

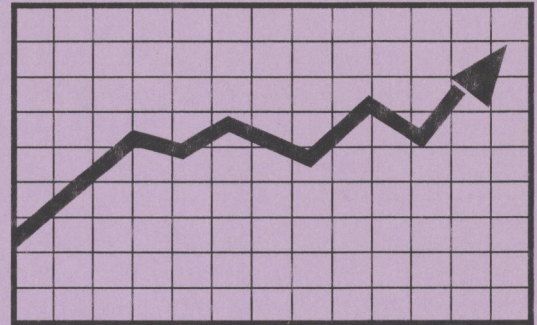
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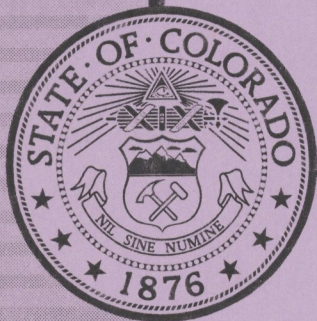


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ECONOMIC DEVELOPMENT DATA BOOK



2002 Edition



COLORADO

Office of Economic Development
and International Trade

TABLE OF CONTENTS

COLORADO ECONOMIC DEVELOPMENT DATA BOOK

Economic Base 1
AUGUST 2002
Population and Demographics 7
Employment 10
A Leader in Technology 12
Job Training Programs 19
Taxes 21
Public Finance Programs 28
Statistics and comparisons of key economic indicators to evaluate Colorado's economic climate
and to provide information of interest to the business community. 33
Education 35
Quality of Life and Cost of Living 38
Recreation and Tourism 42
Transportation System 48
Utilities 55

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Colorado Economic Development Authority

January 2002

Statistics and components of key economic indicators in Colorado's economic climate
and a profile of the state's business environment

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TABLE OF CONTENTS

Economic Base..... 1

Population and Demographics..... 7

Employment.....10

A Leader in Technology.....12

Job Training Programs.....19

Taxes.....21

Public Finance Programs.....28

Education.....33

Quality of Life and Cost of Living..... 38

Recreation and Tourism..... 42

Transportation System.....48

Utilities..... 55

TABLE OF CONTENTS

1 Economic Base

7 Population and Demographics

10 Employment

12 A Leader in Technology

19 Job Training Programs

21 Taxes

28 Public Finance Programs

33 Education

38 Quality of Life and Cost of Living

42 Recreation and Tourism

48 Transportation System

52 Utilities

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. In the recent recession, Colorado's concentration of telecommunications and other high tech industries contributed to the severity of the downturn. However, at the same time other industries such as biotech, aerospace and defense gained momentum.

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 has daily non-stop service to Frankfurt. Mexicana Airlines began non-stop service to Mexico City in May 2002. 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 totaled \$6.1 billion in 2001. This was a 7% decrease over 2000, the result of weak global markets. However, this decrease follows two consecutive years of double digit increases in exports. The future for Colorado's manufactured goods in overseas markets remains bright as the state produces high tech goods that are in demand worldwide.

The state's largest industry sector is the multi-faceted "services" sector. The largest sub-sector is business services, which includes software development, temporary employment agencies, and advertising, among others. Professional services such as health services, legal and engineering, are also major components of this sector. Amusement and recreation, and hotels and lodging are included in Services as well, and are important elements of the Tourism industry.

Agriculture and mining, once the economic strongholds in Colorado, represent a decreasing share of the state's total output. Technological advances have increased productivity in these sectors, while employment has decreased. With farm market receipts of nearly \$5 billion, and mining/natural resource production of \$3 billion, it is evident that these sectors 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's tourism industry generates approximately \$7 billion from domestic visitors, and an estimated \$900 million from international tourists.

For the eighth consecutive year, Colorado received among the highest grades in the nation in the Corporation for Enterprise Development's "2001 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:

- **Array BioPharma, Inc.**, based in Boulder, Colorado, is expanding both its Boulder and Longmont facilities and adding approximately 225 new employees over the next three years. Array is a biotech company specializing in small-molecule drugs through the integration of chemistry, biology and cheminformatics. New facilities will include state-of-the-art laboratories to create the next generation of drugs.
- **Atrix Laboratories**, a Fort Collins, Colorado-based biotech company, is constructing a \$10 million, 32,000 square foot expansion to its facility to accommodate manufacture of the drug Eligard, which will be launched in Summer 2002. Atrix also produces other pharmaceuticals, including a new acne gel that is producing excellent results in clinical studies. The number of new employees to staff the expansion has not yet been finalized.
- **CAE, Inc.**, is based in Toronto, and is the world's largest maker of flight simulators, selected a site near Denver International Airport to construct a \$50 million pilot training center. The 45,000 square foot facility will have about 50 full-time employees, and train about 4,000 pilots a year. The facility opened in July 2002.
- **ITT Industries, Inc.**, is adding 250 employees to its Colorado Springs-based systems division as a result of landing a \$900 million contract to update the military's satellite tracking and missile warning sensors across the globe. Colorado Springs defense contractors have received over \$2.2 billion in new contracts after 9/11. This activity is helping to balance cutbacks in some of the other high tech manufacturing in the region.
- **Stewart Lodges**, a Georgia-based manufacturer of lodging for the campground industry, recently constructed a plant in Delta, Colorado. The \$1.7 million production facility currently employs 60 workers, and expects to reach 150 by 2003. At full capacity, the plant may employ 300. This project is a boon to this rural portion of Western Colorado, where manufacturing jobs are a valued sector of the region's economic base.

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.

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.

Colorado is home to over 37,000 minority-owned businesses with annual sales and receipts exceeding \$6 Billion. Approximately 29,000 of these are sole proprietors, and the remaining 8,000 are firms employing almost 54,000 Colorado workers. Approximately one-third of the minority-owned businesses are also woman-owned.

Women-owned businesses in Colorado numbered almost 115,000 in the 1997 Economic Census, released in 2001. Of these, 96,350 were sole proprietors, and 18,460 were firms employing 132,500 workers. Their annual sales and receipts were \$13.8 Billion.

Colorado's Largest Private Sector Employers

Rank	Company	Type of Business	Colorado Employees
1	Wal-Mart	Discount Stores	19,600
2	Kroger (King Soopers/City Market)	Supermarkets	17,039
3	Qwest Communications Int'l.	Telecommunications	15,000
4	Centura Health	Health Care	12,350
5	Vail Resorts	Resorts	12,000
6	Safeway, Inc.	Supermarkets	11,500
7	Staffing Solutions	Employment Contractors	11,000
8	Columbia/HealthOne	Healthcare	9,000
9	Lockheed Martin Space Systems – Astronautics	Aerospace and defense	8,700
10	United Airlines	Air Transportation	7,876
11	Worldcom, Inc.	Communications	7,245
12	Home Depot	Retailer/Home Improvements	7,000
13	Target	Discount Retailer	6,694
14	Hewlett Packard Company	Computers	6,500
15	IBM Corporation	Computers	6,000
16	Wells Fargo	Banking, Financial Services	6,000
17	AT&T	Telecommunications/Cable	5,751
18	Exempla Healthcare	Hospital	5,324
19	ConAgra, Inc.	Meat Products	5,000
20	Agilent Technologies	Diversified Technology	4,700
21	United Parcel Service	Delivery Services	4,561
22	EchoStar Communications	Satellite Television	4,500
23	Xcel Energy	Utility	4,100
24	Coors Brewing Co.	Brewer	4,012
25	Albertson's	Supermarkets	4,000
26	Kmart Corporation	Discount Retailer	4,000
27	Sears Roebuck & Company	Retail Stores	4,000
28	Kaiser Permanente	Health Care Provider	3,900
29	Resource Management Systems	Employment Leasing	3,750
30	Sun Microsystems	Computers	3,600

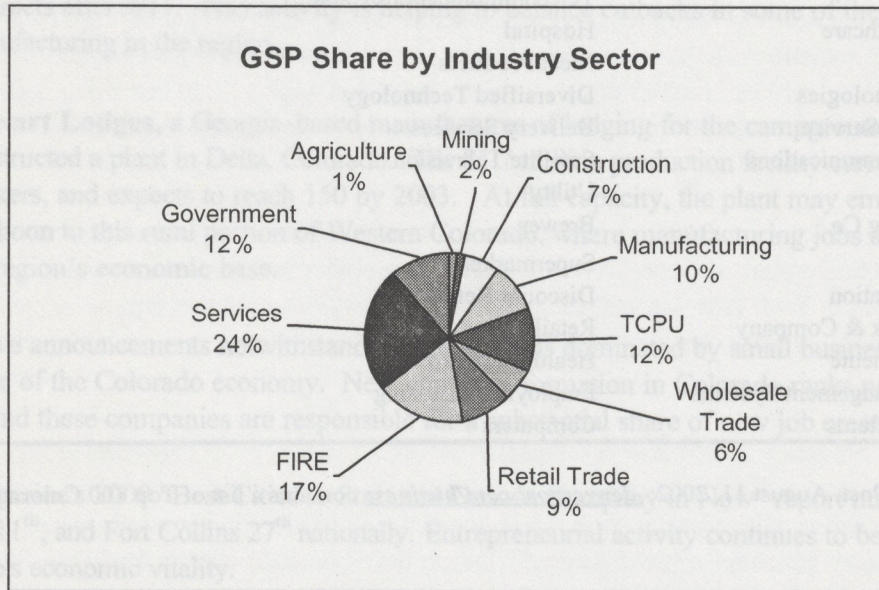
Source: Denver Post, August 11, 2002: denverpost.com/business contains a list of Top 100 Colorado Private Sector Employers.

