

CO H 1358, Introduced

Colorado

SUMMARY: Concerns the film incentive income tax credit.~SAME AS:

Changes in Bill text reflected as:

~~Text Deleted~~

~~Text Added~~

~~Text Vetoed~~

Current Legislative Status

03/04/2024 INTRODUCED.

03/04/2024 To HOUSE Committee on FINANCE.

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session: Colorado 2nd Regular Session of the 74th General Assembly

cite: 2024 CO H 1358

Introduced

March 4, 2024

Herod

Second Regular Session

Seventy-fourth General Assembly

STATE OF COLORADO

INTRODUCED

LLS NO. 24-1039.01 Jed Franklin x5484

HOUSE BILL 24-1358

HOUSE SPONSORSHIP

Herod and Snyder,

SENATE SPONSORSHIP

(None),

Finance

A BILL FOR AN ACT

CONCERNING THE FILM INCENTIVE INCOME TAX CREDIT.

Bill Summary

The bill adds established payments to loan-out companies as a qualified local expenditure for the purpose of qualifying for the film incentive income tax credit, removes a condition that the credit is available only in years that the amount of state revenues are in excess of the limitation of state fiscal year spending by at least \$50 million, and extends the deadline from February 4, 2025, to July 1, 2028, for a tax credit effectiveness study to be submitted to the finance committees of the house of representatives and the senate.

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

SECTION 1. In Colorado Revised Statutes, 39-22-559, **amend** (2)(i)(VIII), (2)(i)(IX), (3) introductory portion, (5)(a), and (8); **add** (2)(i)(X); and **repeal** (5)(b) as follows:

39-22-559. Film incentive tax credit - tax preference performance statement - review - legislative declaration - definitions - repeal. (2) As used in this section, unless the context otherwise requires:

(i) "Qualified local expenditure" means a payment made by a production company operating in Colorado to a person or business in Colorado in connection with production activities in Colorado. "Qualified local expenditure" includes, but need not be limited to:

(VIII) Payments for other direct costs incurred by the film production company that are deemed appropriate by the office; ~~and~~

(IX) Payments of up to one million dollars per employee or contractor, made by a production company to pay the wages or salaries of employees or contractors who participate in the production activities. In order for any wage or salary to be considered a qualified local expenditure, all Colorado income taxes shall be withheld and paid either by the production company or the individual. Any payments in excess of one million dollars per employee or contractor shall be excluded ; **AND**

(X) PAYMENTS OF UP TO ONE MILLION DOLLARS PER CALENDAR YEAR PER PERSONAL SERVICE CORPORATION, AS DEFINED IN SECTION 24-48.5-114 (4.5)(a), MADE BY A PRODUCTION COMPANY TO A PERSONAL SERVICE CORPORATION TO PAY THE WAGES OR SALARIES OF AN EMPLOYEE-OWNER OF THE PERSONAL SERVICE CORPORATION, AS DEFINED IN SECTION 24-48.5-114 (4.5)(b), WHO PARTICIPATES IN THE PRODUCTION ACTIVITIES. IN ORDER FOR ANY WAGE OR SALARY TO BE CONSIDERED A QUALIFIED LOCAL EXPENDITURE, THE PRODUCTION COMPANY MUST FILE AN INFORMATION RETURN PURSUANT TO SECTION 39-22-604 (21) REGARDING THE PAYMENTS MADE TO THE PERSONAL SERVICE CORPORATION. ANY PAYMENTS IN EXCESS OF ONE MILLION DOLLARS PER PERSONAL SERVICE CORPORATION ARE EXCLUDED.

(3) Subject to the limitations set forth in subsection (5) of this section, for income tax years commencing on or after January 1, 2024, ~~but before January 1, 2025~~, there shall be allowed a film incentive tax credit with respect to income taxes imposed pursuant to this article 22 to any production company employing a workforce for any in-state production activity made up of at least fifty percent Colorado residents in the amount equal to:

(5) (a) For the income tax year that commences during the 2024 calendar year, **AND FOR EACH INCOME TAX YEAR THEREAFTER**, the maximum aggregate amount of all tax credits allowed pursuant to subsection (3) of this section is five million dollars . ~~if, based on the financial report prepared by the controller in accordance with section 24-77-106.5, the controller certifies that, for the state fiscal year that includes the first day of the calendar year the amount of state revenues in excess of the limitation of state fiscal year spending imposed by section (7)(a) of article X of the state constitution for the state fiscal year that the voters of the state have not authorized the state to retain and spend and that are not required to be refunded pursuant to a refund mechanism set forth in sections 39-3-209, 39-3-210, or any other section other than the refund mechanisms described in part 20 of article 22 of this title 39 is at least fifty million dollars.~~

~~(b) For all income tax years that commence in a single calendar year, if, based on the financial report prepared by the controller in accordance with section 24-77-106.5, the controller certifies that, for the state fiscal year that includes the first day of the calendar year, the amount of state revenues in excess of the limitation of state fiscal year spending imposed by section 20 (7)(a) of article X of the state constitution for the state fiscal year that the voters of the state have not authorized the state to retain and spend and that are not required to be refunded pursuant to a refund mechanism set forth in sections 39-3-209, 39-3-210, or any other section other than the refund mechanisms described in part 20 of article of this title 39 is less than fifty million dollars, then the tax credit otherwise allowed under subsection (3) of this section is not allowed for those income tax years unless the general assembly, acting by bill, specifies a maximum aggregate amount of such tax credits that is allowed for that income tax year.~~

(8) The office of economic development and the office shall jointly review the effectiveness of the credit and report the results of the review to the house of representatives finance committee and the senate finance committee, or their successor committees, no later than ~~February 4, 2025~~; **JULY 1, 2028**.

SECTION 2. 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 2024 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.