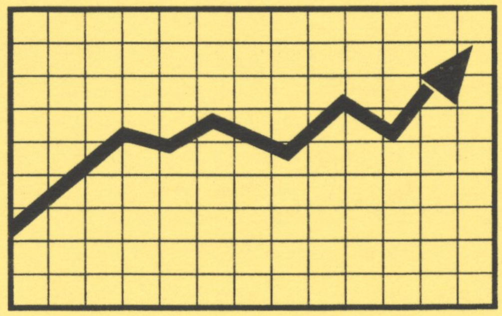
ECONOMIC DEVELOPMENT DATA BOOK



August 2001

COLORADO

Office of Economic Development
and International Trade

COLORADO ECONOMIC DEVELOPMENT DATA BOOK

August 2001

Statistics and comparisons of key economic indicators to evaluate Colorado's economic climate and to provide information of special interest to the business community.

Bill Owens, Governor
F. Robert Lee, Director
Office of Economic Development & International Trade

Prepared by:

Colorado Office of Economic Development &
International Trade
Research and Special Projects
1625 Broadway, Suite 1700
Denver, Colorado 80202
(303) 892-3840

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ECONOMIC BASE

Colorado's key economic strength is its diversity. The state is not dependent on any single sector, but has a strong base of businesses in a variety of high-tech and traditional industries. It has become a hub for telecommunications and transportation. Colorado is home to Qwest Communications International and Level 3 Communications. AT&T Broadband, Worldcom, Inc. and Verizon Wireless also have major facilities in the state.

Colorado is also a major transportation center. Denver International Airport (DIA) is among the busiest in the world. British Airways offers daily non-stop service to London, while Lufthansa started daily non-stop services to Frankfurt in March 2001. Additional international non-stops are being aggressively pursued. Colorado serves as a key distribution center for the growing Rocky Mountain Region. An excellent system of highway and rail transportation supports this function.

Colorado's economy has a diverse manufacturing base, especially in high-tech durable goods. Electrical and non-electrical machinery and instruments are the largest employers, primarily in computers, peripherals and other high tech equipment. Exports of manufactured products rose by 11.2% in 2000 to a record level of $6.6 billion. The export of Colorado's manufactured goods has enjoyed phenomenal growth over the course of the past decade. The future for Colorado's manufactured goods in overseas markets remains extremely bright.

The state's largest employment base is in the multi-faceted "services" sector. Business services is the fastest growing sub-sector, along with professional services, including legal, engineering, and architecture. Colorado is also a regional medical center, serving neighboring states as well as its own population.

Agriculture and mining, once the economic strongholds in Colorado, represent a decreasing share of the state's total output. Nevertheless, technological advances have increased productivity in these sectors, and they continue to play an important role in the state's economy.

Finally, tourism, though not easily identifiable as a separate economic sector, is an important industry in Colorado. Visitors are drawn to Colorado year round, but primarily for the world-class skiing in the winter months, and for the myriad of recreational activities and breathtaking scenery in the summer months. Colorado currently ranks 17th in the nation for total tourism spending, and 5th on a per capita basis.

For the seventh consecutive year, Colorado received among the highest grades in the nation in the Corporation for Enterprise Development's "2000 Report Card for the States." Colorado received A's in all three major indices of Performance, Business Vitality, and Development Capacity. Colorado's superior business climate and diversified economic base have attracted a number of expanding or relocating companies, most notably:

- **First Data Corporation** has chosen the Denver area for its global corporate headquarters. An electronic commerce and payment services company, First Data continues to provide safe and convenient ways for both businesses and consumers to pay for goods and services. In April 2001 First Data broke ground on its new 166,000-square-foot office complex in the Meridian International Business Center in Douglas County. The facility is expected to add 500 employees to its existing employment base of 2,600 in Colorado.

- **Amgen**, a $3.5 billion biotech giant, has been doing research and development in human therapeutics with three product lines (Epogen, Neupogen, Infergen) being marketed for anemia, chronic neutropenia, acute myeloid leukemia, and chronic hepatitis C virus. Currently with 450,000-square-feet of space in the Boulder County area, Amgen has recently broken ground on a 200,000-square-foot expansion in Longmont to be used for the manufacture of its forthcoming drug Aranesp, a second generation of its Epogen product line.

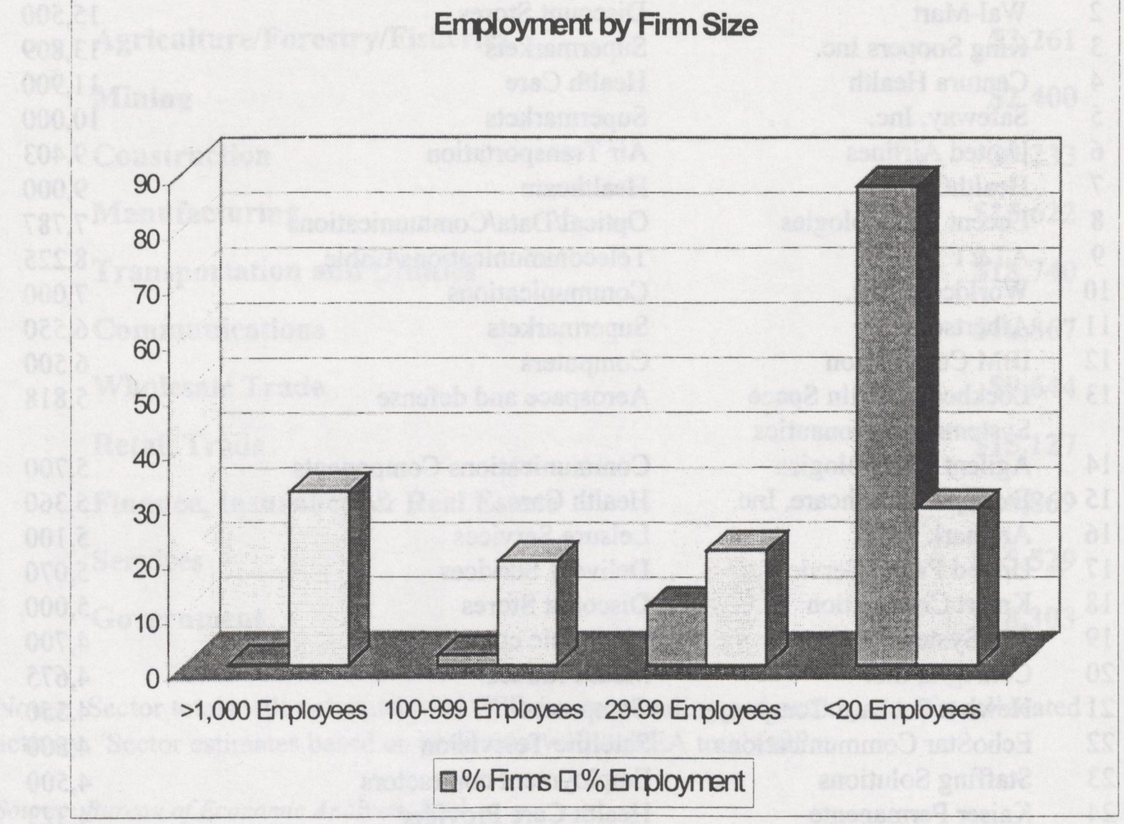
- **Vestas Wind Systems**, the world's leading maker of wind turbines, has selected Pueblo for their U.S. headquarters. In a growing market, Vestas offers computer-controlled units capable of producing 660 kilowatts to 1.65 megawatts of power with blades up to 70 feet in diameter. Vestas, who entered the U.S. market 18 years ago, will open its offices and plant at the Pueblo airport industrial park. The project is estimating a total of up to 600 employees.

- **Rockshox,** a leading producer of suspension system for mountain bikes, provides a motorcycle-style shock absorber that offers enhanced control and comfort to cyclists. After narrowing down 80 cities to Boise, Idaho, Spokane, Washington, and Colorado Springs, Rockshox choose to locate its headquarters and manufacturing operations in Colorado Springs. The facilities are expected to house 300 Springs employees with an average salary of $35,000 a year.

- **WinterQuest (Tubbs Snowshoes)** recently purchased Grand Junction based Springbrook Manufacturing. Maker of Little Bear Snowshoes, Springbrook has developed revolutionary plastic snowshoes for both children and adults. With the recent acquisition WinterQuest is expected to expand operations with an additional 150 employees in the Grand Junction area.

The above announcements notwithstanding, Colorado is dominated by small business. They are truly the backbone of the Colorado economy. New company formation in

Colorado ranks near the top of the nation, and these companies are responsible for a substantial share of new job creation as well.



Source: Colorado Department of Labor & Employment, Labor Market Information, Employment and Wage Data; Private Industry Size Class data.

Over 87% of all business establishments have fewer than 20 employees, and they employ about 28% of the state's workforce. Just over 200 firms have employment grater than 1,000, but they employ over 32% of the state's workers, as shown in the above graph.

INC magazine's 2000 "Best Cities to Start and Grow a Company in Now" report ranked Boulder and Denver 11th, and Fort Collins 27th nationally. Entrepreneurial activity continues to be a foundation for Colorado's economic vitality.

The Corporation for Enterprise Development's "2000 Report Card for the States" ranked Colorado 3rd in the nation for new companies, and 7th in new business job growth.

Colorado's Top Private Sector Employers

Rank	Company	Type of Business	Colorado Employees
1	Qwest Communications Int'l.	Telecommunications	21,400
2	Wal-Mart	Discount Stores	15,500
3	King Soopers Inc.	Supermarkets	13,809
4	Centura Health	Health Care	11,900
5	Safeway, Inc.	Supermarkets	10,000
6	United Airlines	Air Transportation	9,403
7	HealthONE	Healthcare	9,000
8	Lucent Technologies	Optical/Data/Communications	7,787
9	AT&T	Telecommunications/Cable	8,225
10	Worldcom, Inc.	Communications	7,000
11	Albertsons	Supermarkets	6,550
12	IBM Corporation	Computers	6,500
13	Lockheed Martin Space Systems – Astronautics	Aerospace and defense	5,818
14	Agilent Technologies	Communications Components	5,700
15	Exempla Healthcare, Inc.	Health Care	5,360
16	Aramark	Leisure Services	5,100
17	United Parcel Service	Delivery Services	5,070
18	Kmart Corporation	Discount Stores	5,000
19	SCI Systems, Inc.	Electronic components	4,700
20	ConAgra, Inc.	Meat Products	4,675
21	Hewlett Packard Company	Computers	4,550
22	EchoStar Communications	Satellite Television	4,500
23	Staffing Solutions	Employment contractors	4,500
24	Kaiser Permanente	Health Care Provider	4,323
25	Coors Brewing Co.	Manufacturing	4,125
26	Sears Roebuck & Company	Retail Stores	4,000
27	Wells Fargo	Banking, Financial Services	4,000
28	Xcel Energy	Utility	3,950
29	Storage Technology Corp.	Storage Products	3,450
30	Target Corporation	Retailer	3,350

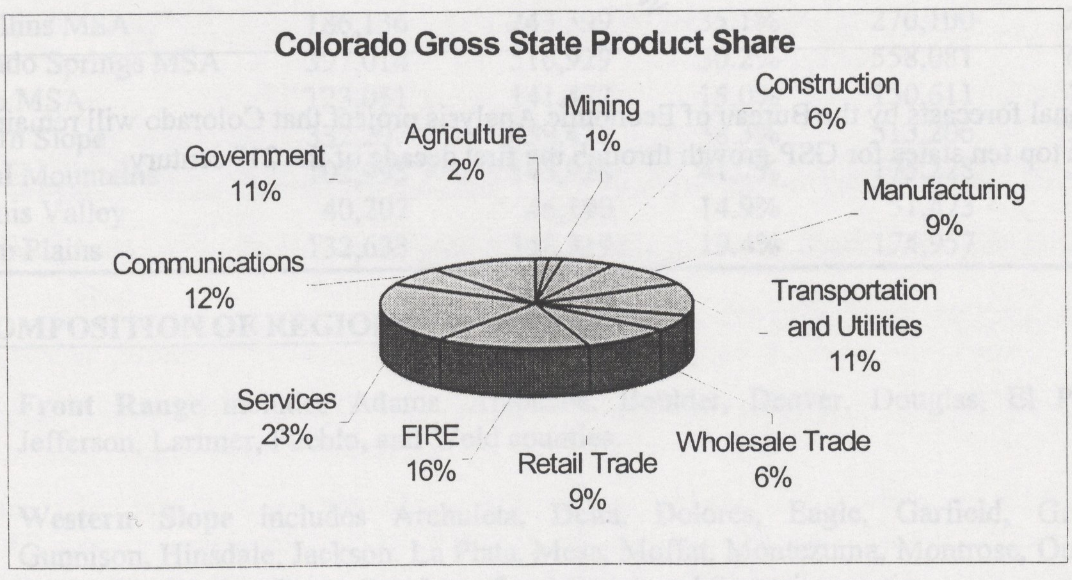
Sources: Denver Business Journal, Book of Lists, December, 2000
Colorado Springs Journal, Book of Lists, 2001
Boulder County Business Report, Book of Lists, 2001
Northern Colorado Business Report, Book of Lists, January 2001
Denver Post Top Employers, August 2000

COLORADO GROSS STATE PRODUCT (GSP), 1999
(Millions of Dollars)