COLORADO GROSS STATE PRODUCT (GSP), 2000
(Millions of Dollars)

TOTAL GROSS STATE PRODUCT	\$167,918
Agriculture/Forestry/Fisheries	\$2,261
Mining	\$2,913
Construction	\$11,084
Manufacturing	\$16,257
Transportation, Comm. & Utilities	\$20,376
Wholesale Trade	\$10,726
Retail Trade	\$15,911
Finance, Insurance, & Real Estate	\$28,734
Services	\$40,342
Government	\$19,313

Notes: Sector totals will not equal total GSP due to rounding and netting out of unallocated activity. Sector estimates based on preliminary 2000 BEA total GSP.

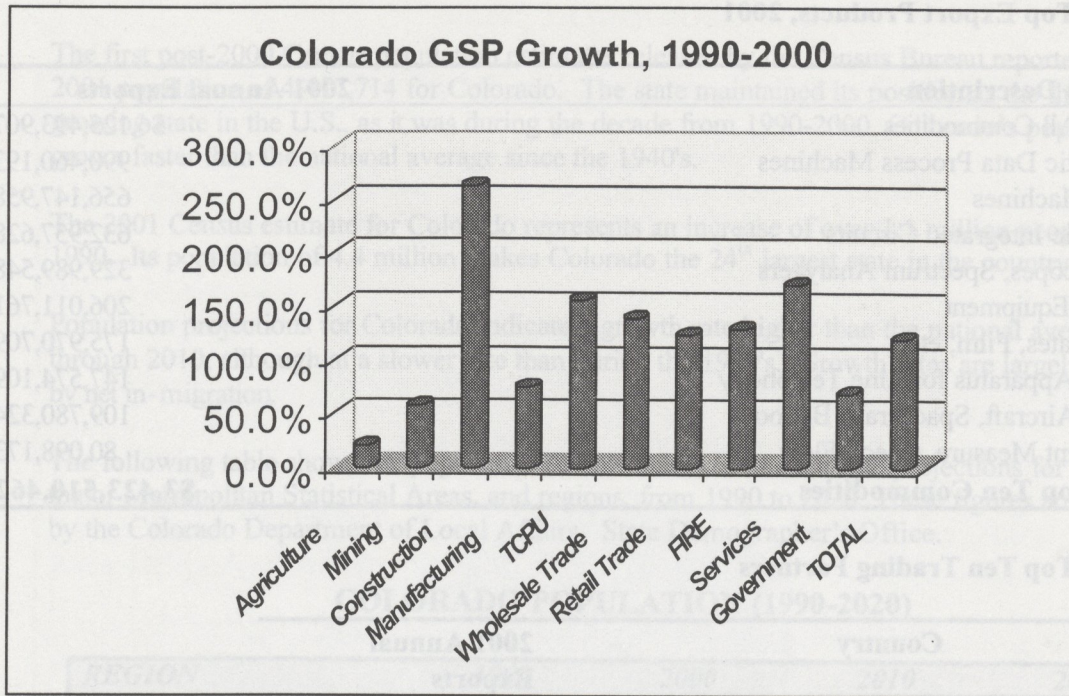
Source: Bureau of Economic Analysis, June 2002



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.

Colorado GSP Growth, 1990-2000



International Trade

The State of Colorado, along with the rest of the nation, has felt the effects of a slowing global economy and the events of September 11. Consequently Colorado's exports have decreased. Semiconductors and other advanced technology products were especially hard hit. Colorado exports increased by 11.0% in 2000, to \$6.6 billion, and began 2001 showing strong gains. However these gains waned significantly throughout 2001, finishing the year with a 7% decrease from 2000. However, this follows to consecutive years of double digit increases. Export sales are showing signs of recovery and are expected to strengthen in the second half of 2002.

The top six export sectors are computers and peripherals, semiconductors, analytical and measuring instruments, medical instruments and equipment, telecommunications equipment. The table below displays the top export products from Colorado, excluding agricultural exports. They sent approximately 56% of the total of all of Colorado's exports in 2001.

Composition Of Regions

- Front Range includes Adams, Arapahoe, Boulder, Broomfield (became a county in 2001), 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.

Colorado's Top Export Products, 2001

Product Description	2001 Annual Exports
Total – All Commodities	\$6,125,493,907
Automatic Data Process Machines	990,460,193
Office Machines	656,147,958
Electronic Integrated Circuits	632,957,628
Oscilloscopes, Spectrum Analyzers	329,989,548
Medical Equipment	206,011,761
Photo Plates, Film, etc.	175,970,709
Electric Apparatus for Line Telephony	147,574,109
Parts – Aircraft, Spacecraft, Balloons	109,780,324
Instrument Measure, Check Flow	80,098,173
Total-Top Ten Commodities	\$3,423,510,462

Colorado's Top Ten Trading Partners

Rank	Country	2001 Annual Exports
1	Canada	\$1,046,065,506
2	Japan	764,723,162
3	United Kingdom	385,926,479
4	Singapore	356,972,202
5	Germany	341,016,840
6	France	339,555,440
7	Mexico	335,421,248
8	Netherlands	312,483,813
9	Hong Kong	261,618,226
10	Korea, Republic of	248,046,401
Total, all Countries		6,125,493,907

Sources: Colorado Business Outlook Forum 2002; Data from the Census Bureau, Foreign Trade Division
Prepared by MISER.

POPULATION AND DEMOGRAPHICS

The first post-2000 Census population estimates released by the Census Bureau reported a July 1, 2001 population of 4,417,714 for Colorado. The state maintained its position as the third fastest growing state in the U.S., as it was during the decade from 1990-2000. Colorado's population has grown faster than the national average since the 1940's.

The 2001 Census estimate for Colorado represents an increase of over 1.1 million people since 1990. Its population of 4.4 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 2020. These figures are provided by the Colorado Department of Local Affairs, State Demographer's Office.

COLORADO POPULATION (1990-2020)

REGION	1990	2000	2010 Projection	2020 Projection
COLORADO	3,304,042	4,324,920	5,162,179	6,042,949
Front Range	2,694,096	3,510,607	4,139,601	4,782,691
• Denver/Boulder/ Greeley CMSA	1,986,250	2,595,707	3,066,952	3,546,080
• Ft. Collins MSA	187,081	252,877	305,484	355,124
• Colorado Springs MSA	397,887	519,773	607,295	700,016
• Pueblo MSA	122,878	142,250	159,870	181,471
Western Slope	333,782	461,950	586,717	716,168
Central Mountains	103,123	146,730	196,564	268,502
San Luis Valley	40,244	46,444	52,205	57,770
Eastern Plains	132,797	159,189	187,092	217,818

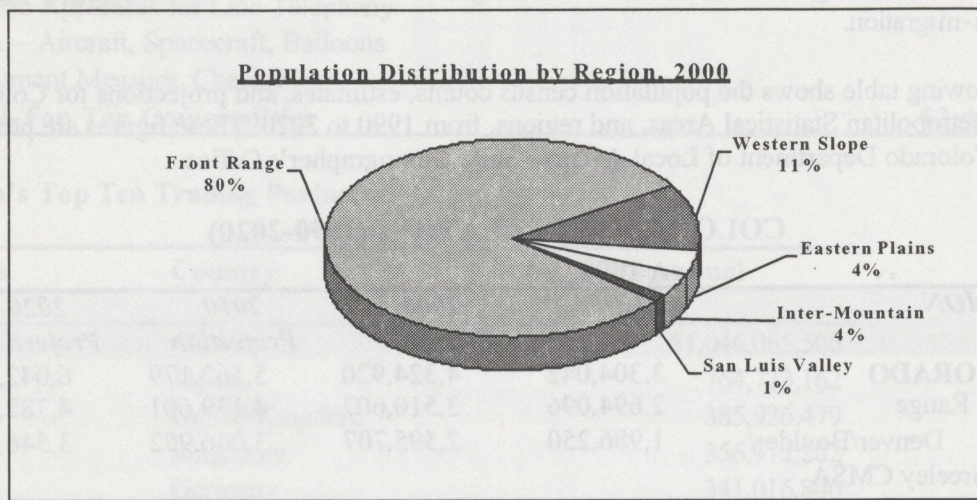
For more detailed population information, please see State Demography website – www.dola.state.co.us/demog/index.htm

Composition Of Regions

- **Front Range** includes Adams, Arapahoe, Boulder, Broomfield (became a county in 2001) 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**

Years	Total Increase	Natural Increase	Net In-Migration	Percent Share
2000-2005	408,903	164,400	244,503	60%
2005-2010	437,780	178,918	258,862	59%

Source: Colorado State Demography Office

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

Colorado is projected to increase by over 1.7 million people between 2000 and 2020. 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

	COLORADO	U.S.
Variable	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 2000)	
Percent in Labor Force	72.7%	67.1%
Males in Labor Force	80.8%	74.7%
Females in Labor Force	65.5%	60.0%
	Educational Attainment (Population Age 25 and Over 2000)	
Percent College Grads (or higher)	33.2% (Ranks 3 rd in the nation)	25.1%
Percent High School Grads (or higher)	89.7% (Ranks 9 th in the nation)	84.1%
	Income	
Median Household Income, 2000	\$49,238 (Ranks 6 th in the nation)	\$42,168
Per Capita Income, 2001	\$32,957 (Ranks 7 th in the nation)	\$30,271

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 diversified across a broad range of industry sectors.

