

## Enterprise Zone Annual Report State Fiscal Year 2014

### 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. Many program resources are available on OEDIT's Enterprise Zone website, [www.advancecolorado.com/ez](http://www.advancecolorado.com/ez). Local Enterprise Zone Reports, including local zone objectives and statistics are completed on a calendar year basis and are also posted on OEDIT's Enterprise Zone web-pages.

### Summary

The Enterprise Zone (EZ) program is one of the State's most substantial economic development programs. It was created by the General Assembly to provide economic incentives including access to capital and a positive business climate in areas of high unemployment, low per capita income, or slow population growth.

Now about 4,000 businesses annually certify for credits and conduct business activities that improve economic conditions in distressed areas. The requirement to pre-certify in order to later certify for most EZ income tax credits went into effect in 2012 and has resulted in fewer certifications.

In fiscal year 2014, businesses certifying for EZ tax credits reported more than \$2.2 billion invested in the Enterprise Zones; \$1.1 billion of that qualified as business personal property eligible for \$32.7 million in EZ investment tax credits. Additionally, businesses certified \$5.29 million in EZ job training tax credits for spending \$52.9 million in training almost 32,000 employees working in Enterprise Zones. To incentivize commercial vehicle investment in the EZ, \$32,317 in income tax credits were recognized on investments totaling more than \$2.6 million.

Qualified new business facilities in the Enterprise Zone may earn income tax credits for new jobs created (with additional credits for agricultural processing jobs and businesses located in Enhanced Rural Enterprise Zones) and for providing qualified health insurance coverage for employees during their first two years in an Enterprise Zone. In fiscal year 2014, certifying businesses report 4,052 new jobs incentivized by \$1.8 million in New Business Facility Jobs Credits. Additional incentives of just over \$76,000 were provided for agricultural processing jobs, and another \$618,530 in tax credits was certified for employers in Enhanced Rural Enterprise Zones (EREZ) for new jobs in the EZ. Eligible businesses provided health care coverage for 1,567 employees in the Enterprise Zones qualifying them for \$313,399 in income tax credits.

In addition to the Enterprise Zone business tax credits, non-profit and local government projects leverage the Enterprise Zone Contribution Tax Credit to run projects that improve economic conditions in distressed areas. In fiscal year 2014, 396 Projects received contributions of over \$50.5 million from more than 26,000 donors who are eligible to claim income tax credits of \$11,648,039. Active Contribution Projects may be found at: [www.advancecolorado.com/ezcontributionprojects](http://www.advancecolorado.com/ezcontributionprojects).

## **Enterprise Zone Designation**

The Colorado Urban and Rural Enterprise Zone statutes, C.R.S 39-30-101 to 112, provide that local governments may propose areas for designation as Enterprise Zones. The statutes set forth three criteria to define economic distress, an area meeting at least one of these may qualify for Enterprise Zone status:

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

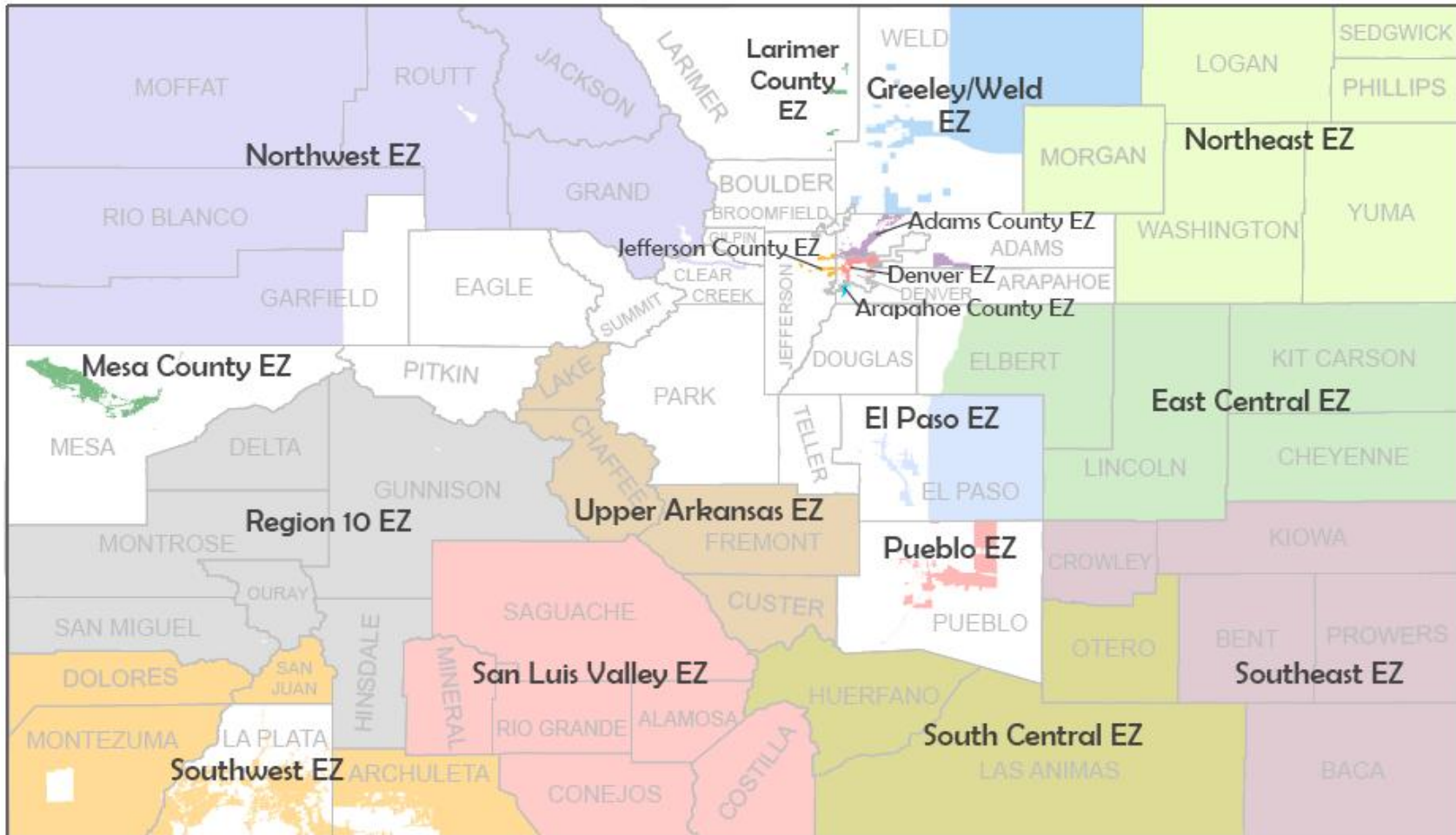
Additional criteria limit the total population residing within an Enterprise Zone boundary to 115,000 people in urban areas or 150,000 in rural.

The Colorado Economic Development Commission (EDC) has the authority to designate and terminate areas as Enterprise Zones.

The review of Enterprise Zone designation commenced in 2014; updated designations should be in place by the start of calendar year 2016 to coincide with the start of the tax year for most businesses.

## Map

About 77% of the State's land area is within an Enterprise Zone. The majority of EZ land area is rural and supports the business activity of agriculture, mining, and utilities industries, only about 5% of the Enterprise Zone land area is urban.



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

## Fiscal Year Program Results

Enterprise Zones are a tool to support local economic development efforts. Enterprise Zone designation is initiated by communities and local administrators work with businesses to promote development within the zones. Zone administrators may also establish EZ Contribution Projects with non –profit organizations or local governments to support economic revitalization in the Enterprise Zones. This table identified tax credits certified by Enterprise Zone.