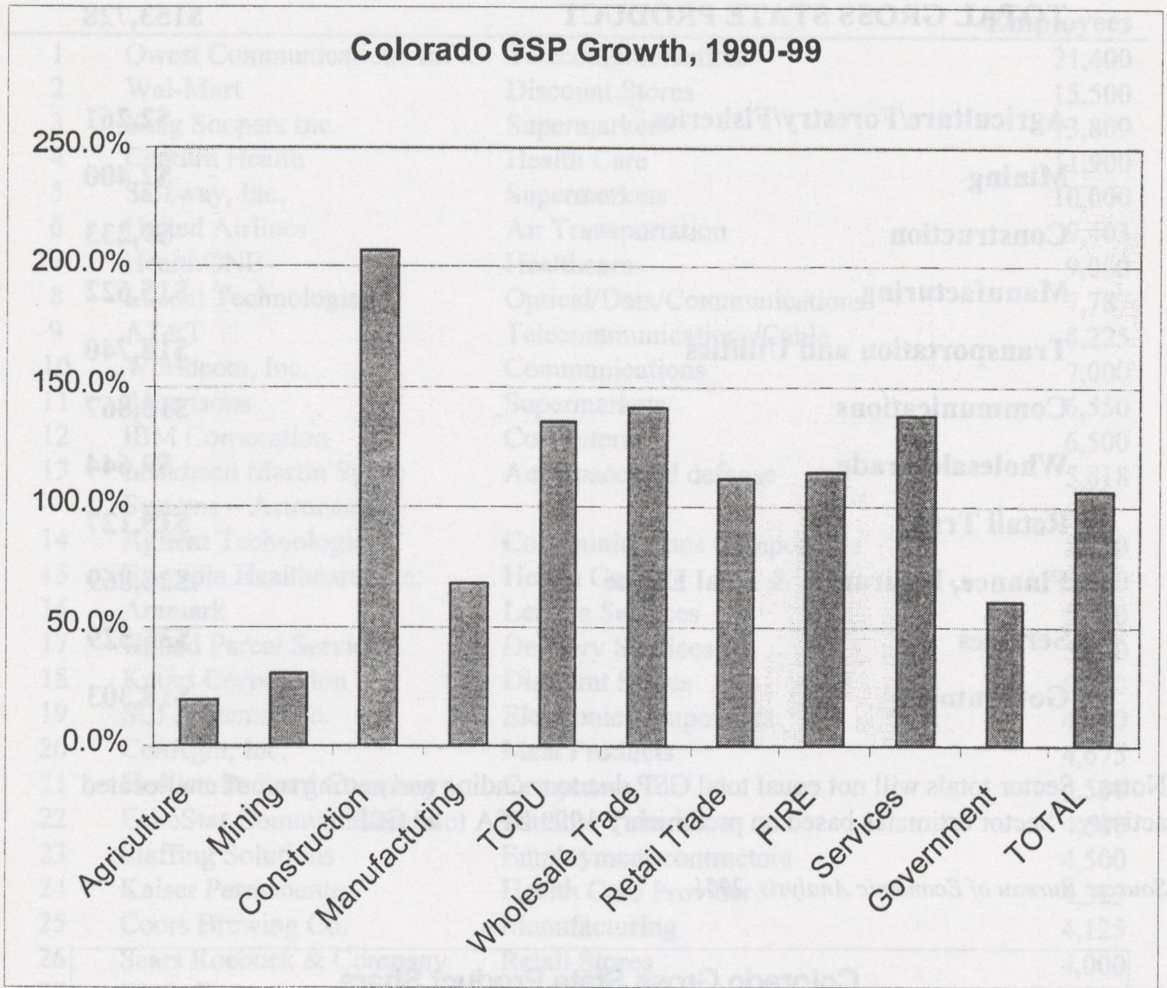
TOTAL GROSS STATE PRODUCT	**$153,728**
Agriculture/Forestry/Fisheries	**$2,261**
Mining	**$2,400**
Construction	**$9,233**
Manufacturing	**$15,622**
Transportation and Utilities	**$18,740**
Communications	**$10,867**
Wholesale Trade	**$9,644**
Retail Trade	**$15,127**
Finance, Insurance, & Real Estate	**$26,869**
Services	**$35,529**
Government	**$18,303**

Notes: Sector totals will not equal total GSP due to rounding and netting out of unallocated activity. Sector estimates based on preliminary 1999 BEA total GSP.

Source: Bureau of Economic Analysis, 2001



Leading sectors in GSP growth in the 1990s were construction, finance and business services, and telecommunications.



National forecasts by the Bureau of Economic Analysis project that Colorado will remain in the top ten states for GSP growth through the first decade of the 21st century.

POPULATION AND DEMOGRAPHICS

Colorado's population has grown faster than the national average since the 1940's. During the 1990s, Colorado has grown at an average of almost 2.5% annually, over twice the national average. The official Census 2000 count of Colorado's population was 4,301,261.

The 2000 Census numbers for Colorado amount to an increase in over 1 million people (30.6%) since the 1990 population count. Its population of 4.3 million makes Colorado the 24th largest state in the country.

Population projections for Colorado indicate a growth rate higher than the national average through 2010, although at a slower rate than during the 1990's. Growth rates are largely driven by net in-migration.

The following table shows the population census counts, estimates, and projections for Colorado, major Metropolitan Statistical Areas, and regions, from 1990 to 2010. These figures are provided by the Colorado Department of Local Affairs, State Demographer's Office.

COLORADO POPULATION (1990-2010)

REGION	*1990 Census*	*2000 Census*	*% Change 1990-2000*	*2005 Proj.*	*2010 Proj.*
COLORADO	3,294,473	4,301,261	30.6%	4,653,254	5,085,467
Front Range	2,686,341	3,491,401	30.0%	3,746,852	4,068,732
Denver/Boulder/Greeley CMSA	1,980,140	2,581,506	30.4%	2,768,060	3,009,192
Ft. Collins MSA	186,136	243,599	35.1%	270,100	295,299
Colorado Springs MSA	397,014	516,929	30.2%	558,081	603,395
Pueblo MSA	123,051	141,472	15.0%	150,611	160,846
Western Slope	332,297	459,423	38.3%	513,206	578,031
Central Mountains	102,995	145,928	41.7%	175,228	203,375
San Luis Valley	40,207	46,190	14.9%	51,473	54,946
Eastern Plains	132,633	158,319	19.4%	174,957	190,263

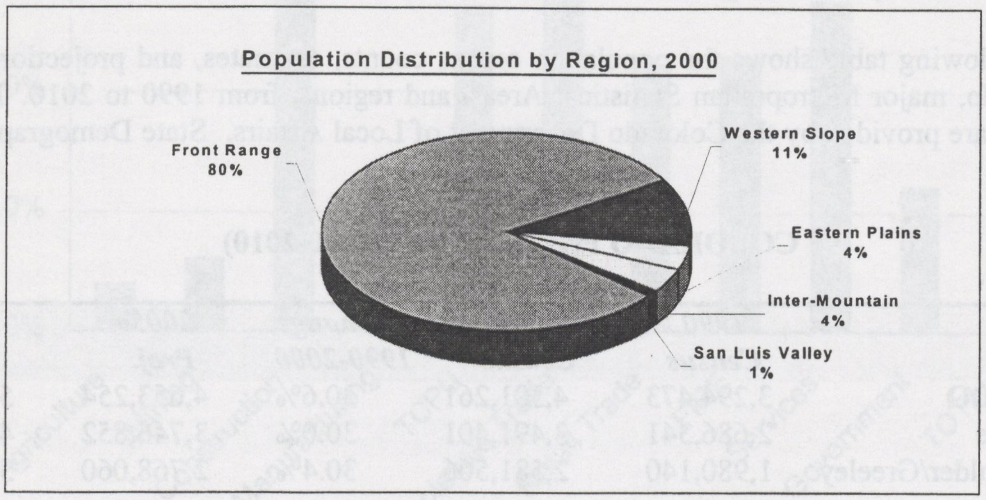
COMPOSITION OF REGIONS

- **Front Range** includes Adams, Arapahoe, Boulder, Denver, Douglas, El Paso, Jefferson, Larimer, Pueblo, and Weld counties.

- **Western Slope** includes Archuleta, Delta, Dolores, Eagle, Garfield, Grand, Gunnison, Hinsdale, Jackson, La Plata, Mesa, Moffat, Montezuma, Montrose, Ouray, Pitkin, Rio Blanco, Routt, San Juan, San Miguel, and Summit counties.

- **Central Mountains** includes Chaffee, Clear Creek, Custer, Fremont, Gilpin, Huerfano, Lake, Las Animas, Park, and Teller counties.
- **San Luis Valley** includes Alamosa, Conejos, Costilla, Mineral, Rio Grande, and Saguache counties.
- **Eastern Plains** includes Baca, Bent, Cheyenne, Crowley, Elbert, Kiowa, Kit Carson, Lincoln, Logan, Morgan, Otero, Phillips, Prowers, Sedgwick, Washington, and Yuma counties.

The following graphic illustrates the concentration of population along the Front Range corridor:



COLORADO POPULATION GROWTH ATTRIBUTABLE TO NET IN-MIGRATION

Year	Total Increase	Net In-Migration*	Percent Share
1995	91,387	62,244	68%
2000	75,200	44,000	59%
2005	79,000	52,000	66%

Source: Colorado State Demography Office and State Office of Planning and Budgeting

Net in-migration is the number of people moving into the state minus population moving out.

Colorado is projected to increase by over 800,000 people between 2000 and 2010. In-migration to Colorado typically accounts for over 60% of total population growth. The remaining share of added population is attributed to natural increase: births minus deaths.

Net in-migration is difficult to predict, as it fluctuates widely with both the regional and national economies, as well as other factors, such as retirees moving in, people moving for quality of life or other intangibles.

BASIC DEMOGRAPHICS

Variable	COLORADO	U.S.
	Age (U.S. Census, 2000)	
Median Age	34.3	35.3
Percent of Population Under Age 18	25.6%	25.7%
Percent of Population Over Age 65	9.7%	12.4%
	Race/Ethnicity (U.S. Census, 2000)	
Percent White	82.8%	75.1%
Percent Black	3.8%	12.3%
Percent Native American	1.0%	.9%
Percent Asian	2.2%	3.6%
Percent Hispanic (of any race)	17.1%	12.5%
	Labor Force (Population Age 16 and Over 1999)	
Percent in Labor Force	73.5%	67.1%
Males in Labor Force	80.1%	74.7%
Females in Labor Force	66.9%	60.0%
	Educational Attainment (Population Age 25 and Over 2000)	
Percent College Grads (or higher)	34.6% (Ranks 1st in the nation)	24.7%
Percent High School Grads (or higher)	89.7% (Ranks 6h in the nation)	84.7%
	Income	
Median Household Income, 1999	$47,987 (Ranks 6th in the nation)	$40,280
Per Capita Income, 2000	$32,949 (Ranks 7th in the nation)	$29,676

Sources: U.S. Census Bureau, U.S. Department of Commerce, Bureau of Economic Analysis, Colorado Department of Local Affairs, Demography Office, Colorado Department of Labor & Employment.

Further Information can be found at the Colorado Economic and Demographic Information System:
http://www.dola.state.co.us/is/cedishom.htm

EMPLOYMENT

Colorado is a major hub for business and industry in the growing Rocky Mountain region. This can be attributed to its exceptional quality of life, and its ideal location. The state's employment base is stronger than the national average in construction, transportation, communications, utilities, finance, and services, notably telecommunications, software development and other business services.

Colorado ranked fifth in the nation for long-term (10-year) job growth according to the Corporation for Enterprise Development's 2000 "Report Card for the States."

Colorado has a highly educated, technically savvy workforce, contributing to its strong position in the advanced technology and service industries of the future. Colorado has a strong base of growing firms in high-growth, high-tech fields. Most of the net new jobs created are in small and medium-sized firms with less than 250 employees.

EMPLOYMENT BASE

The following table is a breakdown of Colorado's 2000 average annual employment by major industry sector and sub-sector.

2000 Colorado Nonagricultural Wage and Salary Employment
Jobs by Place of Work (in 000s)

SECTOR/SUB-SECTOR	*NUMBER*	*PERCENT*
MINING	**12.8**	**0.7%**
Coal Mining	2.0	0.2%
Oil & Gas Extraction	7.3	0.3%
Metal Mining & Other	3.5	0.2%
CONTRACT CONSTRUCTION	**162.6**	**7.6%**
General Building Contractors	32.0	1.5%
Heavy Construction Contractors	19.0	0.9%
Special Trade Contractors	111.6	5.2%
MANUFACTURING	**205.6**	**9.5%**
Durable Goods	130.8	6.0%
Non-Durable Goods	74.8	3.5%
TRANSPORTATION/COMMUNICATIONS/ UTILITIES	**140.7**	**6.5%**
Transportation	66.4	3.0%
Communications	59.8	2.8%
Utilities	14.5	0.7%
WHOLESALE TRADE	**110.4**	**5.1%**
Durable Goods	69.7	3.2%
Non-Durable Goods	40.7	1.9%

RETAIL TRADE	**414.6**	**19.2%**
Eating & Drinking Establishments	163.2	7.6%
General Merchandise	45.0	2.1%
Food Stores	51.2	2.3%
Other Retail	155.2	7.2%
FINANCE, INSURANCE, & REAL ESTATE	**137.6**	**6.4%**
Banking	29.7	1.3%
Insurance	38.7	1.9%
Real Estate	33.6	1.5%
Other	35.6	1.7%
SERVICES	**650.2**	**30.2%**
Hotels & Lodging	41.7	1.9%
Business Services	208.5	9.7%
Health Services & Hospitals	131.7	6.1%
Other Services	268.3	12.5%
GOVERNMENT	**319.1**	**14.8%**
Federal	54.7	2.5%
State*	64.9	3.0%
Local	199.6	9.3%
TOTAL WAGE & SALARY EMPLOYMENT	**2,153.8**	**100%****

*Includes public education.
**Sub-sectors may not total 100% due to rounding.

County level employment and wage data can be found at:
http://lmi.cdle.state.co.us/es202/2000ann/index.htm

Source: Colorado Department of Labor and Employment, 2001

AVERAGE ANNUAL EMPLOYMENT BY SECTOR 1990-2000

The following table shows the change in employment by sector over the last decade. From 1990 to 2000, wage & salary employment has increased by 46%. Certain sectors, such as services and construction, have exhibited enormous growth, while the mining industry has seen large-scale downsizing.

COLORADO NON-AG WAGE & SALARY EMPLOYMENT, 1990 – 2000 (in 000s)

Sector	1990	2000	Ten-Year Change	Percent Change
Mining	19.8	12.8	-7.0	-35.4%
Construction	62.3	162.6	100.3	161%
Manufacturing	193.2	205.6	12.4	6.4%
TCPU*	96.5	140.7	44.2	45.8%
Wholesale Trade	83.1	110.4	27.3	33%
Retail Trade	287.3	414.6	127.3	44.3%
FIRE**	97.1	137.6	40.5	41.7%
Services	401.8	650.2	248.4	61.8%
Government	277.2	319.4	42.2	15.2%
TOTAL	1518.2	2,153.8	635.6	46%

*TCPU - Transportation, Communications, and Public Utilities.
**FIRE - Finance, Insurance, and Real Estate.

Source: Colorado Department of Labor and Employment, 2001.

- Net new job creation in Colorado has averaged over 74,000 for the past five years (1995-2000).
- Colorado ranked 9th nationwide in job growth from 1999-00.
- Colorado ranked 5th in the nation for long term (ten year) job growth during the 1990s.
- Colorado is projected to remain in the top ten states for job growth during this new decade.

