

## Enterprise Zone Annual Report FY2011 and FY2012

*Senate Bill 12-166 establishes an annual report date of November 1<sup>st</sup> for programs managed by the Colorado Office of Economic Development and International Trade (OEDIT). With a new electronic Enterprise Zone certification system implemented in December 2011 that allows for information to be collected and compiled more quickly and to transition to the new November 1<sup>st</sup> reporting date, two years of data are included in this report.*

### Enterprise Zone Reporting

The Enterprise Zone statute requires the Colorado Office of Economic Development and International Trade (OEDIT) to report data on Enterprise Zone tax credits in its annual report. Additional detail is available on OEDIT's Enterprise Zone website, [www.advancecolorado.com/ez](http://www.advancecolorado.com/ez). Local Enterprise Zone Reports, which are required to be submitted to OEDIT and include local zone objectives and data, are completed on a calendar year basis and are also posted on OEDIT's Enterprise Zone website.

### Summary

The Enterprise Zone (EZ) program is one of the largest economic development programs in the state. On average, 5,000-6,000 businesses in distressed areas annually perform activities that improve economic conditions in distressed areas and earn an Enterprise Zone tax credit(s). In 2011 and 2012, businesses in the Enterprise Zone earned Enterprise Zone tax credits associated with the following metrics:

#### Jobs Created

- 2011: 5,325 jobs
- 2012: 6,015 jobs

#### Jobs Retained

- 2011: 126,915 jobs
- 2012: 178,019 jobs

*Jobs Retained is defined as employment at the beginning of the year for those certifiers with employment growth, plus employment at the end of the year for those reporting no employment growth or a loss.*

#### Investment

- 2011: \$2,533,034,815
- 2012: \$3,336,859,091

*Investment is the investment made by businesses that is associated with the EZ Investment Tax Credit.*

#### Job Training

- 2011: 31,056 employees trained.
- 2012: 38,374 employees trained.
- 2011: \$65,650,719 invested in training.
- 2012: \$56,507,131 invested in training.

#### Small Business Data

- 2011 and 2012:
  - 99% of EZ tax credits were certified for small businesses.\*
  - 87% had less than 50 employees.

\*As defined by the U.S. Small Business Administration (SBA).

#### Industry Data

- The agricultural industry has the largest number of businesses earning Enterprise Zone tax credits with 37% of certifications being for the agricultural industry in 2011 and 34% in 2012.

### Project Data

In addition to the Enterprise Zone business tax credits, non-profit and local government projects leverage the Enterprise Zone Contribution Tax Credit to help raise money for projects that improve economic conditions in distressed areas. Visit [www.advancecolorado.com/ezcontributionprojects](http://www.advancecolorado.com/ezcontributionprojects) for a list of Enterprise Zone Contribution Projects.

- 2011: 32,527 donors contributed \$43,875,969 to Enterprise Zone economic and community development projects and earned an Enterprise Zone Contribution Tax Credit.
- 2012: 27,698 donors contributed \$46,829,950 to Enterprise Zone economic and community development projects and earned an Enterprise Zone Contribution Tax Credit.

### **Background**

The Colorado Urban and Rural Enterprise Zone statute, C.R.S 39-30-101 to 109, provides that local governments may propose areas for designation as an Enterprise Zone. It sets forth three criteria to measure economic distress in order for an area to qualify for Enterprise Zone designation:

- Unemployment rate greater than 25 percent above the state average; or
- Per capita income less than 75 percent of the state average; or
- Population growth less than 25 percent of the state average.

In addition, the total population residing within an Enterprise Zone boundary cannot exceed 115,000 people in urban or 150,000 in rural Enterprise Zones.

The Colorado Economic Development Commission (EDC) has the authority to designate and terminate areas as Enterprise Zones. This authority rested with the executive director of the Department of Local Affairs prior to 1996.