Fiscal Year 2014 - Credits Certified													
EZ Business Tax Credits Certified												Contribution Projects	
Enterprise Zone	# Certified	Invest Tax Credit	Job Training	New Business Facility Credits			Enhanced Rural NBF		R&D Credit	Vacant Bldg Rehab	Total Business Credits	# Certified	\$ Est Credits
				New Jobs	Ag Processing Jobs	Health Insurance	ERAZ New Jobs	ERAZ Ag Processing					
East Central	345	\$ 1,656,449	\$ 2,691	\$ 3,000			\$ 8,000			\$ 5,552	\$ 1,675,692	37	\$7,425
Northeast	832	\$ 3,933,260	\$ 22,452	\$ 142,740	\$ 36,750	\$ 21,600	\$ 35,500	\$ 750			\$ 4,193,052	331	\$194,258
Northwest	148	\$ 3,615,148	\$ 15,604	\$ 9,620		\$ 934					\$ 3,641,306	182	\$150,813
Region 10	245	\$ 786,199	\$ 36,379	\$ 118,430		\$ 11,634	\$ 199,780		\$ 8,580		\$ 1,161,002	1,180	\$515,363
South Central	104	\$ 500,729	\$ 11,602	\$ 17,755			\$ 63,840		\$ 3,260		\$ 597,185	470	\$88,251
Southeast	199	\$ 1,045,154	\$ 17,376	\$ 2,210							\$ 1,064,740	30	\$4,277
San Luis Valley	330	\$ 906,890	\$ 5,010	\$ 43,905		\$ 9,892	\$ 144,040				\$ 1,109,737	1,550	\$430,114
Southwest	254	\$ 796,205	\$ 160,031	\$ 67,725		\$ 934	\$ 119,940		\$ 9,298		\$ 1,154,134	1,082	\$670,164
Upper Arkansas	125	\$ 278,335	\$ 7,459	\$ 21,030			\$ 46,680				\$ 353,504	359	\$202,958
Sub-total Rural	2,582	\$ 13,518,368	\$ 278,605	\$ 426,415	\$ 36,750	\$ 44,994	\$ 617,780	\$ 750	\$ 21,138	\$ 5,552	\$ 14,950,352	5,221	\$2,263,623
Adams County	196	\$ 7,340,291	\$ 278,179	\$ 207,060	\$ 19,050	\$ 17,184			\$ 11,025	\$ 74,260	\$ 7,947,048	383	\$664,115
Arapahoe County	54	\$ 366,237	\$ 87,706	\$ 26,520	\$ 10,500	\$ 2,950			\$ 4,428		\$ 498,340	40	\$748,501
Denver	330	\$ 3,564,342	\$ 4,080,105	\$ 296,568	\$ 4,165	\$ 10,625			\$ 89,846	\$ 240,338	\$ 8,285,988	5,655	\$2,987,094
El Paso County	219	\$ 1,458,755	\$ 146,631	\$ 217,935		\$ 72,156			\$ 660,101	\$ 79,628	\$ 2,635,207	2,441	\$1,447,393
Greeley/Weld	140	\$ 3,417,967	\$ 66,814	\$ 309,360	\$ 5,915	\$ 136,598			\$ 6,261		\$ 3,942,916	1,554	\$371,524
Jefferson County	102	\$ 644,822	\$ 139,630	\$ 189,810		\$ 15,168			\$ 582,454		\$ 1,571,883	1,913	\$470,517
Larimer County	77	\$ 765,419	\$ 34,823	\$ 77,485		\$ 7,768			\$ 31,372	\$ 7,106	\$ 923,973	4,131	\$1,393,107
Mesa County	95	\$ 657,388	\$ 41,286	\$ 53,230		\$ 1,956			\$ 1,778		\$ 755,638	4,249	\$947,770
Pueblo	70	\$ 971,538	\$ 142,115	\$ 8,660		\$ 4,000			\$ 83,079		\$ 1,209,391	815	\$354,396
Sub-total Urban	1,283	\$ 19,186,758	\$ 5,017,289	\$ 1,386,628	\$ 39,630	\$ 268,405	\$ -	\$ -	\$ 1,470,343	\$ 401,332	\$ 27,770,384	21,181	\$9,384,416
Grand Total	3,865	\$ 32,705,126	\$ 5,295,893	\$ 1,813,043	\$ 76,380	\$ 313,399	\$ 617,780	\$ 750	\$ 1,491,481	\$ 406,884	\$ 42,720,736	26,402	\$11,648,039

*Note: East Central and the Northeast are administered by 2 administrators, but constitute one zone. The same is true of the San Luis Valley and Upper Arkansas.*

Enterprise Zone income tax credits include incentives for investment in business personal property, job training, job creation, health care coverage, research and development, and rehabilitation of vacant buildings. This table identifies the EZ credits certified by businesses according to the industrial classification with which the business identifies.