WAGE RATES

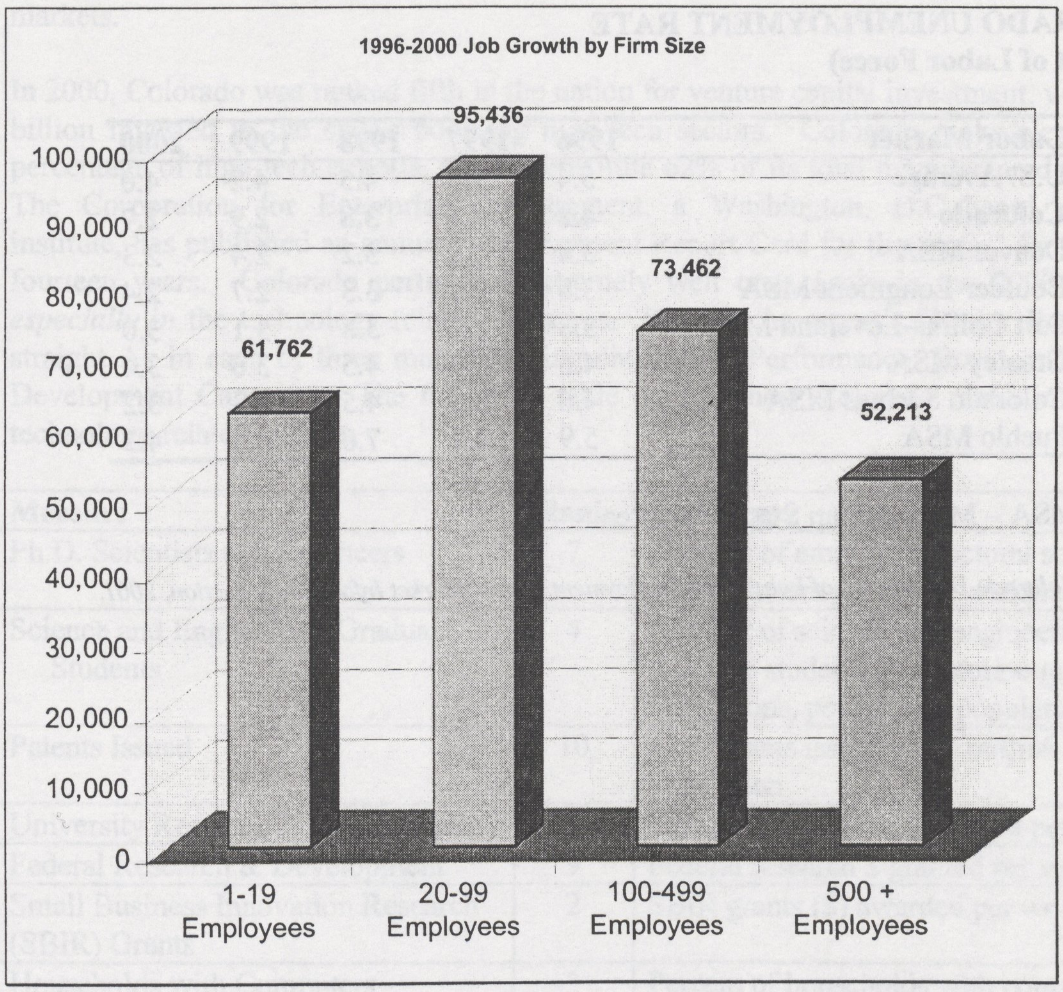
Colorado's 2000 annual average wage rate for all industry sectors was $37,166. The highest paying industry sector is Mining at $64,716; the lowest is Retail at $19,073. As would be expected, highest wage levels are in the metropolitan areas where high-tech jobs are concentrated, and the lowest wages are in rural areas.

At the county level, the highest average wage level is found in Arapahoe County (metro Denver), at $46,254, and the lowest in Hinsdale County in southwest Colorado, at $16,116.

COLORADO EMPLOYMENT GROWTH BY SIZE OF FIRM

1996-2000 Job Growth by Size of Firm

1-19 Employees	61,762
20-99 Employees	95,436
100-499 Employees	73,462
500 + Employees	52,213
TOTAL	**282,873**



Nearly 60% of the new jobs created in Colorado between 1996 and 2000 were in small to medium sized firms with employment between 20 and 499.

Source: Colorado Office of Economic Development, Research Division, created from data from Colorado Department of Labor Employment.

COLORADO'S UNEMPLOYMENT RATE

Colorado's unemployment rate has consistently been lower than the national average since 1991. The 2000 unemployment rate was 2.7%, down from 2.9% in 1999, and 1.3% below the national average of 4.0%.

The following table indicates the unemployment rate averages of representative labor markets throughout the state since 1995. Additional county-specific labor market information is available from the Labor Market Information Section of the Colorado Department of Labor and Employment.

COLORADO UNEMPLOYMENT RATE
(Percent of Labor Force)

Labor Market	1996	1997	1998	1999	2000
U.S. Average	5.4	5.0	4.5	4.2	4.0
Colorado	**4.2**	**3.3**	**3.8**	**2.9**	**2.7**
Denver MSA	3.8	2.8	3.2	2.4	2.3
Boulder-Longmont MSA	3.8	2.8	3.3	2.7	2.4
Fort Collins-Loveland MSA	3.8	3.2	3.8	3.1	3.0
Greeley MSA	4.6	3.9	4.5	3.6	3.4
Colorado Springs MSA	4.6	3.6	4.5	3.3	3.2
Pueblo MSA	5.9	4.7	7.6	4.8	4.3

MSA – Metropolitan Statistical Area

Source: Colorado Department of Labor and Employment, Labor Market Information Section, 2001.

A LEADER IN TECHNOLOGY

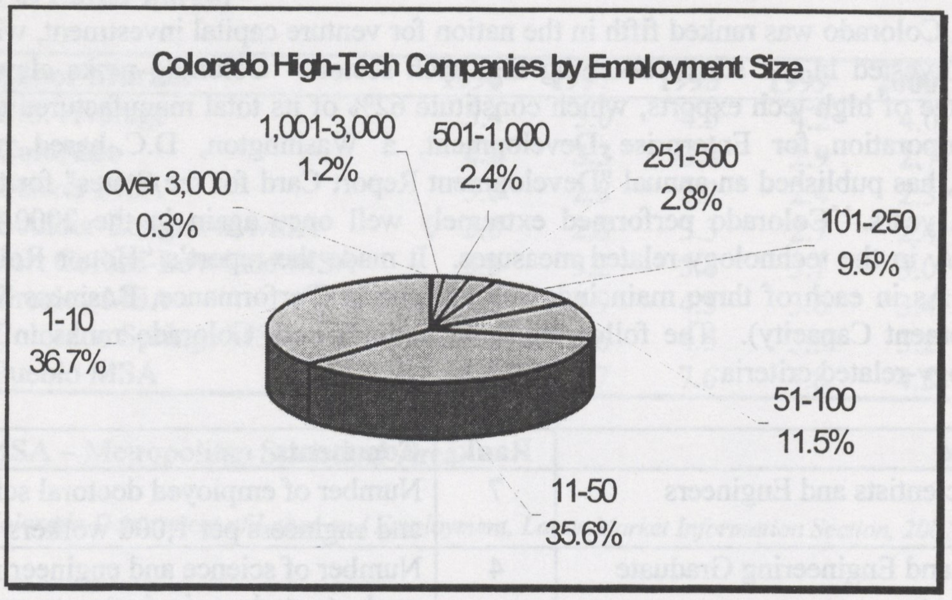
At the start of the 21^{st} century, Colorado has emerged as one of the strongest states in leading the United States into the Information Age. Today, Colorado is one of the prime locations in the nation for operating a high-tech business. Several thousand high-tech businesses, which are concentrated along the Front Range Corridor but located throughout the state, call Colorado home. Telecommunications, software design and development, and high-tech manufacturing are among Colorado's strongest industrial muscles. Colorado's status as a high-tech stronghold is well documented in a number of objective rankings by various organizations, proving it a powerful contender in high-tech markets.

In 2000, Colorado was ranked fifth in the nation for venture capital investment, with $4.7 billion invested in the state's booming high-tech sectors. Colorado ranks eleventh in percentage of high-tech exports, which constitute 62% of its total manufactured exports. The Corporation for Enterprise Development, a Washington, D.C.-based research institute, has published an annual "Development Report Card for the States" for the past fourteen years. Colorado performed extremely well once again in the 2000 survey, *especially* in the technology-related measures. It made the report's "Honor Roll" with straight As in each of three main indexing categories (Performance, Business Vitality, Development Capacity). The following table outlines how Colorado ranks in various technology-related criteria:

Measure	**Rank**	**Comments**
Ph.D. Scientists and Engineers	7	Number of employed doctoral scientists and engineers per 1,000 workers
Science and Engineering Graduate Students	4	Number of science and engineering graduate students in doctorate-granting institutions, per million population
Patents Issued	10	# of patents issued per 1 million population
University Research & Development	8	University research $ granted per capita
Federal Research & Development	9	Federal research $ granted per capita
Small Business Innovation Research (SBIR) Grants	2	SBIR grants ($) awarded per worker
Households with Computers	3	Percent of households with computers, 1998.

The American Electronics Association's ***Cyberstates 2001*** report was released in June 2001. Colorado held the #1 spot for concentration of high-tech workers, with 97 per 1,000 private sector workers classified as high-tech. Colorado ranked fourth in the nation for high-tech job growth, adding 75,600 net new high-tech jobs between 1994 and 2000. Total high-tech employment was over 180,000 in 2000.

Most of Colorado's high-tech firms are relatively small in size. Almost half of them have ten or fewer employees, and more than three-fourths of them employ 50 or fewer. Nearly half of these firms have annual sales under $1,000,000, and another 25% average sales between $1-3 million. The following graphics offer a detailed statistical description of high-tech firms operating in Colorado:



Colorado High-tech Companies by Annual Sales Volume

Annual Sales	Number of Companies
Under $1 Million or N/A	676
$1-3 Million	457
$3-10 Million	261
$10-30 Million	137
$30-100 Million	73
$100-300 Million	45
$300 Million-$1 Billion	43
$1-3 Billion	43
Over $3 Billion	92

Source: Rocky Mountain High-Technology Directory, Leading Edge Communications, Inc., 2001

Colorado's technology industries are very diverse. From aerospace engineering to bio-technical innovation, the state's high-tech companies produce high-quality products, as well as ideas that will improve future industrial processes and products.

Colorado High-tech Companies by Product Classification

Product Type	Number of Companies
Aerospace/Aircraft & Equipment	53
Analytical & Testing Equipment	121
Biotechnology	6
Chemicals	53
Communications Equipment/Services	140
Components	153
Computer Systems (Hardware)	52
Computer Peripherals/Accessories	52
Electronics Production Equipment	21
Energy	8
Environmental	84
Industrial Equipment	129
Lasers/Optics/Photonics	45
Material Handling Equipment	26
Medical Equipment/Devices	101
Microelectronics	136
Military Equipment/Services	15
Monitoring/Controlling Equipment	57
Non-Industrial Electrical Products	28
Pharmaceuticals	42
Plastics/Advanced Materials	65
Power Devices/Systems	37
Research, Development & Testing	196
Robotics/Factory Automation	20
Software Development	235
Software-Related Services	467

Note: Companies may be included in more than one category.

Source: The above breakdown is based only on Colorado listings in the 2001 Rocky Mountain High Technology Directory. This is a self-selecting publication and not all Colorado companies choose to be included.

INFORMATION TECHNOLOGY

The explosion of Colorado's information technology sector has helped transform the state's economic base, and has been a major driver of its economic growth over the past decade. Telecommunications, computer manufacturing, software development and internet-related companies have created an industry cluster in Colorado that continues to grow. Colorado's ranking in major IT industry sectors:

- Seventh in computers and office equipment manufacturing.
- Fifth in software services.
- Fifth in photonics manufacturing.

Average Number of Jobs in Selected Sectors and Percent of Total in 2000

IT Sector *	Avg. Number of Annual Jobs	Percent of Total
3577-Computer peripheral equipment	4,022	6%
3669-Communications equipment	801	1%
4832-Radio Broadcasting Stations	2,009	3%
4833-Television Broadcasting Stations	1,777	3%
4841-Cable networks & other pay TV Services	11,026	16%
4812-Radiotelephone communications	5,049	7%
4813-Telephone communications	35,047	50%
7375-Information retrieval services	4,026	6%
7374-Computer processing & data preparation and processing services	5,572	8%
TOTAL	69,329	100%

* Based on Standard Industry Classification (SIC) data

Source: Colorado Department of Labor & Employment

It is estimated that the number of jobs provided by this expanding industry is likely to exhibit higher than average job growth rates well into the 21st century. According to **Cyberstates 2001**, Colorado is the fourth fastest growing state in the country by job creation. A large number of individuals have left corporate employers and ventured out to create their own IT-related start-up firms. This phenomenon is indicative of Colorado's booming entrepreneurial activity. Colorado ranked second in the country for new company formation in 2000.

BIOTECHNOLOGY

The biotechnology industry encompasses a broad spectrum of applications from diagnosis and treatment of human diseases to the development of technologies that will increase the productivity of agriculture. Colorado's university and private-sector research facilities, as well as an educated and highly skilled labor force, provide an environment conducive to continued growth in biotechnology.

A great deal of biotechnology development in Colorado occurs at its state-supported universities and institutions. The University of Colorado at Boulder is a world-renowned center in the field of biochemistry and is home to Nobel Prize winner Thomas Cech. A number of science departments in Colorado's research universities rank in the nation's top tier for their disciplines. The presence of major federal research laboratories further contributes to collaboration that results in industry advancement.

Federal Laboratories in Colorado	
Bureau of Reclamation Research Laboratory	Denver
Climate Monitoring & Diagnostics Laboratory	Boulder
Department of Energy-Grand Junction Projects Office	Grand Junction
Environmental Technology Laboratory	Boulder
Forecast Systems Laboratory	Boulder
Institute for Telecommunication Sciences	Boulder
National Center for Atmospheric Research	Boulder
National Geomagnetic Information Center	Denver
National Institute of Standards & Technology	Boulder
National Renewable Energy Laboratory	Golden
National Seed Storage Laboratory	Ft. Collins
National Wildlife Research Center	Ft. Collins
Natural Hazards Research & Applications Information Center	Boulder
Rocky Mountain Research Station	Ft. Collins
Space Environment Laboratory	Boulder
Transportation Test Center	Pueblo

Due to Colorado's superior environment for technological advancement, and highly desirable quality of life, most of the state's students graduating with technical degrees remain in Colorado to pursue their careers.

SPACE INDUSTRY

Colorado has a strong aerospace, satellite and space industry. A study conducted by Peat Marwick 2000 estimated there are approximately 100 companies in this industry, with employment of 24,000, and annual revenues of $3.5 Billion. Industry leaders include Ball Aerospace, Lockheed Martin, Boeing, Raytheon, Echostar and TRW. These companies are engaged in satellite manufacturing, launch and ground equipment, and space communications. It is anticipated that this industry will be an economic generator as commercialization of space becomes more widespread in the future.

High-Tech Economic Impact

When assessing Colorado's position as a leading high-tech state, the summary of economic impacts of high-tech reported in **Cyberstates 2001** tells a compelling story:

- Concentration of high-tech workers, with 97 of every 1,000 private sector workers classified as high-tech, Colorado ranks #1 in the country.
- 180,866 high-tech workers (10th in the nation).
- 75,600 new jobs added between 1994 and 2000 (4th among all states).
- High-tech average wage of $66,378 (8th in the country), or 93% higher than the average private sector wage.
- High-tech payroll of $11.1 billion in 1999 (9th in the nation).
- More than 6,000 high-tech establishments in 1999.
- High-tech exports of $4.1 billion.
- Eleventh highest concentration of high-tech exports, 62% of all exports are high-tech.
- Venture capital investments of $4.7 billion (5th ranked in U.S.).
- Research & Development expenditures of $4.6 billion in 1998.

