Colorado Legislative Council Staff

Summary of Legislation 2017

Business & Economic Development

During the 2017 legislative session, the General Assembly considered measures related to tax credits, employee-owned businesses, the state's sales and use tax structure, and reducing the regulatory burden on small businesses.

Tax Credits

The Advanced Industry Investment Income Tax Credit Program was created in 2014, and was scheduled to end at the end of 2017. The program provides state income tax credits to investors that invest in advanced industry businesses and meet specific conditions. The tax credit program includes seven advanced industries: advanced manufacturing, aerospace, bioscience, electronics, energy and natural resources, infrastructure engineering, and information technology. *House Bill 17-1090* extended the Advanced Industry Investment Income Tax Credit Program through tax years 2018 to 2022.

House Bill 17-1356 authorizes the Economic Development Commission to allow certain businesses to treat specific income tax credits as transferable income tax credits. The bill applies to the Enterprise Zone Investment Tax Credit, the Job Growth Incentive Tax Credit, the Enterprise Zone New Business Facility Tax Credit, and the Research and Experiential Activities Tax Credit.

The Economic Development Commission was created within the Office of Economic Development and International Trade (OEDIT) to encourage, promote, and stimulate economic development and employment in Colorado. The commission oversees various economic incentives, including several tax credits. The commission was scheduled to repeal July 1, 2017. *Senate Bill 17-280* extended the commission until July 1, 2025.

Employee-Owned Businesses

House Bill 17-1214 required OEDIT to establish a revolving loan fund program to assist existing businesses that meet specific criteria with transitions to becoming employee-owned businesses. The bill also required OEDIT to engage with an employee-owned business nonprofit organization to educate OEDIT staff and promote employee ownership.

Sales and Use Tax System

House Bill 17-1216 created the Sales and Use Tax Simplification Task Force to study the necessary components of a simplified sales and use tax system for both the state and local governments. The task force consists of 15 members, including legislative members and state and local sales and use tax experts, and is scheduled to meet at least eight times before its scheduled sunset date of July 1, 2020.

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Reducing the Regulatory Burden

The General Assembly considered three bills related to reducing the burden of rules and regulations on small businesses.

Senate Bill 17-001, which was postponed indefinitely by the House Business Affairs and Labor Committee, would have required state agencies to notify a small business, defined in current law as a business with fewer than 500 employees, of a first-time, minor violation of certain administrative rules. The written notification would have included steps needed to correct the violation and given the small business 30 business days to address the violation before the agency could impose a fine. The bill would have also required state agencies to notify and solicit input from representatives of small businesses about the fiscal impact of proposed rules if the proposed rulemaking had a potential negative impact on small businesses.

Senate Bill 17-186, which was postponed indefinitely by the House Business Affairs and Labor Committee, would have required any state agency proposing rules that are likely to have an impact on small businesses to expand outreach and actively solicit input from representatives of small businesses. The bill would have defined a small business as a business that is independently owned and operated, employs fewer than 500 employees, and has gross annual sales of less than $6 million. The bill also would have required state agencies to prepare a regulatory flexibility analysis to minimize the impact of rulemaking on small businesses and submit this analysis to the Secretary of State and post it on the Department of Regulatory Agencies' website.

House Bill 17-1270, which was postponed indefinitely by the Senate Appropriations Committee, would have allowed state agencies to exercise discretion over imposing a fine on a small business for a first-time, minor violation of an agency rule. The bill would have given agencies the discretion to allow the business 30 business days to cure the violation and to waive the penalties or fine if the minor violation is cured. The bill would have defined a small business as one with 50 employees or fewer. The bill also would have required each state agency to conduct an analysis of noncompliance with its rules.