- The statute, passed in 1986, originally allowed up to 6 areas (4 rural and 2 urban) to be designated as Enterprise Zones.
- In 1990, the General Assembly amended this limit in statute to its current limit of 16 zones, so that areas of equal distress could also participate in this program.
- In 1996, amendments were made to the Act which gave the EDC the ability to terminate zone areas.
- In 1997, the EDC reviewed available data on economic conditions in Enterprise Zone areas, and terminated those areas that it determined no longer met the distress criteria. These terminations took effect July 1, 1998.
- In 2002, in light of the downturn in the state's economy, the General Assembly amended the Enterprise Zone Act to repeal the previous requirement that the EDC review all Enterprise Zone areas within 12 months of the publication of socio-economic data from the decennial U.S. Census.
- In 2010, the General Assembly implemented a requirement that the Director of OEDIT and the EDC review Enterprise Zone boundaries every 5 years beginning in 2016, except in periods of high unemployment.

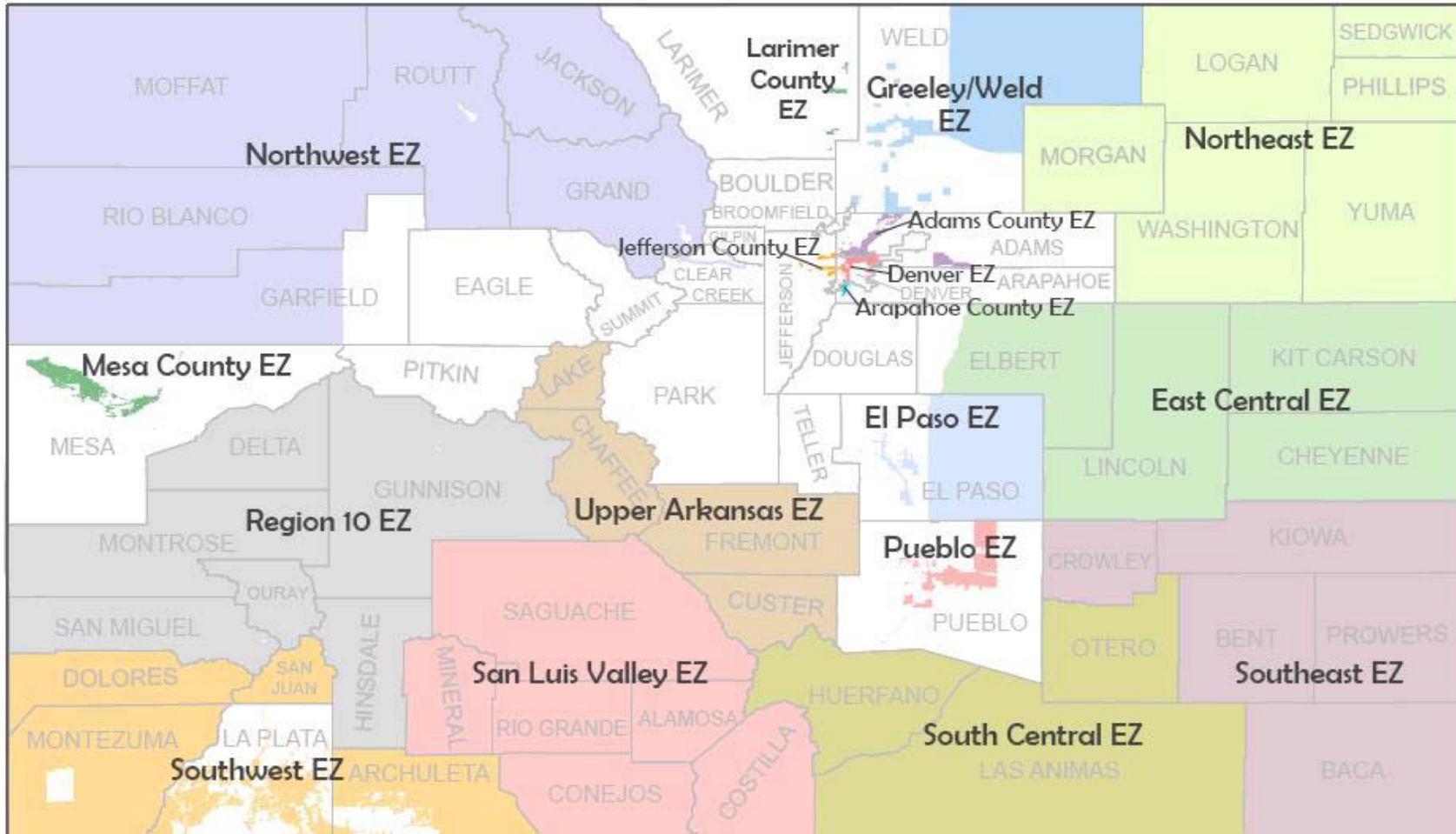
### **Map**

It has been noted that a majority of the state is in an Enterprise Zone, which consists of:

- 95% of the Enterprise Zone land area is in rural areas made up largely of vacant and agricultural land with only 5% of the Enterprise Zone in urban areas.
- On average, about 2.9% of businesses in the state are in the Enterprise Zone earning tax credits.