The list of companies that have recognized Colorado's potential for supporting the economic development of their high-tech operations is an impressive one. High-tech firms enjoy a favorable environment for technological advancement and economic development while the citizens of Colorado enjoy high-quality jobs in industry sectors that are constantly elevating our already high quality of life. Amidst Colorado's mountains and plains, high-tech businesses are able to find an environment that is ideal for cultivating their growth and propelling them into the future of the new economy.

JOB TRAINING PROGRAMS

Colorado is proud of its highly trained and hard-working labor force. There are several excellent training programs in place to provide the skills demanded by employers. Colorado is committed to continually enhancing the quality of its labor force. Several programs, including the Colorado FIRST and Existing Industry Customized Job Training Programs, initiated under the legislation of the Job Training Partnership Act, the Colorado Workforce Coordinating Council as well as the School-to-Career Partnership Program, have helped to enhance Colorado's already high-quality labor force.

Colorado FIRST and Existing Industries Customized Job Training Programs

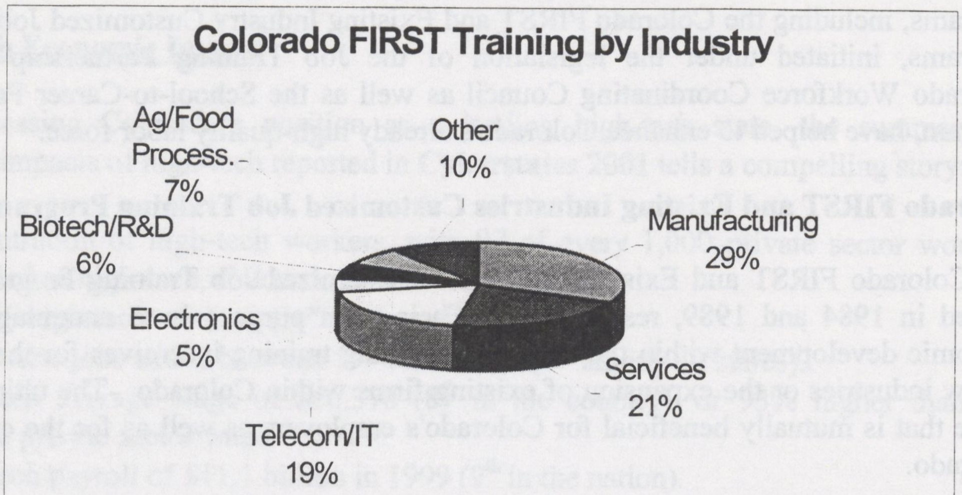
The Colorado FIRST and Existing Industries Customized Job Training Programs were created in 1984 and 1989, respectively. Their main purpose is to encourage quality economic development within the state by providing training incentives for the location of new industries or the expansion of existing firms within Colorado. The ultimate goal is one that is mutually beneficial for Colorado's employers as well as for the citizens of Colorado.

Colorado FIRST and Existing Industries programs are administered jointly between the Colorado Office of Economic Development & International Trade and Community Colleges of Colorado. These two agencies work together to ensure that a trained local workforce is available to match new or expanding companies' specific skill needs.

Training grants are competitive, and eligibility alone does not guarantee funding. These funds are subject to annual state appropriations. Funding preference is for:

- Companies that utilize innovative approaches to training.
- Permanent, non-seasonal, primary jobs created by non-retail companies newly locating or undertaking a significant expansion in Colorado.
- Job-specific and short-term training, lasting until the start-up or expansion training needs of the participating company are satisfied. Training programs are not designed to assist companies with normal, ongoing training requirements.
- Jobs that pay well above minimum wage and provide a health plan for their employees, to generate an adequate return on the tax dollars invested.
- Training projects located in economically lagging regions of the state, that demonstrate a strong company commitment and teach technical, transferable skills.

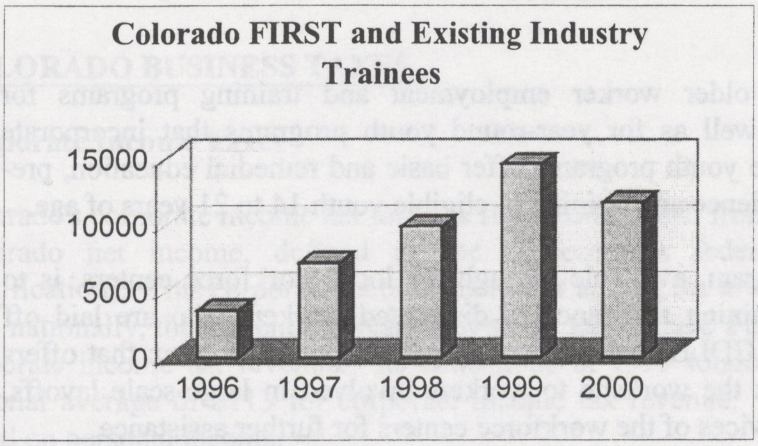
Recent recipients run the gamut of economic sectors, from telecommunications to manufacturing to service industries. A number of industry cluster grants provide training in new technologies and skills that benefit several companies with similar training needs. This approach maximizes the benefit from training dollars expended.



Source: Colorado Office of Economic Development & International Trade, 2000.

Funding for the Colorado FIRST and Existing Industries Job Training Programs is dependent upon annual appropriations from the Colorado legislature. In recent years, it has been in the $3 - $4 million range.

- During Fiscal Year 2000, 93 companies received training grants to train (or retrain) 11,627 Colorado workers.
- Since the inception of the programs, over 84,000 trainees have upgraded their job skills, benefiting both the individual and the company by making them more competitive.
- Substantial private investment on the part of the companies receiving grants is required. These programs do not pay wages of the trainees, only expenses directly associated with training.
- The Company chooses the trainees, and controls the training content and delivery.



Source: Colorado Office of Economic Development & International Trade, 2001

Colorado Workforce Centers

Colorado Workforce Centers are the primary entities for coordinating workforce development, economic development, and educational resources. They are one-stop career centers based on the U.S. Department of Labor's principles of universality, customer choice, service integration and performance outcomes.

Currently there are eighteen Workforce Centers located throughout the state to provide a broad spectrum of employment services to Colorado workers and employers.

For more information on Colorado Workforce Centers, visit their website at:
http://employsvcs.cdle.state.co.us/WFCs.html

Workforce Investment Act

The Colorado Department of Labor and Employment (CDLE) administers the Colorado allocation of Federal Workforce Investment Act (WIA) funds for job placement and training of youth, adults, and the state's dislocated workers.

The majority of the WIA funding available for Colorado is forwarded directly to the state's nine Workforce Regions, which operate local workforce centers. Each region is responsible for locally planned and directed programs that are coordinated with a variety of partner employment and training agencies. A regional Workforce Investment Board oversees program development in each area.

These regional plans are overseen by a State Workforce Development Council created by state legislation enacted in 2000. It is made up of the Governor, two members from each chamber of the Colorado legislature, business representatives, local elected officials, organized labor, youth advocates, and representatives from community colleges and other departments.

This programs includes for older worker employment and training programs for individuals 55 and older, as well as for year-round youth programs that incorporate summer youth activities. These youth programs offer basic and remedial education, pre-employment skills, work experience and training to eligible youth 14 to 21 years of age.

An important part of the program, available through the local workforce centers, is to provide reemployment and training assistance to dislocated workers who are laid off through no fault of their own. CDLE coordinates a Rapid Response program that offers layoff assistance workshops at the worksite to workers involved in large-scale layoffs. Participants can access the services of the workforce centers for further assistance.

The Colorado Department of Labor and Employment, Community Colleges of Colorado, and the statewide network of local workforce centers can assist new and expanding businesses by providing customized training programs, on-the-job training, federal tax credits, and employee recruitment services to assure that employers have access to a trained and qualified workforce.

For more information, visit the Colorado Office of Workforce Development web site at www.state.co.us/gov_dir/wdc/wia/wia.htm

School-to-Career Program

The Colorado School-to-Career program, funded by a five-year federal grant, brings students, businesses, communities, schools and families together to form partnerships. These partnerships combine participating students' academic interests with different career options and offer job shadowing, internships, or paid work experience.

The need for this program is great. Employers want skilled people. Fewer and fewer unskilled jobs survive in the new economy, only about 15% of all jobs.

- ***Business Investment:*** Over 23,000 businesses work with educators to provide hands-on experience for students. These include everything from small, locally owned businesses to large national corporations, as well as public and non-profit employers.

- ***Participation:*** More than 80% of the state's school districts participate in Colorado's School-to-Career. Colorado has 91 partnerships, involving more than 620,000 students.

For more information on the Colorado School-to-Career program, visit their web site at www.state.co.us/schooltocareer/Overview.htm

TAXES

COLORADO BUSINESS TAXES

Corporate Income Taxes

Colorado's corporate income tax rate is a flat 4.63%, down from 4.75% in 1999. It is assessed on Colorado net income, defined as the corporation's federal taxable income, with some modifications. This corporate income tax rate is among the lowest in the nation. Colorado ranks 36th nationally, the eleventh lowest of all states which have a corporate income tax, in per capita corporate income tax revenue. Its collections in 1999 totaled $74 per capita, compared to a national average of $113 for corporate income tax revenue. Corporate income tax ranks 45th based on personal income.

Per Capita State Corporate
Net Income Tax Revenue, 1999

State	Per Capita	National Rank
Alaska	$342	1
Illinois	$173	7
California	$165	8
Minnesota	$163	10
New York	$172	11
Connecticut	$145	14
Arizona	$114	19
U.S. Average	*$113*	*N/A*
Oregon	$98	23
Kansas	$96	24
New Mexico	$94	25
Utah	$85	26
Nebraska	$81	32
Idaho	$77	35
Colorado	**$74**	**36**

Source: Morgan Quitno Corporation, State Rankings-2001

COLORADO'S METHOD OF APPORTIONING INCOME

Colorado is unique among states in that two alternative apportionment formulas have been adopted which allow the taxpayer to choose the method that produces the **lesser** tax liability. The taxpayer can make a decision annually on whether to use the standard three-factor formula or a special two-factor formula. The three-factor formula averages the corporation's wages, property, and sales in Colorado and compares that average to total wages, property, and sales to determine what proportion of its profits will be taxed.

The two-factor formula averages property and sales in Colorado only, and compares that average to the total property and sales.

The three-factor formula, commonly referred to as the Multi-state Tax Commission formula, was adopted in 1968. At the same time, the legislature determined that the two-factor formula should remain as an option.

The two-factor election is particularly advantageous to corporations with a significant part of their business in Colorado, as it omits the payroll factor and eliminates "throwback sales." For example, the placement of a facility in Colorado which would be labor intensive would not unduly increase tax liability. Conversely, placement of such a facility in another state with a formula averaging wages would have the opposite effect. Moreover, under Colorado's two-factor formula, income that is directly attributable to the State of Colorado and is produced by a corporation whose state of domicile is Colorado, is still apportionable but may go untaxed since none of such income is apportionable (or allocable) to any state using a three-factor formula.

There are also a number of corporate income tax credits including an investment tax credit, and an enterprise zone tax credit. New is a 15% credit, up to $10,000 in any tax year, for contributions to Colorado Institute for Telecommunications Education. This credit is contingent upon the existence of a state budget surplus.

Unitary Taxation

Colorado has a liberal "water's edge" system of unitary taxation rather than a "worldwide" one. Specifically, foreign corporations, as well as "80/20" corporations, i.e., corporations with 80% of their property and payroll outside the U.S., are not included in a Colorado income tax return. Corporations doing business in Colorado, as well as other states, must apportion to Colorado that part of their net income derived from sources within Colorado. These corporations may choose to utilize either the Colorado Income Tax Act or the Multi-State Tax Compact. The Tax Act apportions income according to percentages of property owned and the gross receipts in Colorado versus nationally. The Tax Compact adds the payroll in Colorado versus nationwide as an additional factor.

A Colorado unitary return can include domestic corporations that meet certain objective criteria to measure an affiliated group or corporation. These include overlapping directorships and corporate officers, use of patents, logos, copyrights, etc., and relationships concerning long-term debt, sales, and administrative services among the group.

Colorado has a statutory provision that allows the filing of a consolidated return in lieu of separate returns for those members of an affiliated group that would otherwise be required to file a separate Colorado tax return.

Sales and Use Taxes

The State of Colorado collects 2.9% sales or use tax on goods purchased by a business that are not intended for resale. Colorado's state sales tax rate is the lowest among the 45 states that collect sales tax. Local municipalities may collect up to an additional 4.1% sales tax. Services are not taxed, only sales of non-food items.

Use taxes substitute for sales taxes in cases where an item is purchased for consumption in Colorado from a source outside Colorado or other circumstances where a sales tax was not paid. Purchases of manufacturing equipment or machine tools of over $500 are exempt from state sales and use tax. Component parts, fuels and electricity, ink and newsprint, aircraft parts used in general maintenance, interstate long distance telephone charges, farm equipment and machinery, and packaging materials are also exempt from state sales and use tax. Pollution control equipment may be eligible for a refund of state sales tax contingent upon a state budget surplus.

Legislation passed in 2001 allows for a 50% sales & use tax refund on tangible personal property used for research and development in years when there is a revenue surplus.

Unemployment Taxes

An employer's unemployment insurance tax liability is based on the taxable wage base, which is the first $10,000 of each worker's wages. If covered for the first time, the tax rate will be 1.7% of the wage base rate. All employers who are not yet eligible for the computed rate will be assessed a surcharge. After twelve months the employer is eligible for a calculated rate.

For calendar years 2001 and 2002, there will be a temporary credit on state income taxes, 20% for most employers, against unemployment taxes paid contingent upon a minimum balance in the State Unemployment Insurance Fund. Colorado has cut unemployment taxes for the past three years and has one of the lowest effective rates in the nation for this tax. Colorado ranks 11th lowest in the nation for unemployment insurance premiums.

Specific information on the tax rate for a business can be obtained from the Colorado Department of Labor and Employment at (303) 603-8234.

Worker's Compensation

Worker's compensation insurance is provided by over 200 private insurance companies and the State Compensation Insurance Fund, d.b.a. Pinnacol Assurance, an independent political subdivision of the state which operates as a workers compensation insurance company. The fund is a permanent, self-sustaining, nonprofit service organization operated for the benefit of its policyholders and their employees. Self-insurance is an option, available by special permit specifying strict financial and loss control standards, for companies employing 300 or more Colorado employees.

Major worker's compensation reforms have resulted in effective cost containment. These cuts have saved Colorado employers well over $100 million in premiums alone, with total savings calculated at $1.5 billion when benefits from fraud prevention and safety programs are included. Within the United States, Colorado ranks in the middle for overall workers' compensation costs.

For more information on workers' compensation, please see Department of Labor & Employment, Workers' Compensation web site at http://workerscomp.cdle.state.co.us/

Property Taxes

The State of Colorado does not impose property taxes on businesses; local governmental units assess property taxes primarily to fund public school operations and local government services.

Commercial and industrial property is assessed for property tax purposes at 29% of market value. Cities or counties in state-designated Enterprises Zones have the option of providing an incentive payment to new companies. This incentive cannot exceed the difference in property taxes after development less the property taxes prior to Zone designation.

The statewide average of local mill levies in 2000 was 75.733 mills.