Colorado ranked fifth in the nation for long-term (10-year) job growth according to the Corporation for Enterprise Development's 2001 "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 2001 average annual employment by major industry sector and sub-sector.

**2001 Colorado Nonagricultural Wage and Salary Employment
(Annual Average)**

SECTOR/SUB-SECTOR	NUMBER	PERCENT
MINING	12,845	0.6%
Mining, except Oil & Gas	5,460	
Oil & Gas Extraction	3,735	
Mining Support Activities	3,650	
UTILITIES	8,020	0.4%
CONTRACT CONSTRUCTION	167,440	7.5%
Building Construction	32,618	
Heavy & Civil Engineering Construction	22,357	
Special Trade Contractors	112,465	
MANUFACTURING	182,111	8.3%
Durable Goods	120,158	
Non-Durable Goods	61,953	
TRANSPORTATION & WAREHOUSING	65,033	3%
Air Transportation	16,107	
Truck Transportation	17,294	
Other Transportation & Warehousing	31,632	
WHOLESALE TRADE	99,645	4.6%
Durable Goods	60,298	
Non-Durable Goods & E-markets	39,347	

RETAIL TRADE	246,057	11.3%
Motor Vehicles & Parts Dealers	32,681	
General Merchandise	43,416	
Food Stores	44,339	
Other Retail	125,621	
INFORMATION	107,318	5%
Publishing, except Internet	34,827	
Telecommunications	46,862	
Other (Broadcasting, Motion Pictures, Internet service providers, etc.)	25,629	
FINANCE, INSURANCE, & REAL ESTATE	148,473	6.8%
Banking/Financial Services	62,371	
Insurance	35,868	
Real Estate	46,177	
Other	4,057	
SERVICES	821,088	37.5%
Accommodation & Food Services	205,077	
Professional & Technical Services	152,006	
Health Care & Social Assistance	177,270	
Administrative & Waste Services	138,609	
Arts, Entertainment & Recreation	42,117	
Other Services	106,009	
GOVERNMENT	328,530	15%
Federal	52,910	
State*	66,276	
Local	209,344	
TOTAL WAGE & SALARY EMPLOYMENT	2,186,560	100%

*Includes public education.

Note: Conversion from SIC (Standard Industrial Classification) codes to NAICS (North American Industry Classification System) results in artificial fluctuation in employment levels due to reclassification. For example, 164,728 food services workers moved from "Retail Trade" to "Accommodations & Food Services." New category, "Information" includes employment previously classified in manufacturing, communications & services sectors.

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

Source: Colorado Department of Labor and Employment, 2002

While the current economic slowdown has taken its toll on job creation in Colorado, it is encouraging to look at a number of statistics that highlight the state's long term outlook for continued economic vitality in the coming years:

- Net new job creation in Colorado has averaged over 66,300 for the past five years (1996-2001).

- Job growth peaked in 2000, when 81,000 net new jobs were added. By 2001, net new job creation fell to 19,000.
- Colorado ranked 5th in the nation for long term (ten year) job growth during the 1990s.
- Colorado has the highest concentration of high-tech workers, with 98 out of every 1,000 private sector workers in a high-tech job.

WAGE RATES

Colorado's 2001 annual average wage rate for all industry sectors was \$37,960. The highest paying industry sector is Mining at \$75,244, followed by Information at \$65,780 and Utilities at \$65,208.

COLORADO'S UNEMPLOYMENT RATE

Colorado's unemployment rate has consistently been lower than the national average since 1991. The 2001 unemployment rate was 3.7%, up from 2.7% in 2000, but still below the national average of 4.8%.

The following table indicates the annual average unemployment rates of representative labor markets throughout the state since 1997. 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	1997	1998	1999	2000	2001
U.S. Average	5.0	4.5	4.2	4.0	4.8
Colorado	3.3	3.8	2.9	2.7	3.7
Denver MSA	2.8	3.2	2.4	2.3	3.5
Boulder-Longmont MSA	2.8	3.3	2.7	2.4	3.5
Fort Collins-Loveland MSA	3.2	3.8	3.1	3.0	3.5
Greeley MSA	3.9	4.5	3.6	3.4	4.1
Colorado Springs MSA	3.6	4.5	3.3	3.2	4.4
Pueblo MSA	4.7	7.6	4.8	4.3	5.1

MSA – Metropolitan Statistical Area

Source: Colorado Department of Labor and Employment, Labor Market Information Section, 2002.

A LEADER IN TECHNOLOGY

Colorado has emerged as one of the strongest states in leading the United States into the Information Age. The Milken Institute's "New Economy Index", released in November 2001, ranked Colorado in the third best position to excel in the New Economy. The Progressive Policy Institute (PPI) issued a "State New Economy Index" in June 2002, which ranked Colorado as fourth with regard to state performance in the new economy. Today, Colorado is one of the prime locations in the nation for operating a high-tech business. It is estimated that over 6,000 high-tech businesses call Colorado home. They are concentrated along the Front Range Corridor but are located throughout the state. 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 2001, Colorado ranked fifth in the nation for venture capital investment, with \$1.5 billion invested in 111 Colorado companies. 2001 venture capital investment was down sharply from 2000 levels both in Colorado and the U.S. as a whole. But 2001 still was the third largest year in venture capital history for Colorado. Unlike 2000 where telecommunications dominated the share of investment, in 2001 30% of venture capital went to biotech firms, and 33% to software companies.

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 2001 report, *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:

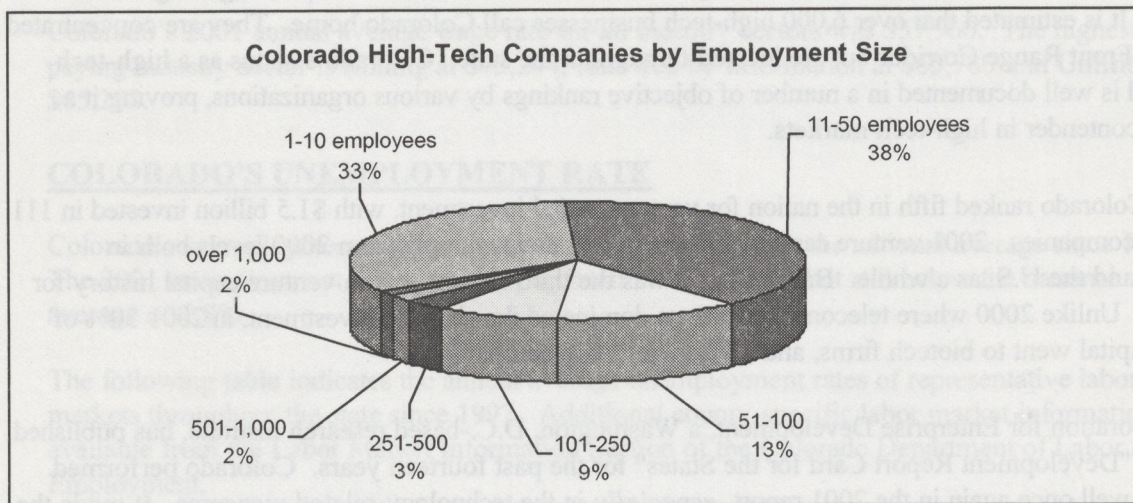
<i>Measure</i>	<i>Rank</i>	<i>Comments</i>
Technology Companies	1	Percent of jobs in high tech industries
New Business Job Growth	6	Percent growth in employment for firms less than five years old
Patents Issued	10	Number of patents issued per 1 million population
University Research & Development	10	University research \$ granted per capita
Federal Research & Development	8	Federal research \$ granted per capita
Small Business Innovation Research (SBIR) Grants	3	SBIR grants (\$) awarded per worker
Households with Computers	3	Percent of households with computers, 1998.