- The overall size of the zone is largely unchanged since the early '90s. To date, the General Assembly has determined that it is important to provide additional economic development support in these areas by creating a positive business climate with incentives for investment and the creation and retention of jobs.

**(See map on next page)**



Areas shaded in color represent the state's Enterprise Zones. For a detailed map, visit [www.advancecolorado.com/ezmap](http://www.advancecolorado.com/ezmap).

## Data

This section provides data on Enterprise Zone Tax Credits organized by Enterprise Zone and organized by Industry.

<b>EZ Tax Credits Certified by Enterprise Zone, Fiscal Year 2011</b>												
Zone	Total # Certs	\$ ITC	\$ Jobs	\$ Ag. Proc. Jobs	\$ Health Ins.	\$ EREZ Jobs and Ag. Proc.	\$ Job Training	\$ R and D	\$ Building Rehab.	Total Business Credits	\$ Contribution Credit	Total Credits
<b>Fiscal Year 2010-2011</b>												
<b>RURAL</b>												
East Central	319	\$1,285,474	\$22,800	\$5,750	\$0	\$54,660	\$7,172	\$0	\$0	\$1,375,855	\$10,375	\$1,386,230
Northeast	878	\$4,196,515	\$80,635	\$7,000	\$200	\$111,880	\$102,742	\$12,287	\$50,000	\$4,561,259	\$153,990	\$4,715,249
Northwest	238	\$26,041,948	\$95,014	\$0	\$28,350	\$8,600	\$17,668	\$0	\$0	\$26,191,580	\$152,009	\$26,343,589
Region 10	249	\$3,728,254	\$53,484	\$0	\$15,334	\$80,406	\$13,405	\$2	\$77,811	\$3,968,697	\$433,869	\$4,402,565
San Luis Valley	528	\$1,663,248	\$62,557	\$3,598	\$4,528	\$205,503	\$2,042	\$0	\$50,851	\$1,992,326	\$308,648	\$2,300,974
South Central	165	\$1,481,099	\$28,088	\$0	\$8,600	\$38,000	\$11,901	\$5,819	\$0	\$1,573,508	\$79,883	\$1,653,390
Southeast	301	\$1,101,818	\$24,333	\$0	\$11,200	\$90,000	\$20,225	\$0	\$0	\$1,247,577	\$11,350	\$1,258,927
Southwest	241	\$2,686,028	\$47,339	\$0	\$5,209	\$44,155	\$129,680	\$2,486	\$0	\$2,914,896	\$816,015	\$3,730,911
Upper Ark	157	\$357,602	\$33,736	\$0	\$3,083	\$115,508	\$3,365	\$0	\$28,574	\$541,868	\$180,858	\$722,726