Personal property (machinery and equipment) used in commercial and industrial operations is also assessed at 29% of actual value, based on replacement cost, expected economic life of the asset and other factors. Business personal property with an economic life of one year or less, or with acquisition cost of $250 or less, is exempt. Computer and telecommunications equipment will have new, accelerated depreciation schedules and reduced residual values. Local governments, including municipalities, counties and school districts, have the option to negotiate up to 50% rebate or credit on their portion of personal property tax as an economic development incentive.

Legislation passed in 2001 increases the amount of the credit against state taxes for a portion of business personal property tax paid from 13.37% to 16.56%.

Inventory Taxes

Inventory taxes are not assessed in Colorado and there is no franchise tax.

Severance Taxes

Colorado levies a tax upon the severance from the earth of metallic minerals and energy resources based upon the gross income of the extraction operation or upon the amount extracted. This is a graduated tax that ranges from 2% for income under $25,000 to 5% for income of $300,000 and over. Very small operations are exempt. A credit is allowed against severance tax equal to 87.5% of all ad valorem taxes paid or assessed during the tax year.

TAX CREDITS FOR INVESTMENT IN THE STATE

Investment Tax Credits

The Colorado Tax Equity Act, signed into law during the 1987 legislative session, reinstates the Colorado Investment Tax Credit. With a maximum credit up to $1,000 per year, for tax years beginning on or after January 1, 1998, based on 10% of what the Federal Investment Tax Credit would have been had such credit not been restricted by the Tax Reform Act of 1986. Excess credits may be carried forward up to three years.

Enterprise Zone Tax Credits

Enterprise Zones are geographic areas designated to promote economic development. Sixteen such zones have been designated in Colorado. They cover most rural areas of the state with the exception of the ski area/resort counties. There are also urban zones designated to attract investment and jobs to selected areas. Enterprise Zones offer the following advantages to businesses locating or expanding within their boundaries:

- A $500 tax credit for each new full-time employee
- A $200 tax credit during the first two years of operations for each full-time employee covered by health insurance
- An additional $500 tax credit for each employee hired for agricultural processing or manufacturing
- A 3% investment tax credit for equipment purchased and used within the zone
- A 3% tax credit for expenditures on research and development
- A 25% tax credit of qualified expenditures up to $50,000 to rehabilitate buildings which are at least 20 years old and have been vacant for two or more years
- A 25% tax credit up to $100,000 for private contributions to local zone administrators for enterprise zone development projects
- A 10% tax credit for qualified job training within the enterprise zone

Major Sales Tax Exemptions:

- Manufacturing equipment or machine tools over $500 purchased in one calendar year
- Component parts
- Fuels and Electricity
- Packaging Materials
- Aircraft parts used in general maintenance
- Interstate long distance telephone charges
- Ink and Newsprint
- Farm Equipment and Machinery

COLORADO PERSONAL TAXES

Income

Individual income taxes in Colorado are a flat rate of 4.63 percent of *federally adjusted taxable income*, with some modifications. Local governments in Colorado do not assess income taxes.

Sales Taxes

The State of Colorado levies a 2.9 percent sales tax on all non-food retail sales. Cities, counties, and special districts are permitted to add up to 4.0 percent additional local sales tax by public referendum. Various special districts may impose additional sales taxes, including the Regional Transportation District in the Denver metro area and Mass Transit districts in Pitkin and Summit counties, the Cultural Facilities District and the Major League Baseball Stadium District, Jefferson County Open Space, and several others. In no case does the cumulative special district sales tax exceed .8 percent.

Property Taxes

Residential property is assessed at approximately 9.74 percent of market value (it fluctuates from year to year due to a statutory formula that specifies shares of revenue from commercial versus residential property). The mill levy, which is the tax rate on each dollar of assessed valuation, varies widely within the state. For 2000, the average total mill levy for the state was 75.733. This figure includes counties, municipalities, school districts, and other special districts. Mill levies for cities and counties in Colorado can be found in the Colorado Economic and Demographic Information System (CEDIS), which is maintained by the Department of Local Affairs on their web site: www.dlg.oem2.state.co.us/is/cedishom.htm.

Occupational Taxes

All persons who work in the City and County of Denver and earn more than $250 per month are assessed a monthly occupational tax of $5.75. Their employers pay an additional $5.00 per month per employee. Anyone working in the cities of Greenwood Village or Aurora, who receives a salary greater than $250 per month, is assessed $2 per month, regardless of salary level, which is matched by the employer.

Comparative Data – Colorado and Selected States

Factors such as sales tax exemptions and graduated rates for income tax are recognized to significantly compromise the use of rates as a method of comparison. As a consequence, nationally recognized public interest research groups have adopted the concept of "effective rate," typically measured by sales or income tax paid per $1,000 of personal income. The following tables compare Colorado with neighboring and similar states.

State Government Tax Revenue as a Percent of Personal Income Colorado and Neighboring States (1999)

State	Rank	Tax
Arizona	28	6.3%
California	15	7.3%
Colorado	**48**	**4.7%**
Idaho	12	7.6%
Kansas	25	6.4%
Nebraska	26	5.9%
New Mexico	2	9.2%
Oklahoma	19	7.0%
Oregon	33	6.0%
Utah	15	7.3%
Washington	218	7.1%
Wyoming	25	6.4%
U.S. Average	*N/A*	*6.4%*

Combined State and Local Taxes of Neighboring States (Per $1,000 of Income)

State	Individual Income	Rank	Property	Rank	Sales	Rank
Arizona	17.29	38	$36.04	21	$39.93	8
California	27.3	14	$29.96	32	$30.63	17
Colorado	**25.33**	**21**	**$31.64**	**27**	**$29.08**	**21**
Idaho	29.78	10	$29.63	33	$27.23	25
Kansas	24.58	25	$35.46	22	$30.17	18
Nebraska	23.9	26	$44.90	10	$27.24	24
New Mexico	20.95	33	$15.43	49	$51.69	2
Oklahoma	24.83	23	$16.65	46	$33.22	15
Oregon	41.6	1	$34.37	24	$0.00	N/A
Utah	32.02	3	$28.34	35	$39.84	7
Washington	0	N/A	$36.19	19	$56.07	1
Wyoming	0	N/A	$43.84	12	$37.28	11

PUBLIC FINANCE PROGRAMS

This section describes major federal and state business financial assistance programs available in Colorado. The information provided covers eligible applicants and uses, terms of assistance, and the general application process. All of these programs require varying degrees of documentation demonstrating the applicants' ability to succeed in their field, the financial requirements of the business, past performance, future projections, and public benefits to be derived. Private sector participation through lending institutions and equity most likely will be required by all of these programs. Public funds are designed to fill gaps in project financing.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAMS

Program Funding Source

Every year, the State of Colorado receives an allocation of federal Community Development Block Grant (CDBG) funds from the Department of Housing and Urban Development (HUD) for community development and economic development efforts in the state. The Department of Local Affairs receives two-thirds of this allocation for community development projects such as housing and public facilities. The Colorado Office of Economic Development and International Trade (OED&IT) receives approximately one-third of the allocation for economic development projects.

Program Overview

The state's CDBG programs do not cover any of the metropolitan or "entitlement" cities or counties in Colorado. Those communities receive their own allocation of CDBG funds directly from HUD. The primary objective of the CDBG program is to create or retain jobs in rural areas, with at least 51% of the jobs being filled by low and moderate income persons. In some cases, through a revolving loan fund, a microenterprise business (one with five or fewer employees) may be assisted if the owners qualify as low and moderate income. In this instance, the creation or retention of additional jobs may not be required.

The Office of Economic Development and International Trade generally utilizes its allocation to fund the following two programs: regional revolving loan funds and infrastructure assistance.

Regional Revolving Loan Funds

The state has provided funding to sixteen RLF locations which have service areas covering the majority of the rural areas of the state. The sixteen RLF programs are responsible for promoting and fostering economic development efforts at the local level by providing financial assistance in the form of loans and loan guarantees to businesses in their respective regions. Each RLF program is locally driven, with its own loan review committee and board of directors. The RLF determines the type of businesses that it will target for this funding, based on a variety of economic considerations. Final state approval is needed.

Eligible use of loan proceeds includes the purchase of machinery/equipment, real estate acquisition and working capital. In some cases, real estate construction or rehabilitation may be considered. The interest rate may vary. The RLF program generally provides long term, fixed rate financing. Loan amounts generally range between $15,000 and $250,000. All loan requests should be directed to the appropriate regional revolving loan fund. For further information, contact the state's CDBG staff (see below).

Infrastructure Assistance
For public infrastructure assistance, an eligible city/county must submit an application in conjunction with information from the business(es) needing assistance. Matching funds will be required. Assistance may be provided for construction and/or improvement of: water, wastewater facilities/lines; pretreatment facilities; sewer/sewage treatment facilities/lines; roadways; utility lines and related engineering costs. This list may not be all inclusive. Applications for funding generally range between $100,000 and $500,000.

All applications are submitted directly to state CDBG staff. All funding decisions are made by the Governor's Financial Review Committee. For further information, contact the state's CDBG staff at:

Office of Economic Development &
International Trade
Alice Kotrlik or Ken Gabriel
1625 Broadway, Suite 1700
Denver, Colorado 80202
(303) 892-3840
(303) 892-3848 fax
1-800-659-2656 TDD

CERTIFIED CAPITAL COMPANY

State legislation, which became law on June 9, 2001 and has an effective date of July 1, 2001, created Certified Capital Companies ("CAPCOS") which are defined as partnerships, corporations, trusts, or limited liability companies that have *as their primary business activity the investment of cash in Qualified Businesses (statewide) and/or Qualified Rural Businesses*. The Certified Capital Companies will be capitalized with funding provided by insurance companies. The insurance companies may be eligible to receive tax credits over a ten year period in exchange for their upfront investment in a CAPCO; however, the total amount of tax credits (and thus funding for the Certified Capital Companies from this source) are limited to a maximum of $200 million.

The legislation is structured to encourage investment in rural and economically lagging regions of the state in addition to providing for a statewide focus. The definition of a Qualified Business includes businesses with their headquarters and principal business operations located within Colorado. The definition of a Qualified Rural Business includes businesses located in designated rural counties (those with a 2000 Census population of less than 150,000 **and** for counties with a population greater than 20,000 in 2000, those that did not exceed the statewide growth rate for 1990-2000 by more than 25%.) Applying these criteria, forty-nine of Colorado's sixty-three counties are designated rural counties. However, their combined population represents only 18% of the total population of the State.

Please note that other requirements also apply in order for a business to be eligible as a Qualified Business or a Qualified Rural Business. In regards to the $200 million, two $100 million pools of tax credits have been authorized. Both pools require that $25 Million must first be raised by Certified Capital Companies to be used for future investment in Qualified Rural Businesses before the state can allocate any tax credits for funds raised for investment in businesses statewide.

This program will be administered by the Colorado Office of Economic Development & International Trade. For more information, please contact Alice Kotrlik, Director, Business Finance, at (303) 892-3840 or e-mail alice.kotrlik@state.co.us, *or* contact Tamra Schmitt, Program Manager, CAPCO, at (303) 892-3840 or e-mail tamra.schmitt@state.co.us.

ECONOMIC DEVELOPMENT COMMISSION

The Economic Development Commission (EDC) receives an annual appropriation for economic development projects and marketing programs. The EDC provides interest-free or low interest rate loans, interest rate write-downs or performance based grants to companies interested in relocating to or expanding in Colorado. The company must use the funds as a gap-financing source by showing a matching amount from the local community. The exact match required is determined on a case by case basis.

Below is a listing of the criteria staff may consider prior to making a recommendation to the Commission:

- comprehensive business plan and description of operations
- length of time in business
- legal structure (C corp., S corp., Partnership, etc.)
- last three fiscal years and current interim financial statements (including balance sheet and income statement)
- monthly cash flow and income statement projections for the past two years
- debt service requirements on existing debt (detailing term, monthly principal and interest payments, collateral pledged, and current status)

- personal financial statements
- tax returns (both business and personal) for the past two years

For information on EDC programs, contact:

Gayle Brody EDC Director
Office of Economic Development & International Trade
(303) 892-3840
fax: (303) 892-3725

PRIVATE ACTIVITY BOND PROGRAM

Private Activity Bonds (PABs) provide a tax-exempt financing vehicle for qualified manufacturing projects. Eligible projects include facilities and equipment used in the manufacture or production of tangible personal property, including facilities which are ancillary to the manufacturing process. PABs are issued by a public entity on behalf of the borrower to finance new facilities, rehabilitate existing facilities and/or to purchase new equipment. Interest paid on the Bonds is tax-free to investors, thus inducing them to lend at substantially lower rates to the borrower, often as much as 2-3% below conventional financing.

Manufacturing "small issue" (not to exceed $10,000,000) industrial development bonds are bonds sold for construction of manufacturing facilities that cause a change in the condition of goods or products.

Program Purposes
A few of the many purposes of the PAB allocation program are identified below.

- to establish an orderly and equitable process of allocating tax-exempt PAB issuance authority.
- to encourage development in areas of the state where jobs, housing, certain infrastructure improvements and higher education are most needed.
- to encourage the increase or maintenance of the local tax base.

Allocation Review Factors
Some of the factors used by staff and the Bond Allocations Committee in evaluating allocation proposals:

- to what extent does the proposed project address needs in the existing or projected community or area?

- will the project lead to creation and/or retention of jobs in the short-term/long-term or does the project shift jobs from one area to another at the expense of the original location?
- what is the availability of additional or alternative funding sources? what type of arrangements have been made for credit enhancement for the financing?
- are all required permits in place?
- is the project part of an overall plan for economic development in the community or region?
- who are the individuals and companies involved in the project, including the developer?
- what other commitments/agreements are involved with the project?
- will jobs be created by this project?

Note: The Department of Local Affairs recommends that any project developer considering utilization of private activity bonds work with counsel at the outset to determine project eligibility under federal definitions for private activity bonds and to determine whether or not the project financing could be structured in such a way as to avoid the necessity of an allocation.

For more information contact:

Jennie Rodgers
Colorado Department of Local Affairs
1313 Sherman Street, #518
Denver, Colorado 80203
(303) 866-2033

SMALL BUSINESS ADMINISTRATION (SBA) LOANS

The SBA offers a guaranteed loan program. They will guarantee up to 80 percent on loans under $100,000 and up to 75 percent on loans of more than $100,000. Guaranteed loans may be financed for seven years on working capital, ten years (or the life of) for equipment and up to 25 years on real estate. The maximum dollar amount is $750,000. The interest rate will vary depending upon the lender, the market, and the term of the loan. The first contact for an SBA-guaranteed loan is a participating financial institution. The lender will contact the SBA for the guarantee. There are minimum credit qualifications for all SBA loans.