The American Electronics Association's *Cyberstates 2002* report was released in June 2002.

- Colorado held the #1 spot for concentration of high-tech workers with 98 per 1,000 private sector workers classified as high-tech.
- Colorado ranked fifth in the nation for high-tech job growth, adding 69,000 net new high-tech jobs between 1995 and 2001.
- The 7,500 high-tech establishments in 2000 ranked Colorado ninth nationwide.

- Colorado ranks tenth in total high-tech workers, with 183,559.

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

<i>Annual Sales</i>	<i>Number of Companies</i>	<i>Percent of Total</i>
Under \$1 Million or N/A	145	30%
\$1-3 Million	145	30%
\$3-10 Million	76	15%
\$10-30 Million	35	7%
\$30-100 Million	25	5%
\$100-300 Million	12	2%
\$300 Million-\$1 Billion	12	2%
Over \$1 Billion	46	9%

Source: Rocky Mountain High-Technology Directory, Leading Edge Communications, Inc., 2002

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

<i>Product Type</i>	<i>Number of Companies</i>
Aerospace/Aircraft & Equipment	53
Analytical & Testing Equipment	118
Biotechnology	5
Chemicals	73
Communications Equipment/Services	137
Components	158
Computer Systems (Hardware)	50
Computer Peripherals/Accessories	51
Electronics Production Equipment	20
Energy	7
Environmental	78
Industrial Equipment	137
Lasers/Optics/Photonics	47
Material Handling Equipment	29
Medical Equipment/Devices	100
Microelectronics	137
Military Equipment/Services	15
Monitoring/Controlling Equipment	63
Non-Industrial Electrical Products	25
Pharmaceuticals	38
Plastics/Advanced Materials	64
Power Devices/Systems	37
Research, Development & Testing	189
Robotics/Factory Automation	22
Software Development	207
Software-Related Services	447

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

Source: The above breakdown is based only on Colorado listings in the 2002 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 2001

<i>IT and Related Sectors *</i>	<i>Annual Average Jobs</i>	<i>Percent of Total</i>
334-Computer & Elec. Products Manufacturing	47,741	31%
511-Publishing Industries (except Internet)	34,827	22%
514-Motion Picture & Sound Recording	4,370	3%
515-Broadcasting (except Internet)	8,959	6%
516-Internet Publishing & Broadcasting	1,103	1%
517-Telecommunications	46,862	30%
518-ISPs, Search Portals & Data Processing	11,197	7%
TOTAL	155,059	100%

* Based on North American Industry Classification (NAICS) data

Source: Colorado Department of Labor & Employment

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 biotechnology, and is home to Nobel Prize winners Thomas Cech for Chemistry, and Carl Wieman and Eric Cornell for Physics. A number of science departments in Colorado's research universities rank in the nation's top tier for their disciplines. The University of Colorado, the only state university to offer a Biotechnology Ph.D., also offers a pre-doctoral course, "Integrated Training for Biotechnology Leadership," directed at fostering an advanced future biotech workforce. The presence of major federal research laboratories further contributes to collaboration that results in industry advancement.

Ernest & Young released a 2002 report of Top Biotech States. Colorado placed 12 on this lucrative list. In the wake of national crisis and the downturn in other high tech industries, Biotechnology proved a resilient sector of the Colorado economy. Biotech firms headquartered in Colorado employ 665 workers and generate \$1 billion of revenue. Branch locations employ several thousand more. These firms have adopted the current trend toward high investment in research and development, and are successfully attracting venture capital. The number of Colorado biotech patents from 1990-99 skyrocketed to 389, a 600 percent increase from the 54 between 1980-89. Numerous innovative and revolutionary products benefit the public as a result of growing Colorado biotech firms.

Colorado biotech companies attracted 16 venture capital investors for a total of \$156 million dollars from 1995-2001. Only eight states topped this level. Denver is the only metro area biotechnology center of the 28 median metro areas to garner more than \$100 million in venture-capital investment. Denver is also only one of three (Minneapolis, Salt Lake City) in that median group to record a biotechnology alliance out of the nearly 500 recorded nationally. Last year, two of biotech's biggest venture-capital investments were funded within Colorado:

- Westminster-based Myogen, a company developing heart-disease treatment, raised \$66.4 million in August.
- Boulder-based Pharmion, a drug development company specializing in oncology and hematology, raised \$65 million in December.

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. Colorado is home to the third largest space economy, behind California and Florida. There are more than 100 companies in the space business in Colorado. The industry provides and estimated 115,000 - 130,000 jobs and between \$4 and \$5 billion a year in revenues. 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. In a study conducted by Princeton Synergetics Inc. in conjunction with the Colorado Springs Space Foundation, it is estimated that there are a total of 113,000 jobs associated with the space industry in Colorado; 38,000 are directly related to the space industry and 75,000 are indirectly related.

Northern Command Project:

Further growth in the space industry is likely through the building of a new command post in Colorado Springs. The proposed creation of the new Northern Command at Peterson Air Force Base could create up to 1,000 new jobs. In addition, the new command post would give Colorado added recognition in its role in homeland defense.

State Rankings:

According to Morgan Quinto's 2002 State Rankings, Colorado ranks 9th in per capita U.S. Department of Defense domestic expenditures, and 14th in per capita defense contracts. It is anticipated that this industry will be an economic generator as commercialization of space becomes more widespread in the future. By the year 2010 it is estimated that revenues will increase to \$7 billion and employment to 232,000.

Summary of High-Tech Economic Impact

Although the high-tech sector has been hurt by the recent struggles of the nation's economy, Colorado remains a strong center for high-tech labor and employment. When assessing Colorado's position as a

leading high-tech state, the summary of economic impacts of high-tech reported in **Cyberstates 2002** tells a compelling story:

- Concentration of high-tech workers, with 98 of every 1,000 private sector workers classified as high-tech, Colorado ranks #1 in the country.
- 183,559 high-tech workers (10th in the nation).
- 69,000 new jobs added between 1995 and 2001 (5th among all states).
- High-tech average wage of \$75,000 (6th in the country), or 100% higher than the average private sector wage in 2000.
- High-tech payroll of \$13.8 billion in 2000 (9th in the nation).
- More than 7,500 high-tech establishments in 2000. (11th nationwide)
- High-tech exports of \$3.6 billion.
- Thirteenth highest concentration of high-tech exports, 59% of all exports are high-tech.
- Venture capital investments of \$1.5 billion (5th ranked in U.S.).
- Research & Development expenditures of \$4.2 billion in 2000.

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.

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

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. The Colorado FIRST and Existing Industry Customized Job Training Programs, initiated under the legislation of the Job Training Partnership Act, has been especially valuable to the state's economic development efforts.

Colorado FIRST and Existing Industries Customized Job Training Programs

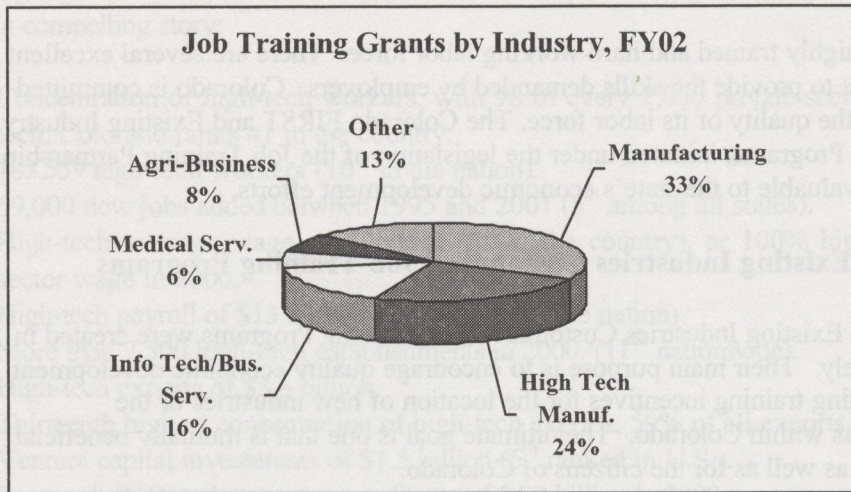
The Colorado FIRST and Existing Industries Customized Job Training Programs were created in 1984 and 1989, respectively. Their main purpose is to encourage quality economic development within the state by providing training incentives for the location of new industries or the expansion of existing firms 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.
- Projects that will train workers with skills that are transferable.
- 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.
- Micro-grant program specifically for small companies needing to train 10 or fewer workers.

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.



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 2002, 64 companies received training grants to train (or retrain) 7,683 Colorado workers.
- Since the inception of the programs, over 100,000 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.