<b>Subtotal</b>	<b>3,076</b>	<b>\$42,541,986</b>	<b>\$447,986</b>	<b>\$16,348</b>	<b>\$76,504</b>	<b>\$748,712</b>	<b>\$308,199</b>	<b>\$20,594</b>	<b>\$207,236</b>	<b>\$44,367,565</b>	<b>\$2,146,996</b>	<b>\$46,514,562</b>
% of total:	66.0%	55.8%	17.0%	3.2%	18.8%	100.0%	4.7%	0.6%	20.2%	48.4%	15.6%	44.1%
<b>URBAN</b>												
Adams County	283	\$3,905,534	\$317,713	\$60	\$28,232	\$0	\$244,246	\$19,723	\$109,716	\$4,625,224	\$271,711	\$4,896,935
Arapahoe County	90	\$1,112,582	\$146,197	\$0	\$48,429	\$0	\$115,971	\$3,199	\$15,866	\$1,442,244	\$3,150	\$1,445,394
Denver	377	\$6,566,498	\$499,218	\$0	\$137,333	\$0	\$5,341,976	\$96,144	\$338,406	\$12,979,576	\$7,051,625	\$20,031,201
E I Paso County	269	\$1,970,690	\$280,201	\$0	\$26,430	\$0	\$76,706	\$3,012,709	\$112,752	\$5,479,489	\$1,158,931	\$6,638,420
Greeley/Weld County	121	\$12,237,762	\$632,668	\$491,684	\$26,145	\$0	\$81,417	\$0	\$91,594	\$13,561,270	\$319,407	\$13,880,677
Jefferson County	101	\$573,649	\$69,246	\$0	\$26,100	\$0	\$123,876	\$20,978	\$50,000	\$863,849	\$579,988	\$1,443,837
Larimer County	94	\$1,033,931	\$82,297	\$0	\$3,600	\$0	\$68,625	\$63,420	\$100,000	\$1,351,873	\$980,212	\$2,332,085
Mesa County	142	\$648,200	\$102,677	\$0	\$8,883	\$0	\$62,960	\$4,082	\$0	\$826,802	\$1,034,621	\$1,861,423
Pueblo	109	\$5,613,766	\$56,078	\$0	\$25,117	\$0	\$141,096	\$293,524	\$0	\$6,129,581	\$195,641	\$6,325,223
<b>Subtotal</b>	<b>1,586</b>	<b>\$33,662,612</b>	<b>\$2,186,296</b>	<b>\$491,744</b>	<b>\$330,269</b>	<b>\$0</b>	<b>\$6,256,873</b>	<b>\$3,513,779</b>	<b>\$818,335</b>	<b>\$47,259,908</b>	<b>\$11,595,287</b>	<b>\$58,855,194</b>
% of total:	34.0%	44.2%	83.0%	96.8%	81.2%	0.0%	95.3%	99.4%	79.8%	51.6%	84.4%	55.9%
<b>Year Total</b>	<b>4,662</b>	<b>\$76,204,598</b>	<b>\$2,634,282</b>	<b>\$508,092</b>	<b>\$406,773</b>	<b>\$748,712</b>	<b>\$6,565,072</b>	<b>\$3,534,373</b>	<b>\$1,025,571</b>	<b>\$91,627,473</b>	<b>\$13,742,283</b>	<b>\$105,369,756</b>
<b>Credits by Type as percent of:</b>												
% of total business credit \$:		83.2%	2.9%	0.6%	0.4%	0.8%	7.2%	3.9%	1.1%	100.0%		
% of total credit \$:		72.3%	2.5%	0.5%	0.4%	0.7%	6.2%	3.4%	1.0%	87.0%	13.0%	100.0%

