IX) (A) THIS PARAGRAPH (b) IS REPEALED, EFFECTIVE JULY 1, 2014.

(B) PRIOR TO SAID REPEAL, THE TASK FORCE CREATED PURSUANT TO THIS SECTION SHALL BE REVIEWED AS PROVIDED IN SECTION 2-3-1203, C.R.S.

(c) (I) COMMENCING JANUARY 1, 2016, THE DIRECTOR OF THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND THE COLORADO ECONOMIC DEVELOPMENT COMMISSION SHALL REVIEW THE ENTERPRISE ZONE DESIGNATIONS NO LESS FREQUENTLY THAN ONCE EVERY FIVE YEARS TO ENSURE THAT THE EXISTING ZONES CONTINUE TO MEET THE CRITERIA SPECIFIED IN SUBSECTION (1) OF THIS SECTION. THE DIRECTOR AND THE COMMISSION MAY MODIFY EXISTING ENTERPRISE ZONE DESIGNATIONS BASED ON THE REVIEW SPECIFIED IN THIS PARAGRAPH (c). IF IT IS DETERMINED THAT EXISTING ENTERPRISE ZONE DESIGNATIONS NEED TO BE MODIFIED, SUCH MODIFICATION SHALL NOT BE UNDERTAKEN IN A HIGH UNEMPLOYMENT PERIOD. ANY MODIFICATION SHALL BE REPORTED TO THE LEGISLATIVE AUDIT COMMITTEE IN CONJUNCTION WITH THE ANNUAL PRESENTATION DESCRIBED IN PARAGRAPH (b.7) OF SUBSECTION (4) OF THIS SECTION, AND SHALL ALSO BE REPORTED TO THE FINANCE COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND THE SENATE, OR ANY SUCCESSOR COMMITTEES.

(II) FOR PURPOSES OF THIS SECTION, "HIGH UNEMPLOYMENT PERIOD" MEANS A PERIOD IN WHICH THE AVERAGE OF THE SEASONALLY ADJUSTED U-3 UNEMPLOYMENT RATE, OR SUCCESSOR INDEX, FOR COLORADO AS DETERMINED BY THE UNITED STATES SECRETARY OF LABOR, FOR THE MOST RECENT THREE MONTHS FOR WHICH DATA FOR COLORADO IS PUBLISHED, EQUALS OR EXCEEDS EIGHT PERCENT.

(4) (b) ~~For any area designated as an enterprise zone or as a portion of an enterprise zone prior to July 1, 1999,~~ The Colorado economic development commission shall work with the zone administrator ADMINISTRATORS OF EACH ENTERPRISE ZONE to ensure that ~~the area~~ EACH ZONE has specific economic development objectives with outcomes that can be measured with specific, verifiable data. The director of the Colorado office of economic development shall require the zone administrators for each zone to submit annual documentation of efforts to improve conditions in areas designated as enterprise zones and the results of those efforts. Such annual documentation shall include specific, verifiable data

that can be used to measure whether the zone has achieved the specific economic development objectives for the zone that have measurable outcomes. In order for the commission to determine if the enterprise zones or portions thereof are achieving the specific economic development objectives submitted pursuant to this paragraph (b) or to paragraph (d) of subsection (3) of this section, such annual documentation shall include, but need not be limited to, the most recent statistics available for companies claiming enterprise zone tax credits on:

SECTION 2. In Colorado Revised Statutes, 2-3-1203, **add** (3) (aa) (VI) as follows:

2-3-1203. Sunset review of advisory committees. (3) The following dates are the dates for which the statutory authorization for the designated advisory committees is scheduled for repeal:

(aa) July 1, 2014:

(VI) THE ENTERPRISE ZONE REVIEW TASK FORCE, CREATED IN SECTION 39-30-103, C.R.S.;

SECTION 3. 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: June 6, 2012