Colorado Workforce Centers

The above-described programs are customized industrial training programs. The Colorado Department of Labor and Employment, through its Colorado Workforce Centers, offers a variety of programs and services for individual jobseekers in Colorado. For more information on Colorado Workforce Centers, visit their website at: www.coworkforce.com/Emp/

TAXES

Colorado Business Taxes

Colorado provides a competitive business tax structure that rewards investment and innovation. With very low taxes at the state level, and a wide range of local tax structures, Colorado offers almost unlimited choices to meet the needs of all types of businesses. Under Amendment One, passed by the voters of Colorado in 1992, a constitutional limit was placed on both revenues and expenditures of state and local governments. Without voter approval, both are limited to the increase in inflation plus the population growth rate. State government alone has refunded over a billion dollars to Colorado taxpayers over the past four years, and enacted permanent tax cuts in the state income and sales taxes.

Known as Taxpayer's Bill of Rights (TABOR), large surpluses, reaching \$927 million in 2000, resulted from the economic expansion. However, due to the slowdown in the economy projections for TABOR surpluses over next few years have been revised downward.

Estimated TABOR Surplus Revenues
(Millions of Dollars)

Fiscal Year	TABOR Surplus
2001-02	\$0
2002-03	\$17.8
2003-04	\$96.6
2004-05	\$146.0
2005-06	\$154.3
2006-07	\$197.9
Cumulative Total	\$612.6

Source: Office of State Planning and Budgeting, January 2002

http://www.state.co.us/gov_dir/govnr_dir/ospb/specialreports/taborsurplus-jan02.pdf

Corporate Income Tax

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. In a study released in January 2002 by the Tax Foundation, Colorado was ranked the 4th most tax friendly state.

**Per Capita State Corporate
Net Income Tax Revenue, 2000**
(Selected States)

<i>State</i>	<i>Per Capita</i>	<i>National Rank</i>
California	\$195	6
Illinois	\$182	7
Minnesota	\$163	8
New York	\$146	11
Oregon	\$119	17
U.S. Average	\$115	N/A
Arizona (tie)	\$101	22
Kansas (tie)	\$101	22
Idaho	\$97	24
New Mexico	\$87	26
Nebraska	\$82	28
Utah	\$78	32
Colorado	\$74	36

Source: Morgan Quitno Corporation, State Rankings-2002

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 various enterprise zone tax credits. A number of credits are 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.

State Sales Tax Exemptions: 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.

State Sales Tax Refund for Biotechnology: State sales and use taxes paid on the sale, storage, use or consumption of tangible personal property to be used in Colorado directly and predominantly in research and development of biotechnology is refundable.

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

For additional information on Sales and Use Taxes please see the state of Colorado's Department of Revenue web site: <http://www.revenue.state.co.us/>

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 of .22%, for a total of 1.92%. 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's unemployment insurance premiums rank 11th lowest in the nation.

Specific information on the tax rate for a business can be obtained from the Colorado Department of Labor and Employment Unemployment Insurance Tax Branch at (303) 381-9100, or on the web www.coworkforce.com/UIT

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 2001 was 70.416 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.

The "Economic Recovery Act" passed in June 2002 extends the life span of business personal property tax incentive agreements negotiated by cities, counties, or school districts from four to ten years, giving local communities greater leverage to attract top-notch companies. This bill also increased the maximum amount of time to 10 years that companies in terminated former enterprise zone areas may have to use "grandfather" extensions of their enterprise zone tax credits.

For more information on property taxes in Colorado, see the Department of Local Affairs web site: <http://www.dlg.oem2.state.co.us/PropertyTax/index.htm>

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.

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 \$2,000 tax credit per new employee hired in economically depressed rural areas. There is an additional \$500 per employee hired in value-added agricultural processing business. (Effective January 1, 2003).

- 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. In June 2002, the state extended the tax credit to non-profit "community development" projects which help implement each enterprise zone's local economic development plan.
- 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
- Tangible Personal Property Used in BioTech Research & Development (**refund, not exemption**)

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 2001, the average total mill levy for the state was 70.416. 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 and Local Government Tax Revenue as a Percent of Personal Income
Colorado and Selected States (1999)**
(Latest data released by Census Bureau)

<i>State</i>	<i>Tax Burden</i>	<i>Rank</i>	<i>State/Local Tax Burden</i>	<i>Rank</i>
Arizona	32.8%	24	9.5%	40
California	33.0%	23	9.8%	33
Colorado	31.8%	40	8.4%	47
Idaho	31.7%	42	10.4%	19
Kansas	32.8%	26	10.2%	24
Nebraska	33.3%	19	10.9%	11
New Mexico	32.4%	27	11.1%	9
Oklahoma	31.1%	48	9.9%	29
Oregon	32.1%	37	9.4%	41
Utah	32.3%	32	10.7%	14
Washington	35.8%	6	10.4%	21
Wyoming	35.8%	5	9.2%	43
<i>U.S. Avg.</i>	<i>33.8%</i>		<i>10.2%</i>	

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.

Please note that businesses do not receive a grant from this program. The CDBG funds are granted to a city or county and either loaned to a business or used by the city or county to construct public infrastructure needed by the business.

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 micro enterprise 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. The list of Regional Revolving Loan Funds and other program information may be found at www.state.co.us/oed under Business Development & Finance. If additional information is needed, please 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. The proposed public infrastructure improvements must be directly related to the needs of a specific business(es), which is willing to commit to retain and/or create jobs in consideration of receiving such assistance. General community development projects are not typically eligible. Applications for funding generally range between \$100,000 and \$500,000, and must be submitted directly to state CDBG staff (see below). Final state approval is needed.

State staff located at the Colorado Office of Economic Development & International Trade manages the CDBG program. For more information, please contact Alice Kotrlik, Director, Business Finance, alice.kotrlik@state.co.us or Ken Gabriel, RLF Program Manager, ken.Gabriel@state.co.us

CERTIFIED CAPITAL COMPANY

In 2001, the Certified Capital Companies (CAPCO) program was created by the legislature to provide an additional source of capital for new and expanding businesses that create jobs in Colorado. The CAPCO legislation was structured to motivate insurance companies to provide funding to for-profit venture capital firms--also known as Certified Capital Companies. The Certified Capital Companies received funding from the insurance companies in April 2002. The Certified Capital Companies have funds available to invest in eligible Colorado businesses, with 25% targeted specifically for business located in designated rural counties and distressed urban communities. The Certified Capital Companies' investment in Colorado businesses may be in the form of a loan, equity or some combination. The Certified Capital Companies have a large amount of flexibility in the decision making process in terms of which businesses receive funding from this program. Once a business is determined to be generally eligible, the Certified Capital Companies have final decision making authority as to whether to invest in such business. Businesses interested in this program will need to contact each of the Certified Capital Companies directly to discuss the request for funding. The list of Certified Capital Companies and other program information may be found at www.state.co.us/oed under Business Development & Finance.

The Colorado Office of Economic Development & International Trade will administer this program. For more information, please contact Alice Kotrlik, Director, Business Finance, at (303) 892-3840 or

e-mail alice.kotrlík@state.co.us, or contact John Reece, Program Manager, CAPCO, at (303) 892-3840 or e-mail john.reece@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, or email gayle.brody@state.co.us

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 types 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) 866-4651.

SMALL BUSINESS ADMINISTRATION (SBA) LOANS

The SBA offers a number of guaranteed loan programs. 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. There are over 60 SBA lenders in Colorado. 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. SBAExpress is simplified loan processing for loans up to \$250,000 that will reach more small businesses in rural areas. For more information on SBA loan programs contact the Small Business Administration – Colorado District Office, 721 19th Street, Room 440, Denver, CO 80202, (303) 844-0501, Toll free 1-800-U ASK SBA, www.sba.gov

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, Ext. 329, 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 third in the nation in percentage of population with a college degree and ninth 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. The Progressive Policy Institute's Metropolitan New Economy Index ranked Denver's work force as the third most educated in the nation.

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 2001 enrollment of 742,145, an increase of 2.4% over 2000. Large districts are concentrated in metropolitan areas while some rural areas have very small enrollments. The 10 largest school districts enroll 56% of all students, while the remaining 156 districts serve the remaining 44% of state school enrollment.

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.

State of Colorado K-12 Education Revenues by Source

<i>SOURCE</i>	<i>PERCENT OF TOTAL</i>
Local Taxes (property and specific ownership)	42%
State Equalization	58%
TOTAL	100%

Source: Colorado Department of Education, 2002

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. Also passed in 2000, Amendment 23 increased public school funding by requiring that spending on state special purpose educational programs be increased by at least the rate of inflation plus one percent.

Colorado Student Test Scores

Colorado is one of only two states (the other is Illinois) that mandate that all juniors take the ACT test. As a result, Colorado's average score fell below the national average for the first time. The goal is to encourage students to go on to college, and 100% participation in ACT testing has indicated to many students who did not consider themselves college material that they are indeed qualified for admission to many colleges. The SAT is taken by about 35% of Colorado high school students, and average scores remain well above national averages.