**EZ Tax Credits Certified by Enterprise Zone, Fiscal Year 2012**

Zone	Total # Certs	\$ ITC	\$ Jobs	\$ Ag. Proc. Jobs	\$ Health Ins.	\$ EREZ Jobs and Ag. Proc.	\$ Job Training	\$ R and D	\$ Building Rehab.	Total Business Credits	\$ Contribution Credit	Total Credits
<b>Fiscal Year 2011-2012</b>												
<b>RURAL</b>												
East Central	472	\$6,840,546	\$20,125	\$0	\$0	\$10,500	\$9,250	\$0	\$10,038	\$6,890,459	\$12,599	\$6,903,058
Northeast	1,248	\$20,250,410	\$76,864	\$11,500	\$13,317	\$100,340	\$97,034	\$5,039	\$55,733	\$20,610,237	\$121,606	\$20,731,842
Northwest	289	\$17,638,004	\$33,525	\$0	\$8,140	\$0	\$22,173	\$0	\$0	\$17,701,842	\$100,698	\$17,802,540
Region 10	460	\$2,240,428	\$127,336	\$0	\$1,450	\$250,992	\$45,158	\$160	\$1,375	\$2,666,899	\$503,525	\$3,170,424
San Luis Valley	466	\$1,722,513	\$47,769	\$937	\$2,300	\$181,552	\$9,718	\$0	\$0	\$1,964,791	\$494,487	\$2,459,278
South Central	213	\$1,492,801	\$77,715	\$0	\$3,150	\$299,660	\$27,425	\$11,421	\$0	\$1,912,172	\$756,358	\$2,668,530
Southeast	353	\$1,371,894	\$500	\$1,883	\$0	\$1,000	\$20,432	\$0	\$0	\$1,395,708	\$8,835	\$1,404,544
Southwest	404	\$9,159,137	\$66,320	\$0	\$2,400	\$113,574	\$138,869	\$2,868	\$0	\$9,483,168	\$721,972	\$10,205,140
Upper Ark	307	\$716,972	\$44,506	\$0	\$18,900	\$59,680	\$14,045	\$3,565	\$0	\$857,668	\$121,360	\$979,029
<b>Subtotal</b>	<b>4,212</b>	<b>\$61,432,705</b>	<b>\$494,662</b>	<b>\$14,320</b>	<b>\$49,657</b>	<b>\$1,017,298</b>	<b>\$384,103</b>	<b>\$23,053</b>	<b>\$67,146</b>	<b>\$63,482,945</b>	<b>\$2,841,440</b>	<b>\$66,324,385</b>
% of total:	65.7%	60.9%	17.2%	17.0%	13.2%	99.9%	6.8%	0.5%	7.3%	54.7%	15.1%	49.2%
<b>URBAN</b>												
Adams County	309	\$4,380,216	\$139,226	\$30,000	\$14,050	\$1,167	\$501,344	\$13,380	\$184,810	\$5,264,192	\$343,869	\$5,608,061
Arapahoe County	124	\$998,430	\$473,757	\$0	\$23,484	\$0	\$483,067	\$5,339	\$70,202	\$2,054,278	\$3,200	\$2,057,478
Denver	533	\$6,664,974	\$631,051	\$22,500	\$131,033	\$0	\$3,640,766	\$175,739	\$227,699	\$11,493,762	\$11,120,490	\$22,614,253
El Paso County	539	\$5,008,816	\$556,518	\$500	\$80,682	\$0	\$213,489	\$3,149,227	\$223,200	\$9,232,431	\$1,478,964	\$10,711,395
Greeley/Weld County	164	\$6,576,365	\$271,998	\$16,707	\$47,183	\$0	\$52,090	\$38,105	\$89,474	\$7,091,922	\$199,142	\$7,291,064
Jefferson County	133	\$1,731,601	\$77,968	\$0	\$3,400	\$0	\$111,513	\$15,043	\$0	\$1,939,525	\$687,292	\$2,626,817
Larimer County	123	\$835,677	\$83,437	\$0	\$3,768	\$0	\$23,199	\$77,677	\$11,294	\$1,035,052	\$1,079,501	\$2,114,553
Mesa County	163	\$680,777	\$77,750	\$0	\$16,868	\$0	\$33,039	\$8,262	\$49,384	\$866,081	\$840,655	\$1,706,735
Pueblo	115	\$12,631,155	\$61,237	\$0	\$7,200	\$0	\$208,102	\$723,421	\$0	\$13,631,115	\$217,189	\$13,848,304
<b>Subtotal</b>	<b>2,203</b>	<b>\$39,508,011</b>	<b>\$2,372,943</b>	<b>\$69,707</b>	<b>\$327,668</b>	<b>\$1,167</b>	<b>\$5,266,610</b>	<b>\$4,206,191</b>	<b>\$856,061</b>	<b>\$52,608,358</b>	<b>\$15,970,303</b>	<b>\$68,578,660</b>
% of total:	34.3%	39.1%	82.8%	83.0%	86.8%	0.1%	93.2%	99.5%	92.7%	45.3%	84.9%	50.8%
<b>Year Total</b>	<b>6,415</b>	<b>\$100,940,717</b>	<b>\$2,867,604</b>	<b>\$84,027</b>	<b>\$377,325</b>	<b>\$1,018,465</b>	<b>\$5,650,713</b>	<b>\$4,229,244</b>	<b>\$923,207</b>	<b>\$116,091,302</b>	<b>\$18,811,743</b>	<b>\$134,903,045</b>
<b>Credits by Type as percent of:</b>												
% of total business credit \$:		86.9%	2.5%	0.1%	0.3%	0.9%	4.9%	3.6%	0.8%	100.0%		
% of total credit \$:		74.8%	2.1%	0.1%	0.3%	0.8%	4.2%	3.1%	0.7%	86.1%	13.9%	100.0%



