

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),

House Committees
Finance

Senate Committees

A BILL FOR AN ACT

101 CONCERNING THE FILM INCENTIVE INCOME TAX CREDIT.

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>.)

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.

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

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

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

5 **39-22-559. Film incentive tax credit - tax preference**
6 **performance statement - review - legislative declaration - definitions**
7 **- repeal.** (2) As used in this section, unless the context otherwise
8 requires:

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

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

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

22 (X) **PAYMENTS OF UP TO ONE MILLION DOLLARS PER CALENDAR**
23 **YEAR PER PERSONAL SERVICE CORPORATION, AS DEFINED IN SECTION**
24 **24-48.5-114 (4.5)(a), MADE BY A PRODUCTION COMPANY TO A PERSONAL**
25 **SERVICE CORPORATION TO PAY THE WAGES OR SALARIES OF AN**
26 **EMPLOYEE-OWNER OF THE PERSONAL SERVICE CORPORATION, AS DEFINED**

1 IN SECTION 24-48.5-114 (4.5)(b), WHO PARTICIPATES IN THE PRODUCTION
2 ACTIVITIES. IN ORDER FOR ANY WAGE OR SALARY TO BE CONSIDERED A
3 QUALIFIED LOCAL EXPENDITURE, THE PRODUCTION COMPANY MUST FILE
4 AN INFORMATION RETURN PURSUANT TO SECTION 39-22-604 (21)
5 REGARDING THE PAYMENTS MADE TO THE PERSONAL SERVICE
6 CORPORATION. ANY PAYMENTS IN EXCESS OF ONE MILLION DOLLARS PER
7 PERSONAL SERVICE CORPORATION ARE EXCLUDED.

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

15 (5) (a) For the income tax year that commences during the 2024
16 calendar year, AND FOR EACH INCOME TAX YEAR THEREAFTER, the
17 maximum aggregate amount of all tax credits allowed pursuant to
18 subsection (3) of this section is five million dollars. ~~if, based on the~~
19 ~~financial report prepared by the controller in accordance with section~~
20 ~~24-77-106.5, the controller certifies that, for the state fiscal year that~~
21 ~~includes the first day of the calendar year the amount of state revenues in~~
22 ~~excess of the limitation of state fiscal year spending imposed by section~~
23 ~~20 (7)(a) of article X of the state constitution for the state fiscal year that~~
24 ~~the voters of the state have not authorized the state to retain and spend~~
25 ~~and that are not required to be refunded pursuant to a refund mechanism~~
26 ~~set forth in sections 39-3-209, 39-3-210, or any other section other than~~
27 ~~the refund mechanisms described in part 20 of article 22 of this title 39~~

1 is at least fifty million dollars.

2 (b) For all income tax years that commence in a single calendar
3 year, if, based on the financial report prepared by the controller in
4 accordance with section 24-77-106.5, the controller certifies that, for the
5 state fiscal year that includes the first day of the calendar year, the amount
6 of state revenues in excess of the limitation of state fiscal year spending
7 imposed by section 20 (7)(a) of article X of the state constitution for the
8 state fiscal year that the voters of the state have not authorized the state
9 to retain and spend and that are not required to be refunded pursuant to
10 a refund mechanism set forth in sections 39-3-209, 39-3-210, or any other
11 section other than the refund mechanisms described in part 20 of article
12 22 of this title 39 is less than fifty million dollars, then the tax credit
13 otherwise allowed under subsection (3) of this section is not allowed for
14 those income tax years unless the general assembly, acting by bill,
15 specifies a maximum aggregate amount of such tax credits that is allowed
16 for that income tax year.

17 (8) The office of economic development and the office shall
18 jointly review the effectiveness of the credit and report the results of the
19 review to the house of representatives finance committee and the senate
20 finance committee, or their successor committees, no later than February
21 4, 2025, JULY 1, 2028.

22 **SECTION 2. Act subject to petition - effective date.** This act
23 takes effect at 12:01 a.m. on the day following the expiration of the
24 ninety-day period after final adjournment of the general assembly; except
25 that, if a referendum petition is filed pursuant to section 1 (3) of article V
26 of the state constitution against this act or an item, section, or part of this
27 act within such period, then the act, item, section, or part will not take

1 effect unless approved by the people at the general election to be held in
2 November 2024 and, in such case, will take effect on the date of the
3 official declaration of the vote thereon by the governor.