Colorado Student Performance on College Entrance Exams, 2001

	COLORADO	U.S.
<i>Test</i>	<i>Average</i>	<i>Average</i>
SAT	1081	1020
ACT	20.8	21.8

Source: Colorado Department of Education

"Education Quotients" of Colorado School Districts

Expansion Management magazine compiles an "education quotient" for school districts across the United States. It examines over 2,000 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, respectively, of all districts ranked.

<i>District</i>	<i>Education Quotient</i>
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 (Jefferson County)	125
Littleton – Metro Denver	119
Thompson – Larimer County	129

Colorado Educational Attainment

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

<i>State</i>	<i>Percent College Grads</i>	<i>U.S. Rank</i>	<i>Percent H.S. Grads</i>	<i>U.S. Rank</i>
COLORADO	33.2	3	89.7	9
Arizona	22.5	36	85	31
Kansas	26.6	16	88.1	14
Nebraska	25.1	22	90.4	5
New Mexico	24.5	23	82.2	39
Oklahoma	20.4	42	86.1	25
Utah	26.9	15	90.7	4
Wyoming	24	24	90	7
U.S. Average	25.1	N/A	84.1	N/A

Source: U.S. Census Bureau March 2000, and Census 2000 Supplementary Survey, June 2001

Colorado Higher Education FTE Enrollments (2001-02)

Four-Year Colleges and Universities:

<i>Institution</i>	<i>Location</i>	<i>FTE Enrollment</i>
Adams State College	Alamosa	2,294
Colorado School of Mines	Golden	3,216
Colorado State University	Ft. Collins	21,468
Fort Lewis College	Durango	4,169
Mesa State College	Grand Junction	4,461
Metropolitan State College	Denver	13,277
University of Colorado – Boulder	Boulder	23,920
University of Colorado – Colorado Springs	Colorado Springs	5,324
University of Colorado - Denver	Denver	7,892
University of Colorado Health Sciences Center	Denver	2,411
University of Northern Colorado	Greeley	10,328
University of Southern Colorado	Pueblo	3,515
Western State College	Gunnison	2,094
Four-Year Institution Total		104,369

Two-year Colleges:

<i>Institution</i>	<i>Location</i>	<i>FTE Enrollment</i>
Aims Community College	Greeley	3,953
Arapahoe Community College	Littleton	4,318
Colorado Mountain College	Glenwood Springs	2,954
Colorado Northwestern College	Rangely	872
Community College of Aurora	Aurora	2,814
Community College of Denver	Denver	4,189
Front Range Community College	Westminster	8,125
Lamar Community College	Lamar	683
Morgan Community College	Ft. Morgan	987
Northeastern Junior College	Sterling	1,594
Otero Junior College	La Junta	1,092
Pikes Peak Community College	Colorado Springs	5,679
Pueblo Community College	Pueblo	3,610
Red Rocks Community College	Lakewood	4,204
Trinidad State Junior College	Trinidad	1,488
Two-Year Institution Total		46,562

Source: Colorado Commission on Higher Education, Final Student FTE Enrollment Report, August 2002

- FTE enrollment totaled 150,931 at Colorado's public post-secondary institutions in 2001-02.
- Because of the large percentage of part-time students at the community college level, headcount enrollments are much higher.
- 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.

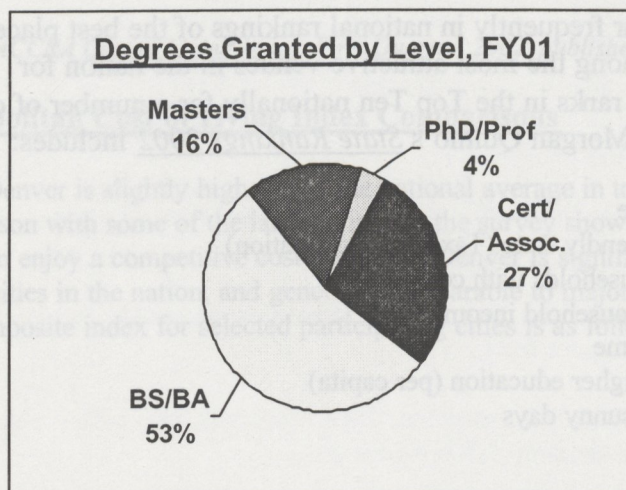
Colorado Higher Education - Degrees Conferred

Colorado students received 32,512 degrees awarded by 28 public higher education institutions in Fiscal Year 2001, the most recent year for which there is data. The following table summarizes the degrees granted by major subject area of study.

Over 6,000 Colorado students received degrees in Business and Management, and over 3,000 received Engineering & Technology degrees in 2001.

<i>Major</i>	<i>Degrees Conferred</i>
Agricultural Science/Agribusiness	619
Architecture	335
Arts & Humanities	6,905
Business & Management	6,036
Education	1,359
Engineering & Technologies	3,019
Health Care	3,349
Home Economics	361
Interdisciplinary Studies	373
Law & Public Affairs	553
Library Science	62
Mathematics & Science	2,423
Parks	888
Protective Services	727
Social & Behavioral Sciences	4,516
Vocational Programs	987
TOTAL	32,450

Source: Colorado Commission on Higher Education, FY 2001 Degrees Granted



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 also thrives.

Colorado's high quality of life is attractive to 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 2002* includes:

- 7th most livable State
- 4th most taxpayer friendly state (Taxpayer Foundation)
- 2nd in number of households with computers
- 5th highest median household income
- 7th in per capita income
- 7th in spending on higher education (per capita)
- 6th in percentage of 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 first quarter of 2002.

Colorado Cities' Cost of Living Index

First Quarter, 2002 (302 cities participating nationwide)

<i>Area</i>	<i>C.O.L. Index</i>
Colorado Springs	98.3
Denver	106.5
Fort Collins	110.1
Glenwood Springs	116.4
Grand Junction	99.1
Gunnison	101.0
Pueblo	96.2

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, First Quarter, 2002, published June 2002

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 selected participating cities is as follows:

Major Metro Areas
First Quarter 2002

<i>Area</i>	<i>C.O.L. Index</i>
Boston	140
Chicago	148
Dallas	100.6
Denver	106.5
Las Angeles	135.3
Minneapolis	108.2
New York City	218.6
Philadelphia	117.6
Phoenix	98.8
Portland	102.8
San Diego	129.8
Washington DC	132.3

Smaller Cities
First Quarter, 2002

<i>Area</i>	<i>C.O.L. Index</i>
Albuquerque	103.7
Boise	97.2
Colorado Springs	98.3
Corvallis	111.4
Flagstaff	108.5
Fort Collins	110.1
Laramie	99.0
Lincoln	98.7
Missoula	101.6
Pueblo	96.2
Reno	103.9
Santa Fe	113.0

Metropolitan Area Rent, Home Price, And Utility Costs for Colorado Cities

<i>City</i>	<i>Average Monthly Rent (1)</i>	<i>Average Home Price (2)</i>	<i>Average Residential Utility Cost (3)</i>
Denver	\$897	\$258,594	\$90.41
Colorado Springs	799	240,585	88.26
Grand Junction	673	223,680	98.14
Gunnison	688	252,000	93.00
Pueblo	463	187,900	198.57
Fort Collins	893	261,667	129.79
Glenwood Springs	850	320,000	126.04
U.S. Average	687	213,565	122.47

Source: ACCRA Cost of Living Index, First Quarter, 2002

- (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).

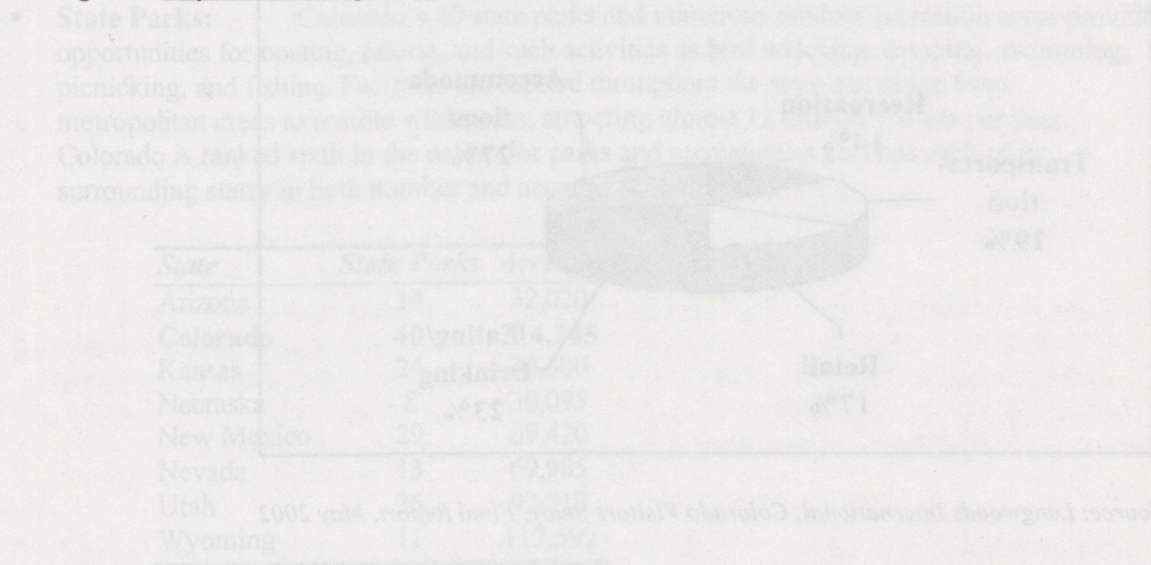
Crime Rate Comparison

Violent Crime Rate-2000 (per 100,000 population)

Colorado ranks 31st nationally in violent crimes per 100,000 population and is well below the national average. The violent crime rate in the U.S. decreased 3.2% from 1999 to 2000. Colorado's violent crime rate fell by 2% in the same period.