FY2011 by Industry

SIC Industry Group	# of Certifications	Investment Tax Credit	Job Training Credit	NBF Jobs Credit	Ag. Proc. Credit	Health Insurance Credit	EREZ Credits	R&D Credit	Vacant Bldg. Rehab. Credit	Total Business Credits
Agriculture (01-09)	1,702	\$5,279,253	\$208	\$37,096	\$3,000	\$68	\$49,553	\$0	\$0	\$5,369,178
Mining (10-14)	95	\$30,075,485	\$6,501	\$32,126	\$0	\$13,459	\$6,660	\$0	\$0	\$30,134,231
Construction (15-17)	212	\$607,923	\$55,066	\$86,174	\$0	\$9,333	\$73,388	\$28,954	\$0	\$860,839
Manufacturing (20-39)	375	\$6,469,082	\$906,638	\$659,579	\$397,884	\$49,284	\$71,720	\$2,741,996	\$51,494	\$11,347,677
Transportation (40-47)	85	\$869,582	\$4,077,369	\$69,608	\$0	\$4,816	\$0	\$12,301	\$0	\$5,033,675
Communic. & Utils. (48-49)	335	\$15,608,296	\$470,453	\$168,491	\$0	\$53,600	\$7,660	\$213,970	\$0	\$16,522,470
Wholesale (50-51)	99	\$852,073	\$34,679	\$134,661	\$101,458	\$26,161	\$0	\$0	\$0	\$1,149,032
Retail (52-59)	715	\$2,351,957	\$121,299	\$743,164	\$5,750	\$156,426	\$282,867	\$0	\$77,882	\$3,739,346
Finance, Insur., R.E. (60-67)	159	\$410,394	\$139,116	\$34,347	\$0	\$6,900	\$12,084	\$0	\$15,866	\$618,706
Services (70-89)	551	\$2,337,358	\$653,279	\$459,722	\$0	\$66,159	\$231,640	\$508,325	\$3,540	\$4,260,024
SIC Not Provided	334	\$11,343,196	\$100,465	\$209,313	\$0	\$20,567	\$13,140	\$28,827	\$876,789	\$12,592,296
	4,662	\$76,204,598	\$6,565,072	\$2,634,282	\$508,092	\$406,773	\$748,712	\$3,534,373	\$1,025,571	\$91,627,473

Senate Bill 10-162 required Enterprise Zone data to be collected using the North American Industry Classification System instead of the Standard Industry Classification System starting January 1, 2012. The data for the first half of fiscal year 2012 was converted from SIC to NAICS as accurately as possible in order to produce the table below.