Additionally, the SBA has special loans for targeted industries. These loan programs include the Export Revolving Line of Credit International Trade Loans, Solar Energy & Conservation Loans, Surety Bond Guaranteed Loans to Small General Contractors, Pollution Control Loans and Seasonal Lines of Credit. For more information on SBA loan programs contact:

Small Business Administration - Business Development Division
721 19th Street, Room 449
Denver, CO 80202
(303) 844-3461

COLORADO HOUSING AND FINANCE AUTHORITY LOANS

The Colorado Housing and Finance Authority (CHFA) offers a variety of business financing programs, primarily for small to medium sized firms. Since the mid 1980's, CHFA has financed more than 1,104 businesses statewide. Many of CHFA's financing programs work in conjunction with and enhance federal loan programs such as the Small Business Administration 7(a) and 504 and Farm Service Agency guaranteed loans. CHFA also offers direct loans for specific geographic areas of the state featuring low–down payments and reduced interest rates. Non-profit enterprises that are acquiring real estate and businesses that recycle can qualify for preferred loan terms under CHFA's financing programs.

Additionally, CHFA offers financing to Colorado manufacturing companies through its tax exempt and taxable bond programs. Generally these projects have a loan size exceeding $1.5 million and are primarily for the acquisition of real estate. Call or visit CHFA's web site for specific program information and loan rates.

Business Finance Division - Colorado Housing and Finance Authority
1981 Blake Street
Denver, CO 80202-1272
(800) 877-2432 or (303) 297-7329
TDD (303) 297-7305

www.colohfa.org/bf_main.shtml

EDUCATION

Colorado's population is knowledge-intensive and extremely well educated. In 2000, the U.S. Census Bureau ranked Colorado first in the nation in percentage of population with a college degree and sixth in the nation in percentage of population with a high school diploma.

Colorado students are among the nation's brightest, for they consistently score higher than national averages on college entrance exams. The same can be said of Colorado's workers. Denver's work force alone was ranked as the third most educated in the nation by the Progressive Policy Institute's Metropolitan New Economy Index in April 2001.

Colorado colleges and universities offer a broad range of business, management, engineering, and technical degrees. All have programs directed at encouraging women and minorities in technical disciplines and all conduct joint research and training programs with corporations, particularly in technical and scientific areas. Most graduates remain in Colorado to pursue their careers, creating a valuable source of human capital that is augmented with a host of graduates from other states and nations.

COLORADO K-12 EDUCATION

Colorado's 176 school districts had a Fall 2000 enrollment of almost 725,000. Large districts are concentrated in metropolitan areas while some rural areas have very small enrollments. The largest 20 school districts enroll 75% of all students, while the remaining 156 districts serve the remaining 25% of state school enrollment.

State of Colorado K-12 Education Revenues by Source

Public K-12 education in Colorado is funded largely by the State, with 58% of the total $3.8 Billion in funding coming from the state level, and the balance of 42% provided mainly by local property taxes.

SOURCE	PERCENT OF TOTAL
Local Taxes (property and specific ownership)	42%
State Equalization	58%
TOTAL	*100%*

Source: Colorado Department of Education, 2001

Landmark legislation passed in 2000 requires the participation of all K-12 public school students in the state's assessment system, CSAP. Based on results and improvements, every school in Colorado is issued a Report Card for which annual progress and innovative programs are rewarded, providing Colorado's children the highest quality public education possible.

COLORADO STUDENT TEST SCORES

SAT: Approximately 34% of Colorado's high school seniors took this test in 2000.
ACT: Approximately 64% of Colorado's high school seniors took this test in 2000.

On both the ACT and SAT tests, Colorado students scored above the national average:

Colorado Student Performance on College Entrance Exams, 2000

Test	COLORADO Average	U.S. Average
ACT	21.5	21.0
SAT	1071	1019

Source: Morgan-Quitno Corporation, State Rankings 2001

"EDUCATION QUOTIENTS" OF COLORADO SCHOOL DISTRICTS

Expansion Management magazine compiles an "education quotient" for school districts across the United States. It examines over 700 school districts nationwide to create an index based on graduate outcomes, community educational attainment, school spending, student: teacher ratios, and other criteria. The average scores are indexed to equal 100.

Colorado's public schools have done very well in this ranking. The following districts earned "gold ribbon" or "blue ribbon" rating, described as the top 16 and 33 percent of all schools ranked.

District	Education Quotient
Adams-Arapahoe – Metro Denver	116
Boulder Valley	136
Cherry Creek- Metro Denver	134
Colorado Springs	119
Englewood – Metro Denver	131
Ft. Collins (Poudre) – Larimer County	127
Golden	114
Littleton – Metro Denver	119
Thompson – Larimer County	129

Source: Expansion Management, Education Climate: 1997-2001

COLORADO EDUCATIONAL ATTAINMENT

The following table compares Colorado with its neighboring states in terms of educational attainment of the population 25 years and over:

State	Percent College Grads	U.S. Rank	Percent H.S. Grads	U.S. Rank
COLORADO	34.6	1	89.7	6
Arizona	24.2	21	83.1	33
Kansas	26.5	15	87.6	14
Nebraska	20.4	37	89.3	8
New Mexico	24.5	19	80.9	38
Oklahoma	23.7	24	83.5	32
Utah	27.9	10	91	4
Wyoming	22.3	28	90.7	5
U.S. Average	*24.7*	*N/A*	*84.7*	*N/A*

Source: U.S. Census Bureau March 2000

COLORADO HIGHER EDUCATION ENROLLMENTS (FALL 2000)

Four-Year Colleges and Universities:

Institution	Location	Enrollment
Adams State College	Alamosa	2,511
Colorado School of Mines	Golden	3,287
Colorado State University	Ft. Collins	22,939
Fort Lewis College	Durango	4,260
Mesa State College	Grand Junction	4,893
Metropolitan State College	Denver	16,773
University of Colorado – Boulder	Boulder	25,458
University of Colorado – Colorado Springs	Colorado Springs	6,581
University of Colorado - Denver	Denver	11,328
University of Colorado Health Sciences Center	Denver	2,358
University of Northern Colorado	Greeley	10,926
University of Southern Colorado	Pueblo	4,085
Western State College	Gunnison	2,456

Two-year Colleges:

Institution	Location	Enrollment
Aims Community College	Greeley	6,858
Arapahoe Community College	Littleton	7,498
Colorado Mountain College	Glenwood Springs	9,186
Colorado Northwestern College	Rangely	1,919
Community College of Aurora	Aurora	4,646
Community College of Denver	Denver	6,251
Front Range Community College	Westminster	11,558
Lamar Community College	Lamar	1,051
Morgan Community College	Ft. Morgan	1,558
Northeastern Junior College	Sterling	4,003
Otero Junior College	La Junta	1,194
Pikes Peak Community College	Colorado Springs	9,556
Pueblo Community College	Pueblo	4,626
Red Rocks Community College	Lakewood	8,255
Trinidad State Junior College	Trinidad	2,009

- Headcount enrollment totaled 198,023 at Colorado public post-secondary institutions for Fall 2000.

- Private colleges and universities in Colorado had enrollments totaling over 23,000 in 1999. These include the University of Denver, Regis University, Colorado Christian University, Colorado College, and many smaller institutions.

- Finally, vocational schools and proprietary institutions provide another post-secondary education option for Colorado residents. Vocational schools have average enrollments of 8,000 per year, while the proprietary institutions offer instruction in a wide variety of subject areas, and provide instruction to an estimated 15,000 students.

Source: http://www.state.co.us/cche_dir/2attend.html (Table).

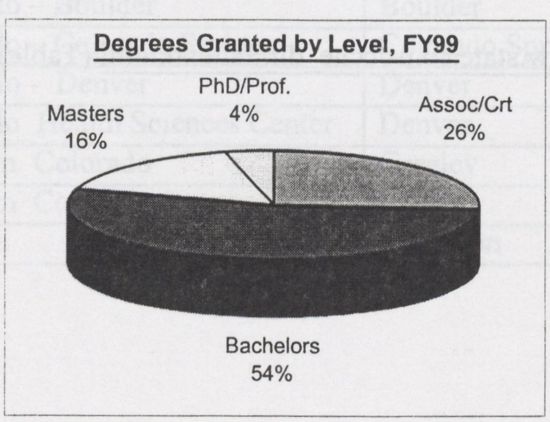
COLORADO HIGHER EDUCATION - DEGREES CONFERRED

Colorado students received 31,239 degrees awarded by 28 public higher education institutions in Fiscal Year 1999, the most recent year for which there is data. The following table summarizes the degrees granted by major subject area of study.

Over 5,000 Colorado students received degrees in Business and Management, and over 2,800 received Engineering or Computer Science degrees in 1999.

Major	Degrees Conferred
Agricultural Science/Agribusiness	610
Architecture/Design	309
Arts/Humanities	6,104
Business & Management	5,109
Computer Science	457
Communications	1,084
Education	1,329
Engineering	2,386
Health Sciences	3,507
Home Economics	646
Law & Public Affairs	532
Mathematics	349
Natural Resources/Parks & Recreation	1,216
Social Sciences	4,234
Life Sciences/Physical Sciences	1,947
Technology & Vocational Trades	1,420
TOTAL	31,239

Source: Summarized from Colorado Commission on Higher Education, FY 1999 Degrees Granted, April 2000 (latest release)



QUALITY OF LIFE & COST OF LIVING

An excellent quality of life is critical to the attraction, motivation, and retention of the skilled and talented workers that are essential to the success of a growing business. Colorado is a place where such excellent quality of life not only exists, but thrives.

Colorado's high quality of life is attractive to both businesses and individuals, residents and tourists. An incredible combination of spectacular scenery, recreational opportunities, moderate climate, excellent facilities for arts and culture, and world-class health care and public school systems make Colorado an ideal place to call home. A reasonable cost of living, low crime rates, and a wide selection of communities to suit every lifestyle all contribute to the wrapping that makes Colorado's package shine.

Concern for the environment is a widely held value among Colorado's individual and corporate citizens. The state is home to 40 state and three national parks and is a leader in recycling and renewable energy.

Colorado has abundant artistic and cultural resources with broad public and private support. The state is a national leader in funding for the arts, which are greatly supported by the private and non-profit sectors. A small sales tax set aside for culture and the arts was recently renewed by Colorado voters to assure continued opportunities and the enhancement of these valuable contributions to community life in Colorado.

Red Rocks Amphitheater, a world-renowned venue for concerts near Denver, was named one of the top 50 examples of American architecture. Music and performing arts festivals are plentiful with something for everyone – including pop, rock, classical, jazz, bluegrass and country western, along with ballet, opera, Broadway and excellent regional theater.

QUALITY OF LIFE INDICATORS

Colorado's cities and towns appear frequently in national rankings of the best places to live and work as well as being among the most attractive venues in the nation for business development. Colorado ranks in the Top Ten nationally for a number of quality of life indicators. Rankings from Morgan Quitno's *State Rankings 2001* includes:

- 2nd most livable state
- 2nd in number of households with computers
- 9th lowest level of industrial pollution
- 5th highest median household income
- 7th in spending on higher education (per capita)
- 7th lowest poverty rate
- 6th in sunny days

COST OF LIVING

ACCRA, a national nonprofit research organization for community and economic development, produces a quarterly index which measures relative price levels for consumer goods and services **in participating cities**. Cost data from these cities are used to derive a relative ranking so that an easy comparison of cost of living in different metropolitan areas can be made. The average value for each category is assigned a value of 100. A value of greater than 100 indicates a cost of living higher than the average, with a value lower than 100 indicating a lower than average cost. The table below contains relative cost of living information for those Colorado cities which participated in the ACCRA Cost of Living Index in the fourth quarter of 2000.

Colorado Cities' Composite Index Values

Fourth Quarter, 2000 (303 cities participating nationwide)

Area	C.O.L. Index
Colorado Springs	99.9
Denver	107.1
Fort Collins	103.7
Glenwood Springs	122
Grand Junction	100.1
Gunnison	101.9
Loveland	106.9
Pueblo	91.9

The Composite Index is made up of six component indexes weighted as follows: Grocery Items (16%); Housing (28%); Utilities (8%); Transportation (10%); Health Care (5%); and Miscellaneous Goods and Services such as clothing, entertainment and personal services (33%).

Source: ACCRA Cost of Living Index, Fourth Quarter, 2000, published April 2001.

Metropolitan Cost of Living Index Comparisons

While Denver is slightly higher than the national average in terms of its cost of living, a comparison with some of the largest cities in the survey shows that Denver and other cities in Colorado enjoy a competitive cost of living. Denver is significantly lower than many of the largest cities in the nation, and generally comparable to major cities in the western United States. The composite index for some larger participating cities is as follows:

ACCRA Cost of Living Composite Index Values

Major Metro Areas
Fourth Quarter, 2000

Area	C.O.L. Index
Atlanta	103.2
Boston	133.1
Chicago	104.6
Cleveland	107.2
Dallas	99.5
Denver	**107.1**
Las Vegas	108.9
Minneapolis	112.9
New York City	235.2
Philadelphia	120.9
Phoenix	102.5
Portland	105.3
Sacramento	118.8
Salt Lake City	99.3
San Diego	127.3

Smaller Cities
Fourth Quarter, 2000

Area	C.O.L. Index
Albuquerque	101.8
Boise	98.9
Colorado Springs	**99.9**
Corvallis	109.6
Fort Collins	**103.7**
Laramie	102.9
Lincoln	98.6
Missoula	103.6
Pueblo	**91.9**
Reno	110.9

Metropolitan Area Rent, Home Price, And Utility Cost Comparison

City	Average Monthly Rent (1)	Average Home Price (2)	Average Residential Utility Cost (3)
Albuquerque	$733	$205,455	$105.72
Atlanta	771	229,228	100.62
Billings	525	202,000	108.70
Boise	738	202,000	90.27
Denver	**870**	**243,112**	**85.55**
Colorado Springs	**839**	**209,280**	**91.24**
Grand Junction	**586**	**205,851**	**98.14**
Gunnison	**617**	**212,500**	**105.04**
Pueblo	**462**	**164,886**	**106.15**
Fort Collins	**767**	**240,333**	**82.28**
Loveland	**724**	**246,591**	**89.49**
Las Vegas	730	234,250	102.49
Minneapolis	876	248,980	124.67
Phoenix	668	207,092	114.79
Portland	748	210,000	103.57
San Diego	1,243	325,379	148.95
Spokane	624	206,581	82.34
U.S. Average	**656**	**207,713**	**112.70**

Source: ACCRA Cost of Living Index, Fourth Quarter, 2000

(1) Based on an unfurnished, two bedrooms one bathroom apartment (approximately 950 square feet).

(2) Based on a newly constructed, three bedrooms, two bathrooms, single family detached house (approximately 1,800 square feet).

(3) Monthly utility cost is for a newly constructed, three bedrooms, two bathrooms, single family detached house (approximately 1,800 square feet).

CRIME RATE COMPARISON

Violent Crime Rate-1999 (per 100,000 population)

Colorado ranks 33rd nationally in violent crimes per 100,000 population and is well below the national average. The violent crime rate in the U.S. decreased 6.7% from 1998 to 1999, the lowest national crime rate since 1987, according to the Federal Bureau of Investigation. Colorado's own violent crime rate fell by 8% in the same period.