State	Rank	Rate
Florida	1	812
New Mexico	4	758
California	9	621.6
Texas	13	545.1
Arizona	14	531.7
Nevada	15	524.2
U.S. Average	n/a	506.1
Oklahoma	17	497.8
Kansas	24	398.4
Washington	26	369.7
Oregon	28	350.7
Colorado	31	334
Utah	41	255.7

Source: Morgan Quitno "State Rankings 2002" based on U.S. Department of Justice, Federal Bureau of Investigation, Uniform Crime Reports, 2000, Released in October 2001.



Source: National Association of State Park Directors, 2000

Skiing and Winter Recreation: Colorado boasts more than 25 winter recreation areas, offering such activities as snow tubing, snowshoeing, and cross-country skiing.

RECREATION & TOURISM

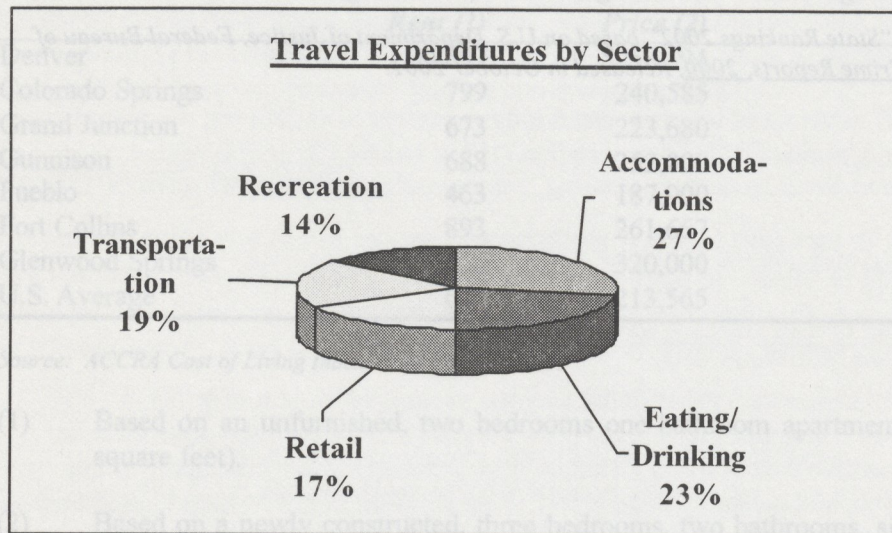
Museums, sports, parks, monuments, and mountains — the Centennial State has it all. Colorado has long been recognized as one of the premier destinations in North America for recreation and tourism. Colorado has 11,000 miles of national, state, and local trails, 40 state parks, and three national parks a wide variety of recreational activities from which to choose. When arts and cultural attractions are factored in, it's easy to see why Tourism is a major economic sector.

Colorado Tourism Revenues

Domestic travel expenditures in Colorado totaled \$7 billion in 2001, 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, 2001

Sector	Spending (in Billions)
Accommodations	\$1.9
Eating/Drinking	\$1.6
Retail	\$1.2
Transportation	\$1.3
Recreation	\$1.0
TOTAL	\$7.0



Source: Longwoods International, Colorado Visitors Study, Final Report, May 2002

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 annual visitors.

<i>Park</i>	<i>Total Visitors, 2001</i>
Rocky Mountain National Park	3,318,409
Mesa Verde National Park	537,474
Black Canyon National Park	181,018

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. 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:

<i>State</i>	<i>State Parks</i>	<i>Acreage</i>
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 \$1 Billion spent on recreation each year in Colorado, 35 percent is spent on ski related recreation. Colorado leads the nation in share of total ski trips nationwide:

State Shares (%) of Overnight Ski Trips, 2001

<i>State</i>	<i>Share (%)</i>
California	15.7
Colorado	16.9
New Hampshire	5
Nevada	7.6
Pennsylvania	3.8
Utah	4
Vermont	12.2

Source: Longwoods International, Colorado Visitors Study, Final Report, May 2002

Average Annual Snowfall at Colorado Ski Resorts

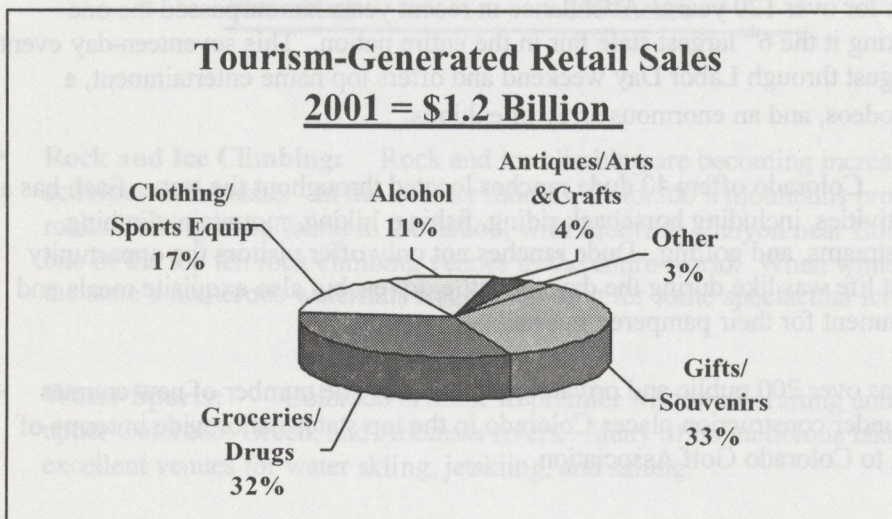
<i>Ski Resort</i>	<i>Avg. Annual Snowfall</i>
Breckenridge	300 inches
Copper Mountain	280 inches
Keystone	230 inches
Arapahoe Basin	360 inches
Aspen	300 inches
Beaver Creek	350 inches
Telluride	325 inches
Steamboat	330 inches

- **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:
- **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 make the rodeo a leading spectator sport. An attendance record of 632,296 spectators was set at the 2002 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, which opened in 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.



Source: Longwoods International, Colorado Visitors Study, Final Report, May 2002

- **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, “The Lion King,” “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

<i>Venue</i>	<i>Seats</i>
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. The state's transportation infrastructure is modern, convenient, and continually developing to respond to the ever-increasing demand.

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 5th busiest airport, and the 10th busiest in the world.

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.

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, and Mexicana began non-stop service to Mexico City in 2002. 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 36 million passengers passed through Denver International Airport in 2001, a 6.9% decrease from 2000, largely attributable to September 11. The decrease was less than that of many other major U.S. airports.

Recent DIA accolades:

- Time magazine articles named DIA the nation's best-run airport.
- Lowest rate of delays four consecutive years.
- Among top rated airports for consumer satisfaction.
- Attracted six new carries in the past year.

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 at a cost of \$166 million. It is scheduled for completion in 2003.

Source: Longwoods International, Colorado Visitors Study, Final Report, May 2002

DIA has over 320,000 square-feet of air cargo space on 22 acres. The first phase of Worldport, a private mixed-use business park with 500,000 square feet of cargo space, has been completed. 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 light of the recent need to increase security measures at all airports, DIA recently completed a passenger screening expansion project. At a cost of \$4.7 million the expansion added six new screening lanes in the terminal to cut down the time spent in security lines.

