



# COLORADO ENTERPRISE ZONES

**ANNUAL REPORT  
2002**

*Office of Economic Development and International Trade  
Department of Local Affairs  
February 2002*

## **Enterprise Zone Annual Report, Spring 2002**

The following information on changes in economic conditions in enterprise zone areas and on enterprise zone tax credit activity represents the annual report to the General Assembly summarizing the status of enterprise zones, as required by 39-30-103, C.R.S. Additional detail is available on request from the Economic Development Commission staff, and will also be available on the Office of Economic Development and International Trade website, [www.state.co.us/oed](http://www.state.co.us/oed).

### **Changes in Zone Economic Conditions**

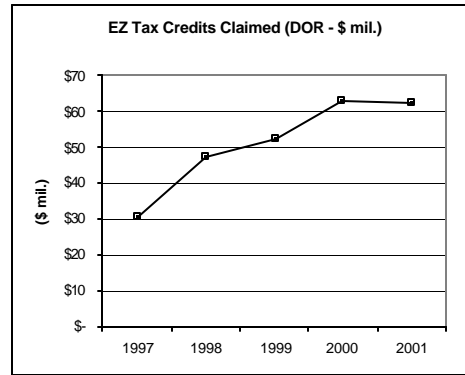
- In 2001, of the 41,000 jobs added to the state's economy, 39 percent were in enterprise zone counties, and 11 percent were in rural enterprise zones. Between 1990 and 2000, 46 percent of state job growth was in enterprise zone counties, compared to 13 percent of the state job growth in the same counties prior to the zone program, between 1980 and 1985. Between 1990 and 2000, 14 percent of state job growth was in rural enterprise zones, compared with a loss of jobs in the rural counties during the early 1980s.
- Unemployment in zone counties averaged 3.9 percent in 2001, down from 8.6 percent in 1986. This rate was still above the state's 3.5 percent average.. In rural enterprise zones, the 2001 unemployment rate averaged 3.6 percent.
- Since 1990, rural enterprise zones in eastern and southern Colorado have started to regain population, although at slower growth rates than the state average. These areas were losing population during the 1980s.

As with any public economic policy, it is not possible to measure definitively the impact of a single program such as enterprise zones as compared with other economic factors.

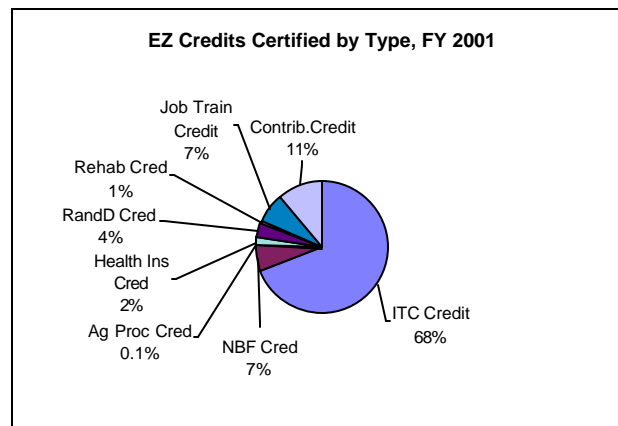
### **Enterprise Zone Tax Credit Activity**

- The number of businesses claiming potential enterprise zone tax credits in FY 2001 was 5,145, a decline of 14 percent from 2000.
- Businesses claiming zone tax credits created over 14,700 new jobs in 2001, up 10 percent from 2000. They also retained 140,000 jobs.
- Businesses claiming zone tax credits invested over \$1.7 billion in new equipment used in enterprise zone businesses during FY 2001, down 7 percent from 2000.
- Over 9,300 taxpayers contributed \$23.2 million to enterprise zone economic development and homeless assistance projects in FY 2001, resulting in over \$7.6 million in potential tax credits. This was a 15 percent decrease from FY 2000 and a 34 percent decrease from the peak year of 1998, as the reductions in this credit enacted by the General Assembly in 1996 have taken effect.

- Total EZ tax credits claimed with the Department of Revenue in FY 2001 were \$62 million, virtually the same as FY 2000. Of this total, \$44 million were claimed by corporate taxpayers, and \$18 million by non-corporate (individual contribution credits, plus sole proprietor, partnership and other non-corporate business credits).