FY2012 by Industry

NAICS Industry Group (BY SECTOR)	# of Certifications	Investment Tax Credit	Job Training Credit	NBF Jobs Credit	Ag. Proc. Credit	Health Insurance Credit	EREZ Credits	R&D Credit	Vacant Bldg. Rehab. Credit	Total Business Credits
Agriculture (11)	2,189	\$7,027,606	\$337	\$25,720	\$1,883	\$0	\$31,680	\$0	\$0	\$7,087,226
Mining (21)	99	\$23,630,940	\$40,253	\$69,194	\$0	\$3,290	\$6,160	\$0	\$0	\$23,749,837
Utilities (22)	140	\$21,390,289	\$91,278	\$13,860	\$0	\$7,200	\$840	\$620,549	\$0	\$22,124,016
Construction (23)	268	\$609,561	\$37,498	\$135,207	\$0	\$2,000	\$137,880	\$1,583	\$118,233	\$1,041,962
Manufacturing (31-33)	464	\$11,120,399	\$425,683	\$673,039	\$81,644	\$93,884	\$365,790	\$3,430,900	\$400	\$16,191,741
Wholesale (42)	165	\$704,521	\$30,213	\$60,473	\$0	\$4,600	\$0	\$5,743	\$0	\$805,550
Retail (44-45)	645	\$2,388,479	\$187,499	\$401,994	\$500	\$76,069	\$188,287	\$0	\$73,440	\$3,316,269
Transportation (48-49)	362	\$9,761,192	\$3,479,111	\$92,457	\$0	\$32,068	\$2,000	\$5,157	\$0	\$13,371,985
Information (51)	408	\$7,342,296	\$5,260	\$8,835	\$0	\$5,400	\$0	\$3,768	\$0	\$7,365,559
Finance	198	\$598,731	\$128,299	\$186,025	\$0	\$102,683	\$9,320	\$0	\$0	\$1,025,058
Real Estate (53)	99	\$234,952	\$292	\$10,832	\$0	\$0	\$11,660	\$0	\$112,986	\$370,722
Services (54)	252	\$1,362,607	\$540,191	\$477,392	\$0	\$16,498	\$27,660	\$140,923	\$12,261	\$2,577,532
Management (55)	1	\$59	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$59
Admin. & Waste (56)	82	\$253,228	\$35,715	\$54,945	\$0	\$1,550	\$6,380	\$0	\$506	\$352,324
Educational Services (61)	23	\$343,254	\$17,762	\$101,480	\$0	\$8,000	\$0	\$5,339	\$19,822	\$495,657
Health Care and Social (62)	214	\$1,103,629	\$462,049	\$128,054	\$0	\$3,600	\$58,674	\$0	\$0	\$1,756,006
Arts, Ent., & Rec. (71)	35	\$328,504	\$6,429	\$9,550	\$0	\$0	\$3,200	\$0	\$1,375	\$349,058
Accommodation & Food (72)	324	\$464,270	\$51,724	\$337,232	\$0	\$11,600	\$156,312	\$120	\$50,000	\$1,071,258
Other Services (81)	184	\$190,063	\$55,139	\$26,342	\$0	\$1,000	\$10,622	\$0	\$0	\$283,165
NAICS Not Provided	263	\$12,086,134	\$55,981	\$54,973	\$0	\$7,883	\$2,000	\$15,161	\$534,183	\$12,756,315
	6,415	\$100,940,717	\$5,650,713	\$2,867,604	\$84,027	\$377,325	\$1,018,465	\$4,229,244	\$923,207	\$116,091,302

## Wage Data

The Enterprise Zone statute requires Enterprise Zone certifiers to report the number of employees transferred to a facility in an Enterprise Zone (note: transferred employees do not qualify for tax credits since there is no gain in employment for Colorado, just relocating employees), and the average annual compensation level including benefits, of the jobs created or retained within the zone, categorized by full time permanent, part time, temporary, and contract jobs.

In 2011 and 2012, 1,364 jobs and 1,418 jobs respectively were reported as transferred to a zone facility from another location in the state. Total end-of-year employment was reported at 135,392 for 2011 and 183,146 for 2012.

### FY2011

Type of Employee:	Full-time	Part-time	Temporary	Contract
Avg. Annual Compensation (excluding Ag)	\$42,287	\$12,810	\$12,456	\$26,154
# Employees for whom comp. reported	109,365	27,183	2,496	833
Avg. Annual Compensation (Ag)	\$28,169	\$8,424	\$4,238	\$12,190
# Employees for whom comp. reported	2,443	1,442	851	126

### FY2012

Type of Employee:	Full-time	Part-time	Temporary	Contract
Avg. Annual Compensation (excluding Ag)	\$44,216	\$12,441	\$10,676	\$31,277
# Employees for whom comp. reported	139,602	39,759	1,817	1,538
Avg. Annual Compensation (Ag)	\$28,512	\$7,719	\$4,686	\$17,473
# Employees for whom comp. reported	2,513	1,019	876	170

*Note: Data in this report comes from certifications that were submitted to the local EZ Administrator and reported manually or from the new online system as reported by the taxpayer, depending on the process used to receive the certification. This data represents in total what was certified as a conservative approach to tax credit liability. While efforts are made to prevent duplication, if a taxpayer amended a certification and did not identify it as an amendment, it is possible that data would be duplicative of a prior filing since these records represent all certifications. Data including any inaccuracies is reported as it was reported to the state. Due to the change in due date for reports, certain information was not available at the time this report was released. The Colorado Department of Revenue has approval and audit functions related to any EZ tax credits actually claimed on a state return.*