DENVER INTERNATIONAL AIRPORT OPERATIONS AND TRAFFIC DATA, 1999-2001

<i>Operations and Traffic</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>% Incr./Decr. (2000-2001)</i>
AIRCRAFT OPERATIONS				
Air carrier	362,824	370,072	352,033	-4.9%
Air Taxi	119,799	142,662	139,538	-2.2%
Military	982	920	1,551	68.6%
General Aviation	16,848	14,855	14,614	-1.6%
TOTAL	500,451	528,509	507,736	-3.9%
PASSENGERS				
Internationals	711,755	862,094	831,664	-3.5%
Majors	31,180,600	30,843,029	28,274,052	-8.3%
Nationals	5,106,602	5,868,545	5,602,755	-4.5%
Regionals	670,968	746,814	657,184	-12.0%
Supplementals	364,092	431,205	727,151	68.6%
TOTAL	38,034,017	38,771,687	36,092,806	-6.9%
CARGO OPERATIONS				
Air Mail (pounds)	355,866,928	363,429,961	227,205,534	-37.2%
Freight & Express (pounds)	675,323,027	676,282,889	563,600,888	-16.7%

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 2001

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

DIA averaged almost 1,400 flights per day in 2001, 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.

<i>City, State</i>	<i>Flights To</i>	<i>Flights From</i>
Albuquerque, NM	9	8
Atlanta, GA	38	45
Baltimore, MD	33	33
Boston, MA	32	36
Chicago, IL	26	25
Cleveland, OH	16	22
Dallas/Ft. Worth, TX	20	21
Houston, TX	10	10
Kansas City, MO	12	11
Las Vegas, NV	15	17
Los Angeles	34	32
Mexico City	7	10
Miami, FL	25	30
Minneapolis, MN	13	12
New Orleans, LA	16	16
New York, NY	17	12
Oklahoma City, OK	3	3
Philadelphia, PA	32	36
Phoenix, AZ	16	17
Portland, OR	7	8
St. Louis, MO	10	10
Salt Lake City, UT	14	13
San Diego, CA	28	26
San Francisco, CA	29	29
Seattle/Tacoma, WA	10	9
Washington, D.C.	7	11

<i>Colorado Cities</i>	<i>Flights To</i>	<i>Flights From</i>
Alamosa	4	4
Aspen *	10	10
Colorado Springs	11	11
Cortez	4	4
Durango	7	7
Grand Junction	8	8
Gunnison	5	5
Montrose	6	6
Pueblo	3	3
Steamboat Springs	6	6
Telluride	6	6
Vail	5	5

Source: DIA Flight Guide, Feb-April 2002

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 16 cities nationwide. The following table lists the destinations, as well as the number of non-stop flights departing Colorado Springs daily.

<i>City, State</i>	<i>Non-stop Flights</i>
Albuquerque, NM	3
Atlanta, GA	2
Chicago (O'Hare), IL	2
Cincinnati, OH	1
Dallas/Ft. Worth, TX	8
Denver, CO	11
Houston, TX	3
Kansas City, MO	2
Las Vegas, NV	2
Los Angeles, CA	5
Minneapolis/St. Paul, MN	2
Oklahoma City, OK	1
Phoenix, AZ	6
Salt Lake City, UT	5
St. Louis, MO	3
Tulsa, OK	1

Source: Colorado Springs Airport Flight Guide, April 2002 – June 2002

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 Rankings :

- 19th in Interstate highway mileage in 2000
- 30th Federal highway funds in 2002
- 29th Federally funded road and street mileage in 2000

State Funding for Highway Construction and Improvement

In the 2002-2003 fiscal year, the Colorado Department of Transportation budget was approximately \$785 million for highway construction and maintenance. The table below outlines the expenditure categories more specifically.

<i>Category</i>	<i>Amount</i>	<i>Percent of Total</i>
Maintenance and Operations	\$264.5 million	33.7%
Construction	\$336.5 million	42.9%
Other*	\$183.9 million	23.4%

*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. Begun in 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.
- The Mousetrap: Washington Street to Brighton Blvd. October 2000 through July 2003
- I-225 and Parker Road: Reconstruct Parker Road/Hamden avenue interchange September 2000 through late 2002

Availability Of Rail And Motor Carrier Shipping In The State

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

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.

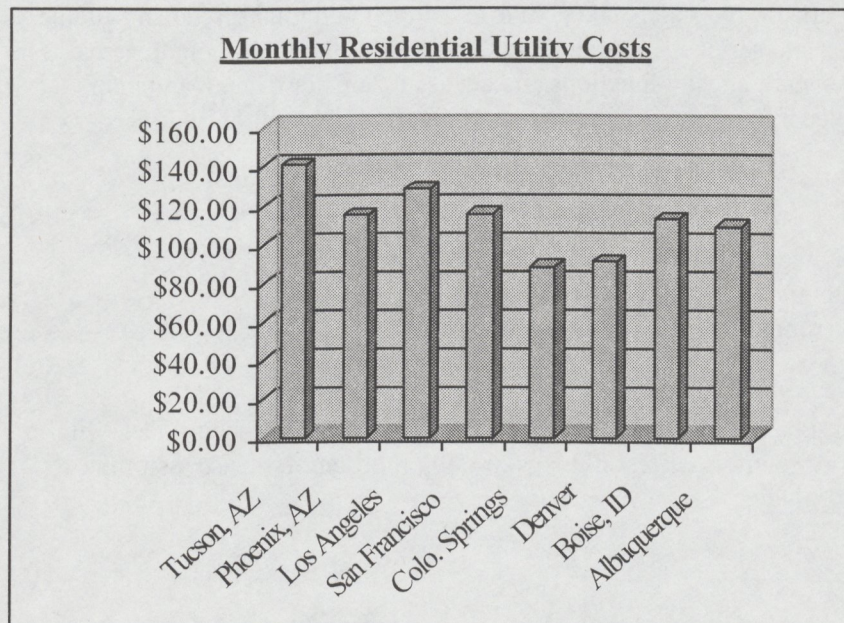
UTILITIES

Colorado consumers are efficient energy users. Colorado ranks 37th in per capita energy consumption. Per capita energy expenditures of \$1,726 are 16% below the national average of \$2,049, placing Colorado 47th among the 50 states. Xcel Energy is the main provider of electricity and natural gas for the Denver metropolitan area and much of the Front Range region. A significant number of municipalities in Colorado operate their own utilities. Most provide electric only, or gas only, but Colorado Springs and Fort Morgan provide both. There are also 26 rural electric associations (REA's) operating in rural areas of the state. The Public Utilities Commission regulates utilities. For more information, visit their website at www.dora.state.co.us/puc/index.htm

Natural Gas Prices & Electricity Prices

According to the most recent available data provided by *Energy User News*, and Department of Energy, Energy Information Administrations, Colorado's gas utility prices rank as follows:

- Commercial users – Colorado ranks 45th
- Industrial users – Colorado ranks 43rd, at \$2.80 per million btu's, or 14% below the national average of \$3.24
- Residential customers – Colorado ranks 45th in average price of natural gas - \$61.4 per million btu's versus national average of \$7.76.
- Electricity prices in Colorado are near or below the national average.
- The overall price in 1999 (latest reported by DOE) was \$17.49 per Million Btu's, or 10% below the national average of \$19.37.
- For Industrial users, Colorado ranked 24th, at \$12.83 per Million Btu's, just slightly lower than the national average of \$12.85.



Source: ACCRA Cost of Living Index, First Quarter, 2002

Water

The primary source of the states water supply comes from five major river basins - the Platte, Arkansas, Rio Grande, Upper Colorado (includes Yampa, White and Green Rivers) and the Lower Colorado (includes Gunnison, San Juan and Dolores Rivers). Ground water is also an important resource, supplying 18% of the state's drinking water. Quality of drinking water is excellent in Colorado; 99% of all drinking water systems are in full compliance with all federal drinking water standards.

The Denver Water Board is the main provider of water, serving nearly one fourth of all Coloradoans. While the drought of 2002 has necessitated lawn-watering restrictions, water is adequate for commercial and industrial users.

Telecommunications

The economic boom of the 1990's created an array of opportunities for both consumers and the telecommunications industry in the State of Colorado. Industry leaders such as Qwest Communications, and Level 3, maintain their company headquarters in the Denver metro region. Although hurt by current overcapacity in the industry, Colorado remains a leader in telecommunications.

Qwest is the major provider of local telephone service in Colorado, but at least fourteen other providers, such as CenturyTel, and Plains Cooperative, serve many rural areas of the state. In addition, there are fifteen single exchange providers operating in Colorado. Long distance and wireless options are many, and competitively priced.

Mutli-Use Network (MNT)

The MNT is a public-private partnership between the State of Colorado and Qwest to build a high-speed fiber-optic network for the state. The goal is to bridge the digital divide and enable the same digital applications and services in rural counties as well as the metropolitan areas. The State will consolidate government agency functions and act as an "anchor tenant" and help leverage development of telecommunications infrastructure in all regions of the state.

Advantages of MNT:

- Bridge the Digital Divide
- Economic Development for Rural Areas
- Backbone of e-government
- Reduce costs

Phase I has been completed, Phase II is underway, and Phase III, completing the project, will be implemented in 2003. For more information on this \$4.6 million program, please visit their website at www.state.co.us/MNT

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