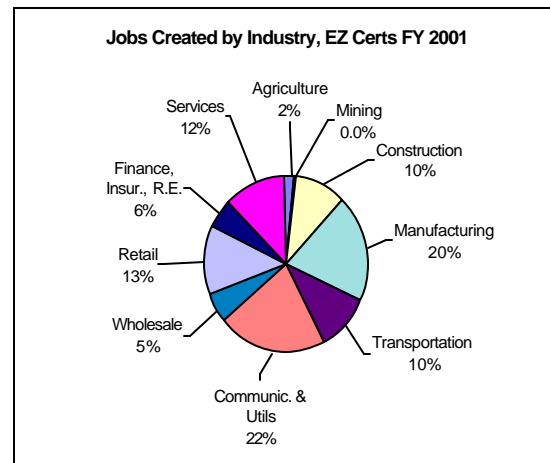
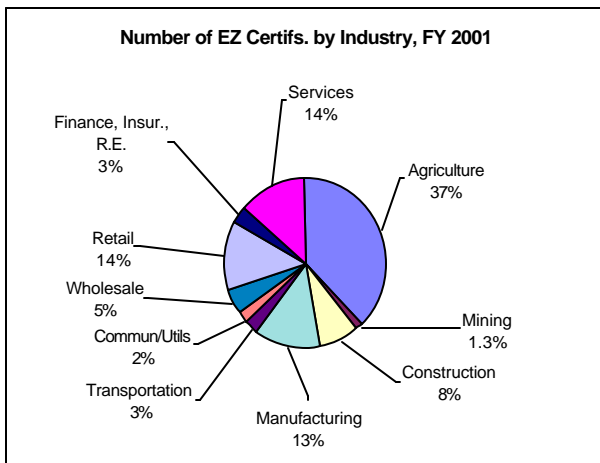


- Approximately 70 percent of the estimated dollar value of credits certified was for the enterprise zone investment tax credit. Approximately 7 percent was for the EZ job training tax credit, 8 percent was for the three new jobs tax credits, 11 percent for enterprise zone project contribution tax credits, and the balance for vacant building rehabilitation and increased research and development expenditure credits. Specifically, the following amounts of tax credits were certified for each of the available EZ tax credits, based on the qualifying investment, job creation, and other activities specified for each credit:



- 3 percent Investment Tax Credit: \$47.5 million in credits, based on \$1.726 billion in qualifying capital investment in zone businesses.
- \$500 New Business Facility Jobs Credit: \$4.5 million, based on 10,800 qualifying new business facility jobs in 621 businesses. (Note: the 14,700 new jobs cited above includes jobs created by businesses that did not qualify under the New Business Facility criteria.)

- \$500 Ag Processing New Job Credit: \$45,000.
  - \$200, two-year Health Insurance-covered New Job Credit: \$1.2 million.
  - 10 percent Job Training Program Investment Credit: \$5.0 million, based on \$50 million of investment in programs to provide job training for 22,800 zone employees.
  - 3 percent Credit for Increased Research & Development Expenditures: \$2.6 million, claimed by 44 taxpayers certifying \$92 million in qualifying R&D expenditures.
  - 25 percent Credit for Qualified Expenses of Rehabilitating Older Vacant Buildings: \$390,000, based on \$2.2 million in qualifying expenses for rehabilitating 23 buildings.
  - 25 percent Credit for Contributions to Designated Enterprise Zone Projects: \$7.67 million, based on over 9,300 contributions totaling \$23.2 million.
- By industry, the largest number of EZ certifications were filed by farms and ranches. However, the largest groups in terms of job creation and dollars of credits certified were manufacturing and communications/utilities.



- New jobs and capital investment created by businesses claiming enterprise zone credits will result in several different types of increased tax revenues:
  - Personal income and sales taxes paid by new employees of enterprise zone businesses.
  - State sales and use taxes on taxable non-manufacturing equipment purchased by enterprise zone businesses would amount to approximately \$37 million in FY 2001.
  - New investment by enterprise zone businesses added \$1.7 billion of personal property to the local tax base, increasing local property tax capacity and reducing the burden on the state school finance act correspondingly.

- In addition, new economic activity adds revenues from increased corporate taxes, as well as increased local property and sales taxes.
- Job growth in rural areas that had previously been losing population, as well as private contributions to enterprise zone projects encouraged by the enterprise zone tax credit, help preserve vital community infrastructure such as schools and health care facilities.