State	Rank	Rate
Florida	1	854
New Mexico	3	834.5
California	10	627.2
Nevada	13	570
Texas	14	560.3
Arizona	15	551.2
Georgia	18	534
U.S. Average	n/a	524.7
Nebraska	2	430.2
Washington	27	377.3
Oregon	28	374.9
Kansas	26	382.8
Colorado	33	340.5
Utah	39	275.5

Source: U.S. Department of Justice, Federal Bureau of Investigation, Uniform Crime Reports, 1999, Released in 2000

RECREATION & TOURISM

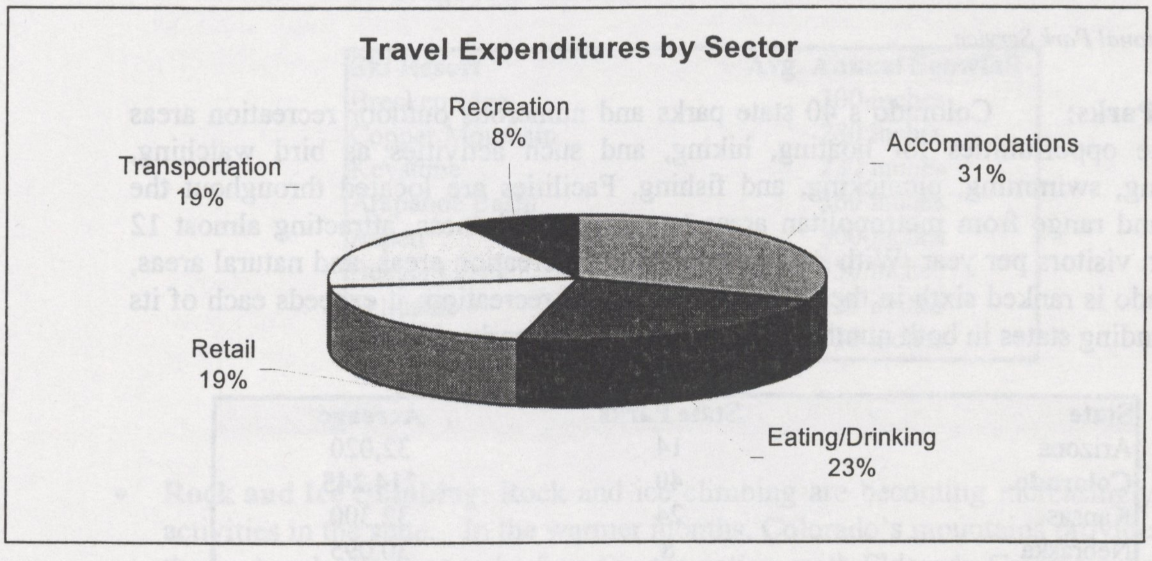
Museums, sports, parks, monuments, and mountains — the Centennial State has it all. Colorado has long been recognized as one of the premier destinations in North America for recreation and tourism. With over 11,000 miles of national, state, and local trails, 40 state parks, and three national parks Colorado has a wide variety of recreational activities from which to choose.

COLORADO TOURISM REVENUES

Domestic travel expenditures in Colorado equaled $6.9 billion in 2000, making it one of the state's largest industries and one of the country's leading markets for travel revenues.

Travel Spending in Colorado by Sector, 2000

Sector	Spending (in Billions)
Accommodations	$2.2
Eating/Drinking	$1.6
Retail	$1.3
Transportation	$1.3
Recreation	$0.5
TOTAL	**$6.9**



Source: Longwoods International, Colorado Visitors Study, Final Report, May 2001

RECREATIONAL OPPORTUNITIES

Colorado's semi-arid climate, coupled with the splendor of both the mountains and the wide-open plains, gives the state's recreational character an extraordinary sense of diversity. A *sampling* of the various activities available in Colorado includes the following:

- **National Parks and Monuments:** Twelve national forests, four national monuments, and three national parks (Rocky Mountain National Park, Mesa Verde National Park, and the Black Canyon of Gunnison National Park, which was designated national in 1999) provide an incredible variety of outdoor recreational opportunities. Rocky Mountain National Park has 65 mountain peaks that are over 10,000 feet high. Mesa Verde National Park, a World Heritage site, contains some 350 cliff dwellings dating back to the twelfth century. The Great Sand Dunes National Monument is over ten miles long as well as featuring the highest dunes in all of America. Dinosaur National Monument, 60 miles west of Craig, is one of America's richest sites for fossils. Colorado's national parks receive more than 4 million visitors and $14 million worth of funding annually:

Park	Total Visitors, 1999	Budget, FY2000
Rocky Mountain National Park	3,186,323	$9,167,000
Mesa Verde National Park	635,736	$4,526,000
Black Canyon National Park	200,142	$715,000

Source: National Park Service

- **State Parks:** Colorado's 40 state parks and numerous outdoor recreation areas provide opportunities for boating, hiking, and such activities as bird watching, camping, swimming, picnicking, and fishing. Facilities are located throughout the state and range from metropolitan areas to remote wilderness, attracting almost 12 million visitors per year. With its 236 state parks, recreation areas, and natural areas, Colorado is ranked sixth in the nation for parks and recreation; it exceeds each of its surrounding states in both number and acreage of state parks:

State	State Parks	Acreage
Arizona	14	32,020
Colorado	**40**	**214,245**
Kansas	24	32,300
Nebraska	8	30,095
New Mexico	29	89,420
Nevada	13	69,985
Utah	36	92,718
Wyoming	11	117,592

Source: National Association of State Park Directors, 2000

- **Skiing and Winter Recreation:** Colorado boasts more than 35 winter recreation areas, offering such activities as snow shoeing, snow mobiling, snowcat tours, sleigh rides, ice skating, cross-country skiing, and, of course, the largest recreational attraction in Colorado: downhill skiing and snowboarding. With 26 ski resorts to choose from, all types of terrain are offered to suit all tastes and abilities, from "crash the bumps" thrills to easier, gentler runs for the family. Of the $524 million spent on recreation each year in Colorado, 60 percent is spent on ski related recreation. With over 11 million ski days, Colorado leads the nation and accounts for nearly 20 percent of all ski trips nationwide:

State Shares (%) of Overnight Ski Trips, 2000

State	Share (%)
California	13.8
Colorado	**19.7**
New Hampshire	5
Nevada	6.6
Pennsylvania	5.8
Utah	6.7
Vermont	10.1

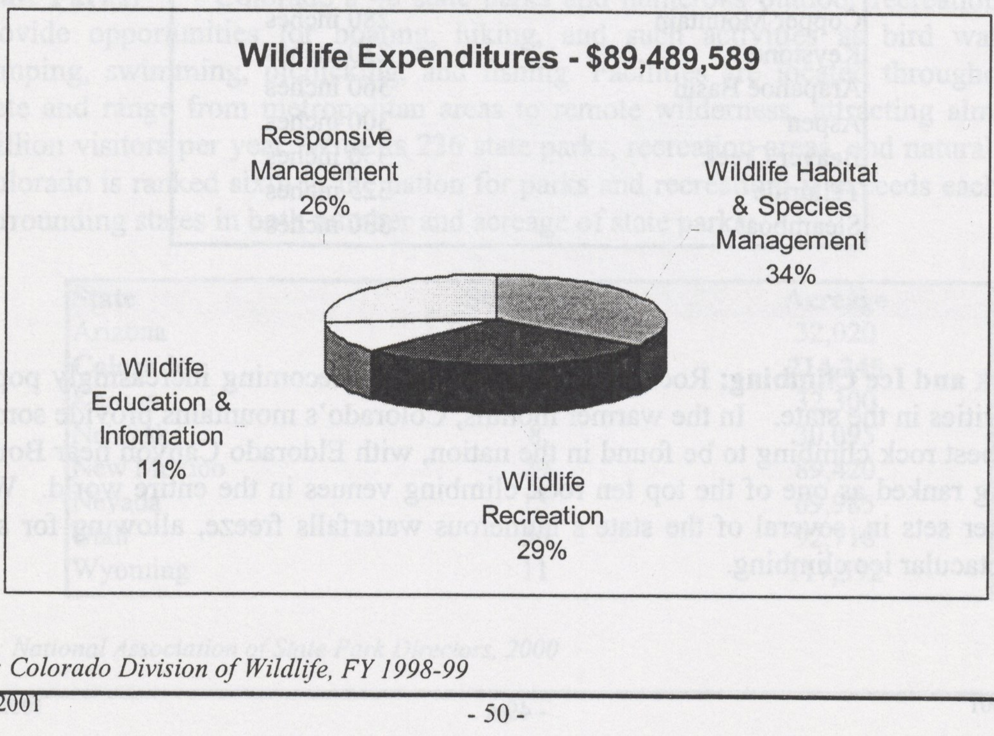
Source: Longwoods International, Colorado Visitors Study, Final Report, May 2001

Average Annual Snowfall at Colorado Ski Resorts

Ski Resort	Avg. Annual Snowfall
Breckenridge	300 inches
Copper Mountain	280 inches
Keystone	230 inches
Arapahoe Basin	360 inches
Aspen	300 inches
Beaver Creek	350 inches
Telluride	325 inches
Steamboat	330 inches

- **Rock and Ice Climbing:** Rock and ice climbing are becoming increasingly popular activities in the state. In the warmer months, Colorado's mountains provide some of the best rock climbing to be found in the nation, with Eldorado Canyon near Boulder being ranked as one of the top ten rock climbing venues in the entire world. When winter sets in, several of the state's numerous waterfalls freeze, allowing for some spectacular ice climbing.

- **Water Sports:** Colorado is home to premier whitewater rafting and kayaking on the upper Colorado, Green, and Arkansas rivers. Many of its numerous lakes and reservoirs offer excellent venues for water skiing, jetskiing, and sailing.
- **Hiking:** Whether you spend weeks hiking the 500-mile Colorado Trail linking Denver and Durango, or take a leisurely stroll through Chautauqua Park at the base of the famous Flatirons in Boulder, Colorado's world class hiking and magnificent scenery is sure to please. With over 11,000 miles of trails, opportunities are plentiful.
- **Hunting & Fishing:** Hunting and fishing contribute over $1 billion to the state's economy every year. Big game hunting is one of Colorado's traditional attractions. Colorado is considered the best state in the nation for elk hunting and boasts one of the highest non-resident big game success rates in America. Colorado has long been a destination for fly fishing enthusiasts from across the nation. There are over 11,000 miles of trout streams in Colorado. Over two million warm-water fish are caught annually. High-altitude, cold-water streams teem with several species of fish, including the illustrious rainbow trout.
- **Wildlife & Nature Viewing:** Colorado is one of the top locales in the United States for viewing wildlife. The state's varying terrain and wide spectrum of ecosystems provide a diverse and plentiful habitat for a number of animals. Colorado is home to 960 wildlife species and more than 230 wildlife areas for public recreation. From bear to mountain lion to Rocky Mountain bighorn sheep, visitors and residents alike enjoy observing these majestic creatures. Colorado spends more than $89 million each year to maintain the health of the state's wildlife and the vitality of its wildlife recreation:



Source: Colorado Division of Wildlife, FY 1998-99

- **Mountain Biking:** Mountain biking has become one of Colorado's favorite sports over the past few years. The number of places to mountain bike across Colorado has increased dramatically. Vail, Winter Park, Telluride, Steamboat Springs, and several locations on the western slope offer some of the nation's most challenging trails. *Bicycling* magazine has named several Colorado towns among its Top Bike Towns.

- **Rodeo:** Colorado's western heritage and its location in the heart of America's cattle country makes the rodeo a leading spectator sport. An attendance record of 630,000 spectators was set at the 2000 National Western Stock Show and Rodeo in Denver. Greeley boasts the world's largest 4th of July Rodeo, beginning in late June and lasting through the first week of July.

- **Colorado State Fair:** The Colorado State Fair and Exposition in Pueblo has been a Colorado tradition for over 120 years. Attendance in recent years has surpassed the one million mark, making it the 6th largest state fair in the entire nation. This seventeen-day event runs from late August through Labor Day weekend and offers top name entertainment, a carnival, several rodeos, and an enormous array of exhibits.

- **Dude Ranches:** Colorado offers 40 dude ranches located throughout the state. Each has a unique style of activities, including horseback riding, fishing, hiking, mountain climbing, tubing on nearby streams, and golfing. Dude ranches not only offer visitors the opportunity to experience what life was like during the days of cattle drives, but also exquisite meals and top-notch entertainment for their pampered guests.

- **Golf:** Colorado has over 200 public and private golf courses. The number of new courses being planned or under construction places Colorado in the top states nationwide in terms of growth, according to Colorado Golf Association.

- **Professional Sports:** Colorado is the proud home to a large family of professional sports teams. Denver is one of only ten cities in the nation with major league teams in the country's four most popular sports (football, baseball, basketball, and hockey).

  Colorado is home to two-time NFL World Champion Denver Broncos. The voters in the Denver Metropolitan area approved a stadium tax in 1998 to help build the Denver Broncos a new stadium, Invesco Field at Mile High, opening in August 2001.

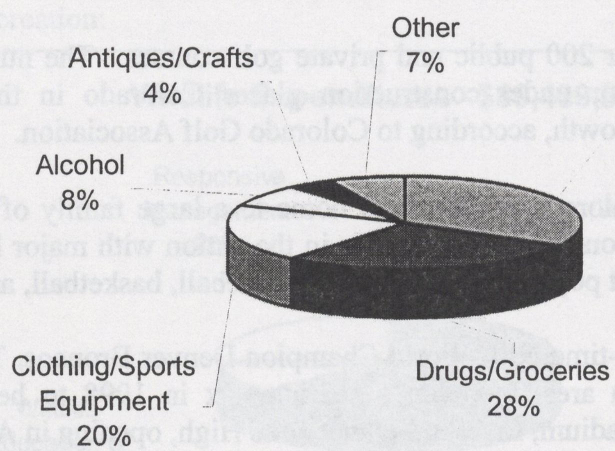
  The recently completed Pepsi Center is home to the NBA's Denver Nuggets and the NHL's Colorado Avalanche. The Avalanche moved to Colorado from Quebec and won the Stanley Cup in their first season here. They became champions again in 2001, bringing the Stanley Cup to Denver for the second time.

Major League baseball expanded to Colorado with the formation of the Colorado Rockies in 1993. In 1995, the Rockies' new stadium, Coors Field, was opened in downtown Denver. The Colorado Rapids Soccer club came in the fall of 1995. Finally, the Colorado Sky Sox, the AAA franchise for the Colorado Rockies, call Colorado Springs home.

- **Museums, Zoos, and Amusement Parks:** Colorado's towns and cities provide over 110 museums and zoos, not to mention a handful of amusement and theme parks. Many of the state's museums have an "Old West" theme featuring pioneer life, mining, railroad, military, and Native American history. The most popular museum in the state is the Denver Museum of Natural History. Both Denver and Colorado Springs have nationally recognized zoos. The Denver Metro area houses two amusement parks, a new aquarium, and a 64-acre water park.

