

**Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 24-1039.01 Jed Franklin x5484

HOUSE BILL 24-1358

HOUSE SPONSORSHIP

Herod and Snyder,

SENATE SPONSORSHIP

(None),

House Committees

Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE FILM INCENTIVE INCOME TAX CREDIT, AND, IN**
102 **CONNECTION THEREWITH, MAKING AN APPROPRIATION.**

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

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.

credit effectiveness study to be submitted to the finance committees of the house of representatives and the senate.

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**

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

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

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

1 the refund mechanisms described in part 20 of article 22 of this title 39
2 is at least fifty million dollars.

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

18 (8) The office of economic development and the office shall
19 jointly review the effectiveness of the credit and report the results of the
20 review to the house of representatives finance committee and the senate
21 finance committee, or their successor committees, no later than February
22 4, 2025, JULY 1, 2028.

23 **SECTION 2. Appropriation.** For the 2024-25 state fiscal year,
24 \$29,120 is appropriated to the office of the governor for use by economic
25 development programs. This appropriation is from the general fund. To
26 implement this act, the office may use this appropriation for the Colorado
27 office of film, television, and media.

1 **SECTION 3. Appropriation.** For the 2024-25 state fiscal year,
2 \$400,000 is appropriated to the office of the governor for use by
3 economic development programs. This appropriation is from the
4 Colorado office of film, television, and media operational account cash
5 fund created in section 24-48.5-116 (5)(a), C.R.S. To implement this act,
6 the office may use this appropriation for the Colorado office of film,
7 television, and media.

8 **SECTION 4. Act subject to petition - effective date.** This act
9 takes effect at 12:01 a.m. on the day following the expiration of the
10 ninety-day period after final adjournment of the general assembly; except
11 that, if a referendum petition is filed pursuant to section 1 (3) of article V
12 of the state constitution against this act or an item, section, or part of this
13 act within such period, then the act, item, section, or part will not take
14 effect unless approved by the people at the general election to be held in
15 November 2024 and, in such case, will take effect on the date of the
16 official declaration of the vote thereon by the governor.