**EZ Tax Credits Certified by Zone, Fiscal Year 2001**

Zone	Total # Certs	\$ ITC	\$ NBF	\$ Ag Proc	\$ Hlth Ins	\$ Train	\$ R and D	\$ Rehab	Total Bus	\$ Contribution Credit	Total Credits
<b><u>RURAL</u></b>											
East Central	430	\$1,036,317	\$5,040	\$0	\$1,600	\$4,125			\$1,047,082	\$18,875	\$1,065,957
Mesa County	72	\$813,857	\$41,435	\$3,000	\$15,400	\$28,795	\$0		\$902,487	\$107,486	\$1,009,973
Northeast	918	\$2,878,511	\$165,166	\$13,000	\$45,550	\$62,669	\$4,260	\$15,581	\$3,184,737	\$197,905	\$3,382,642
Northwest	229	\$2,746,741	\$54,212		\$7,000	\$14,046	\$1,214		\$2,823,213	\$265,182	\$3,088,395
Region 10	327	\$3,602,218	\$71,040		\$5,300	\$3,868	\$875	\$88,338	\$3,771,639	\$73,974	\$3,845,613
San Luis Valley	379	\$1,188,309	\$50,167	\$4,500	\$4,600	\$2,432			\$1,250,008	\$453,743	\$1,703,751
South Central	113	\$2,212,049	\$11,500		\$5,650	\$11,060			\$2,240,259	\$70,236	\$2,310,494
Southeast	313	\$748,877							\$748,877	\$8,188	\$757,065
Southwest	304	\$821,384	\$108,972	\$0	\$10,285	\$42,282	\$0	\$0	\$982,923	\$418,930	\$1,401,853
Upper Ark	176	\$476,824	\$124,423		\$1,600	\$8,966			\$611,814	\$86,363	\$698,177
<b>Subtotal</b>	<b>3,261</b>	<b>\$16,525,086</b>	<b>\$631,955</b>	<b>\$20,500</b>	<b>\$96,985</b>	<b>\$178,243</b>	<b>\$6,349</b>	<b>\$103,919</b>	<b>\$17,563,038</b>	<b>\$1,700,882</b>	<b>\$19,263,919</b>
% of total:	63.4	34.8%	0.5%	45.1%	8.0%	3.6%	0.2%	26.5%	28.7	22.2%	22.2%
<b><u>URBAN</u></b>											
Adams County	239	\$3,586,801	\$475,557		\$220,769	\$460,219	\$14,126	\$50,772	\$4,808,244	\$175,757	\$4,984,001
Arapahoe County	132	\$1,173,392	\$547,098		\$275,400	\$218,407	\$3,593		\$2,217,890	\$14,250	\$2,232,140
Denver	740	\$8,856,210	\$987,093	\$15,958	\$354,290	\$3,442,111	\$1,383,171	\$196,256	\$15,235,089	\$3,177,736	\$18,412,825
El Paso County	373	\$7,695,397	\$895,505	\$1,000	\$180,524	\$554,558	\$1,114,550	\$16,797	\$10,458,331	\$1,011,820	\$11,470,151
Greeley/Weld County	92	\$4,056,758	\$703,870		\$3,200	\$33,122	\$10,065	\$9,761	\$4,816,776	\$340,597	\$5,157,372
Jefferson County	113	\$1,840,857	\$143,153		\$37,700	\$37,228	\$0		\$2,058,937	\$496,076	\$2,555,014
Larimer County	92	\$1,670,815	\$60,912	\$8,007	\$24,449	\$5,678	\$811	\$15,066	\$1,785,737	\$370,819	\$2,156,556
Pueblo	103	\$2,145,612	\$66,983		\$24,600	\$42,938	\$35,223		\$2,315,356	\$388,069	\$2,703,425
<b>Subtotal</b>	<b>1,884</b>	<b>\$31,025,841</b>	<b>\$3,880,170</b>	<b>\$24,965</b>	<b>\$1,120,931</b>	<b>\$4,794,261</b>	<b>\$2,561,539</b>	<b>\$288,652</b>	<b>\$43,696,360</b>	<b>\$5,975,124</b>	<b>\$49,671,485</b>
% of total:	36.6	65.2%	0.6%	54.9%	92.0%	96.4%	99.8%	73.5%	71.3	77.8%	77.8%
<b>Year Total</b>	<b>5,145</b>	<b>\$47,550,927</b>	<b>\$4,512,125</b>	<b>\$45,465</b>	<b>\$1,217,916</b>	<b>\$4,972,505</b>	<b>\$2,567,888</b>	<b>\$392,571</b>	<b>\$61,259,398</b>	<b>\$7,676,006</b>	<b>\$68,935,404</b>
<b>Credits by Type as percent of:</b>											
% of total business credit		77.6%	7.4%	0.1%	2.0%	8.1%	4.2%	0.6%	100.0%		
% of total credit		69.0%	6.5%	0.1%	1.8%	7.2%	3.7%	0.6%	88.9%	11.1%	100.0%