- **Shopping:** Unique shopping districts can be found in resort towns and small communities throughout the state. Many have revitalized towns with one-of-a-kind shops, interesting architecture and pedestrian amenities. Denver's Cherry Creek Mall, Park Meadows Mall, Downtown Denver's Pavilions, and the newly opened Flatirons Crossing Mall, offer world-class shopping for all types of consumers. Factory outlet stores have enjoyed enormous success in Silverthorne, Loveland, and Castle Rock.

Tourism-Generated Retail Expenditures
2000 = $1.3 Billion



Source: Longwoods International, Colorado Visitors Study, Final Report, May 2001

- **Performing Arts:** Colorado offers an abundance of top-notch performances in theater, concerts featuring all types of music, dance, and film festivals. The Denver

Performing Arts Complex is home to seven theatres and a concert hall that hold 9,300 people between them. Several Broadway productions travel to Denver on national tours. In recent years, "Les Miserables," "The Phantom of the Opera," "Rent," and "Cats" have all made their way to the Mile High City. Boettcher Concert Hall is home to the Colorado Symphony, led by Maestra Marin Alsop. Red Rocks Amphitheater is a world-famous venue for outdoor concerts in a spectacular natural setting. Music festivals in Vail, Telluride, Aspen, Breckenridge, and throughout the state offer something for everyone.

Major Colorado Performing Arts Venues and Seating Capacities

Venue	Seats
Denver Performing Arts Complex	*9,316*
Buell Theatre	2,830
Auditorium Theatre	2,065
Boettcher Concert Hall	2,634
Plus five intimate theaters totaling	1,787
Pepsi Center, Denver	20,100
Red Rocks Amphitheater, Denver	8,649
Invesco Mile High Stadium (*New, 2001),* Denver	76,125
Arvada Center for the Arts & Humanities	*1,700*
Indoor Theatre	500
Outdoor Amphitheater	1,200
Fiddlers Green Amphitheater, SE Denver	18,000
Denver Coliseum	11,530
Magnuss Arena, University of Denver	8,000
World Arena, Colorado Springs	9,000
Pikes Peak Center, Colorado Springs	2,000
Gerald R. Ford Amphitheater, Vail	2,800

- **Fine Arts:** Impressive displays of fine arts can be found in every corner of Colorado. The Denver Art Museum has excellent collections, and offers special exhibits of art treasures that draw thousands of visitors each year. Colorado Springs Fine Arts Center, Sangre de Christo Fine Arts Center in Pueblo, and arts festivals and galleries in many communities statewide add to the selection and diversity of the arts. Cherry Creek Arts Festival in Denver has become a summer tradition.

TRANSPORTATION SYSTEM

To support its operations, a firm needs access to a transportation system that can move people and materials both locally and throughout the world. Colorado's transportation network can meet these needs with ease. Moreover, current expansions and improvements in the transportation system, combined with planned projects, assure forward-looking business leaders ample capacity and modern design throughout the state.

Colorado is a regional, national, and international transportation hub. Denver International Airport (DIA), opened in 1995 and has strengthened Denver's position as one of the major air traffic hubs in the nation. DIA is the nation's 6th busiest airport.

A number of other Colorado cities and towns have regularly scheduled commercial air service.

Colorado's state highway system has over 9,000 miles, of which 954 miles are interstate highways. The convergence of I-25, a major north-south interstate, and I-70 and I-76, major east-west interstates, makes Colorado's front range a transportation hub. Colorado also has over 3,000 miles of Class 1 railroad tracks, as well as intermodal train/truck facilities.

The state's transportation infrastructure is modern, convenient, and continually developing to respond to the ever-increasing demand.

AIR SERVICE

Twenty-two airlines offer regularly scheduled passenger service to Denver International Airport. In addition to DIA's regular scheduled flights, several international and domestic charters leave from its gates daily. In 1998, British Airways implemented non-stop service between London's Gatwick Airport and Denver International Airport. Lufthansa began daily nonstop service to Frankfurt in March 2001. Two other new airlines, Jet Blue, and Midway, also began offering service from DIA in 2001. Federal Express, Airborne Express, Burlington Express, the United Parcel Service, and the U.S. Postal service are responsible for the bulk of DIA's cargo flights. Over 38.7 million passengers passed through Denver International Airport in 2000, a 1.9% increase over 1999.

As the first completely new airport to be constructed in the U.S. in over two decades, Denver International Airport has solidified Denver's position as one of the most important air traffic hubs in the nation. It has improved the efficiency of the entire national air transportation network with a landing capacity of 99 aircraft per hour.

With 94 gates and five 12,000 foot runways, it is the only facility in the world designed to accommodate three streams of aircraft simultaneously during all types of weather. DIA also features three concourses, and an underground "people mover" subway system. DIA was designed to serve the region well into the 21st century, with capacity to expand to 200 gates, capable of serving 110 million passengers per year. Currently construction on a 16,000-foot runway is underway and is scheduled for completion in 2003.

DIA has over 320,000 square-feet of air cargo space on 22 acres. Beginning in summer 2000, an additional 72 acres will be developed in Worldport, a private mixed-use business park with 500,000 square feet of cargo space. All of the major cargo companies have a presence at DIA, and there is a full complement of support services such as freight forwarders, shipping, container and warehousing services, and ground transportation.

In addition to these accommodations a $300 million expansion by United Airlines is planned for completion by 2005. The construction of 35 gates and a Red Carpet Club on the east wing of Concourse A will provide regional transportation with United Express. The additional gates will make DIA the largest, most modern regional aircraft facility in United's five-hub system. Currently, DIA is United's second-largest hub under Chicago O'Hare in overall traffic.

DENVER INTERNATIONAL AIRPORT OPERATIONS AND TRAFFIC DATA, 1998-2000

Operations and Traffic	1998	1999	2000	% Incr./Decr. (1999-2000)
AIRCRAFT OPERATIONS				
Air carrier	341,074	362,824	370,072	2.0%
Air Taxi	111,467	119,799	142,662	19.1%
Military	1,055	982	920	-6.3%
General Aviation	19,736	16,848	14,855	-11.8%
TOTAL	473,332	500,451	528,509	5.6%
PASSENGERS				
Internationals	500,209	711,755	862,094	19.1%
Majors	31,443,704	31,180,600	30,843,029	-1.1%
Nationals	3,836,911	5,106,602	5,868,545	14.9%
Regionals	804,060	670,968	746,814	11.3%
Supplementals	246,516	364,092	431,205	22.4%
TOTAL	36,831,400	38,034,017	38,771,687	1.9%
CARGO OPERATIONS				
Air Mail (pounds)	339,466,822	355,866,928	363,429,961	2.1%
Freight & Express (pounds)	646,787,220	675,323,027	676,282,889	0.1%

Definitions:

- *Passengers* include revenue and nonrevenue passengers as reported by the individual airlines.

- *Internationals* include carriers such as Air Canada, Air BC, British Airways, Continental, Delta, Lufthansa, Mexicana, and United.
- *Majors* include America West, American, American TransAir, Continental, Delta, Northwest, TWA, United, and U.S. Airways.
- *Nationals, Regionals, and Supplementals* include Frontier, United Express, Vanguard, Mesa, Big Sky, and various other charter and air tour operators.

Source: Denver International Airport Monthly Operations and Traffic Report, December 2000

Flights to Major Metropolitan Areas within the United States Originating and Terminating Daily at Denver International Airport

DIA has almost 1,400 flights per day, and provides service to over 100 major U.S. metropolitan areas. The following tables list the number of non-stop flights to major U.S. cities, as well as cities within Colorado.

City, State	Flights To	Flights From
Albuquerque, NM	10	10
Atlanta, GA	3	2
Baltimore, MD	6	8
Boston, MA	10	7
Chicago, IL	33	29
Cleveland, OH	4	6
Dallas/Ft. Worth, TX	31	31
Houston, TX	16	16
Kansas City, MO	13	14
Las Vegas, NV	15	15
Los Angeles	23	22
Miami, FL	4	4
Minneapolis, MN	17	18
New Orleans, LA	2	2
New York, NY	21	21
Oklahoma City, OK	4	4
Philadelphia, PA	8	8
Phoenix, AZ	21	21
Portland, OR	10	12
St. Louis, MO	12	12
Salt Lake City, UT	18	17
San Diego, CA	10	10
San Francisco, CA	19	19
Seattle/Tacoma, WA	15	15
Washington, D.C.	10	9

Colorado Cities	Flights To	Flights From
Alamosa	4	4
Aspen *	10	10
Colorado Springs	11	11
Cortez	4	4
Durango	7	7
Grand Junction	8	8
Gunnison	7	6
Montrose	5	5
Pueblo	4	4
Steamboat Springs *	8	8
Telluride *	5	5
Vail *	2	2

Source: DIA Flight Guide, June-July 2001

Note: Some flights are weekdays only.
* More flights during ski season.

Four non-stop flights to Eagle County Airport begin providing service to ski resorts in December. Eagle County is the third busiest airport in Colorado.

Non-stop Flights from Colorado Springs Airport: The Colorado Springs Airport has non-stop service to over 30 cities nationwide. The following table lists some of the more prominent destinations, as well as the number of non-stop flights departing Colorado Springs daily.

City, State	Non-stop Flights
Albuquerque, NM	3
Atlanta, GA	2
Chicago (O'Hare), IL	2
Cincinnati, OH	2
Dallas/Ft. Worth, TX	8
Denver, CO	11
Houston, TX	4
Las Vegas, NV	1
Los Angeles, CA	3
Minneapolis/St. Paul, MN	2
Phoenix, AZ	5
Salt Lake City, UT	4
St. Louis, MO	2

Source: Colorado Springs Economic Development Corp. 2001

THE COLORADO HIGHWAY SYSTEM

The Colorado Department of Transportation maintains the 9,000+ miles state highway system. These highways contain 22,759 lane miles. The state has 954 miles of Interstate Highways. Each year, the department measures the condition of this system according to stringent internal standards. This information is fed into the Maintenance Management System, which keeps an inventory of maintainable roadway, roadside and structure components of the highway system by location. Managers at the Department of Highways use the system to analyze, evaluate, and improve the maintenance program, including snow and ice removal, traffic services, landscaping, and rest-area maintenance.

State Funding for Highway Construction and Improvement

In the 2001-2002 fiscal year, the Colorado Department of Transportation budget was approximately $995.8 million for highway construction and maintenance. The table below outlines the expenditure categories more specifically.

Category	Amount	Percent of Total
Maintenance and Operations	$279.2 million	28.0%
Construction	$513.1 million	51.6%
Other*	$203.5 million	20.4%

*Other includes surface treatment, safety, bridges, noise barriers, rest areas, etc.

The 2002 State of Colorado Highway User's Tax Fund is estimated at $767.1 million, of which $424.8 million will go directly to the Colorado Department of Transportation. HUTF funds are also distributed to cities and counties, the bridge fund, and related programs.

The Governor and the Legislature have made a commitment to maintaining and improving the highway system in the state. Colorado recognizes the importance of highway infrastructure to the economic vitality of the state.

Colorado voters, by a wide margin, approved bonding authority for the state to borrow as much as $1.7 billion for up to 24 transportation projects. The Top Five projects, based on cost, are:

- The I-70 West Corridor (I-70, DIA to Eagle County Airport) is undergoing a $1.1 billion improvement to relieve congestion.
- The Southeast Corridor (I-25 in south metro Denver) is undergoing a $593.6 million dollar project to relieve congestion by adding new lanes. A new light rail line is also under construction to provide an alternative mode of transportation in this area.
- I-25 through Colorado Springs is undergoing a $342.3 million reconstruction, safety improvement and widening.
- North I-25 Corridor (Denver to Fort Collins) is undergoing $302.7 million effort to improve congestion.

- Denver to Colorado Springs (I-25) is undergoing a $153 million improvement to relieve congestion.

Another key to the continued expansion and success of the Colorado transportation system is the T-REX Project, a unique collaboration between the Colorado Department of Transportation, the Regional Transportation District, the Federal Highway Administration, and the Federal Transit Administration. Scheduled to begin 2001 with completion in fall 2006, this citizen-endorsed solution will replace outdated, aging highways with modern, efficient highways and a light rail transit system. Funded without any new or increased taxes, the $1.67 billion project includes:

- Highway expansion and improvements.
- The addition of light rail along I-25 from Broadway Boulevard in Denver to Lincoln Avenue in Douglas County.
- The addition of light rail from I-225 from Parker Road in Aurora to a newly configured I-25 interchange.

AVAILABILITY OF MASS TRANSIT

Mass transit is provided in all of Colorado's metropolitan areas and in some rural areas of the state as well. The Colorado Department of Transportation estimates that over 1,500 buses are in operation throughout the state.

The Regional Transportation District (RTD) is the largest provider of mass transit. It serves 41 cities and towns in six counties, and has a service area of approximately 2,406 square-miles in the Denver-metro area. There are now nearly 200 separate routes regularly served by RTD. In addition to the service provided by RTD, Colorado Springs, Ft. Collins, Grand Junction, Pueblo, and Greeley all have mass transit services that receive federal funding.

Over the years, RTD has completed several projects to address Metro-Denver's long-range needs for mass transit. Here is a list of some of the more prominent projects undertaken by RTD in recent years:

- The completion of a two-lane Downtown Expressway that runs through the most heavily traveled artery of Denver's transportation system, I-25. The lanes are reserved for "High Occupancy Vehicles" (HOV), and run from Highway 36 (Boulder Turnpike) to downtown Denver. The flow of traffic is reversible, running from north to south in the morning hours for those commuting into downtown, and reversing to run south to north in the afternoon for the commute home.

- The completion of the first phase of a 5.3 mile light-rail train line that runs through central Denver. In July of 2000 an 8.3 mile extension to Littleton was completed.

- Express bus service (the SkyRide) is available to Denver International Airport. The implementation of this service has proven to be an enormous convenience to airport goers and has reduced the number of vehicles on Pena Boulevard, the main thoroughfare leading to DIA. RTD is now researching the feasibility of operating an "airport train" from downtown Denver's Union Station to provide yet another alternative form of transportation to the metro area's #1 traffic destination.

AVAILABILITY OF RAIL AND MOTOR CARRIER SHIPPING IN THE STATE

Colorado has an extensive rail system serving the entire state. The Class-One rail lines are operated by Burlington Northern/Santa Fe Railroad and Union Pacific/Southern Pacific Railroad.

Over 3,000 miles of Class-One tracks are maintained throughout the state. Intermodal train/truck transfer facilities are located in the Denver metro area to efficiently move goods to their ultimate destinations without reloading from one form of transportation to another.

Burlington Northern recently opened a "team track" facility in Commerce City (Denver metro). The four-acre site is fully graded to accommodate heavy loads. It provides shippers or receivers a place to load or unload cars without having to invest in their own private industrial siding.

The Transportation Test Center near Pueblo is a world-class intermodal research and testing facility. Located on 52 square-miles of land, the center includes 48 miles of test tracks, laboratories, and excellent support services.

Colorado is well served by many motor carriers. Most of the nation's major carriers have facilities in the state. They provide service to all major metropolitan areas located throughout the state. Colorado's central location and interstate highway system have made the Front Range a growing distribution point for many wholesalers and retailers.