Fiscal Year 2014 - Credits Certified										
Industry Name	# of Certifications	\$ Investment Tax Credit	\$ Training Credit	\$ NBf Jobs Credit	\$ Ag Proc Credit	\$ Health Insurance Credit	\$ EREZ Credits	\$ R&D Credit	\$ Vacant Bldg Rehab Credit	\$ Total Bus Credits
Agriculture, Forestry, Fishing and Hunting	1,574	5,578,059	567	68,290	40,750	62,554	32,570			\$ 5,782,790
Mining, Quarrying, and Oil and Gas Extraction	81	6,194,240	63,723	184,290		73,534	113,000			\$ 6,628,787
Utilities	26	1,398,975	86,634	86,600		2,000				\$ 1,574,209
Construction	157	369,747	58,231	96,290		7,100	39,780	67,962		\$ 639,110
Manufacturing	277	10,972,657	314,548	354,115	32,630	20,888	104,260	1,370,340	53,646	\$ 13,223,083
Wholesale Trade	128	907,534	62,930	129,405		21,126	91,260		24,260	\$ 1,236,515
Retail Trade	580	1,840,362	71,947	232,155	3,000	19,272	89,800	3,173	105,552	\$ 2,365,261
Transportation and Warehousing	113	1,539,025	3,753,448	128,175				25,726		\$ 5,446,373
Information	153	1,497,662	12,616	146,165		90,900				\$ 1,747,342
Finance and Insurance	111	205,368	127,083	18,880		10,734	3,980			\$ 366,045
Real Estate and Rental and Leasing	90	430,411	2,680	3,540			2,160		219,966	\$ 658,758
Professional, Scientific, and Technical Services	117	184,695	121,913	84,838		2,875	5,840	15,324		\$ 415,485
Management of Companies and Enterprises	11	200,630		37,335		1,616				\$ 239,581
Administrative and Support, Waste and Remediation	29	86,380	10,415	23,035						\$ 119,830
Educational Services	8	58,922	16,435	42,500		200	4,000	490		\$ 121,568
Health Care and Social Assistance	89	651,287	480,388	12,540			15,100	4,917		\$ 1,164,232
Arts, Entertainment, and Recreation	20	36,510	3,200					1,740	3,460	\$ 44,911
Accommodation and Food Services	202	305,826	22,907	122,645		600	114,280	1,060		\$ 567,318
Other Services (except Public Administration)	97	246,472	77,163	34,245			2,500	1,728		\$ 362,108
Public Administration	2	363	9,066	8,000						\$ 17,429
<b>TOTAL</b>	<b>3,865</b>	<b>\$ 32,705,126</b>	<b>\$ 5,295,893</b>	<b>\$ 1,813,043</b>	<b>\$ 76,380</b>	<b>\$ 313,399</b>	<b>\$ 618,530</b>	<b>\$ 1,492,460</b>	<b>\$ 406,884</b>	<b>\$ 42,720,736</b>

## Job Statistics

The Enterprise Zone statutes require the reporting by businesses certifying for EZ income tax credits of jobs created, jobs retained, and those transferred to a facility within the Enterprise Zone. 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. Businesses certifying must indicate if jobs were transferred from outside of an EZ to a facility within an EZ. These employment statistics are not associated with earning specific EZ income tax credits.

Fiscal Year 2014					
Industry	Beginning Employment	Ending Employment	Jobs Created	Jobs Retained	Jobs Transferred
Agriculture, Forestry, Fishing and Hunting	6,089	6,276	187	5,964	13
Mining, Quarrying, and Oil and Gas Extraction	7,093	7,480	387	6,850	11
Utilities	2,516	2,671	155	2,458	187
Construction	4,051	4,565	514	3,942	230
Manufacturing	23,359	24,855	1,496	22,794	254
Wholesale Trade	5,497	5,920	423	5,357	109
Retail Trade	23,440	23,402	985	22,224	755
Transportation and Warehousing	6,992	7,967	2	6,735	65
Information	3,153	3,107	20	2,920	9
Finance and Insurance	5,208	5,210	88	4,806	19
Real Estate and Rental and Leasing	383	403	14	380	5
Professional, Scientific, and Technical Services	4,332	4,420	695	4,194	47
Management of Companies and Enterprises	1,795	1,773	925	1,745	7
Administrative and Support, Waste and Remediation	1,744	1,613	6	1,556	-
Educational Services	1,228	1,242	-	1,080	-
Health Care and Social Assistance	7,803	7,563	-	7,371	52
Arts, Entertainment, and Recreation	497	472	-	453	-
Accommodation and Food Services	6,917	7,612	-	6,604	44
Other Services (except Public Administration)	5,451	6,376	-	5,278	5
Public Administration	25	31	-	25	-
TOTAL	117,573	122,958	5,897	112,736	1,812

## Wage Statistics

The Enterprise Zone statutes require the reporting of wages by employment status, though not all certifying businesses are required to report wage data.

Fiscal Year 2014				
Employee Type:	Full-Time	Part-Time	Temporary	Contract
Average Annual Compensation	\$ 42,811	\$ 10,085	\$ 11,684	\$ 25,604
# of Employees for whom comp. reported	93,198	30,327	4,799	1,178

*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. 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. Data including any inaccuracies is reported as it was reported to the state. The Colorado Department of Revenue has approval and audit functions related to any EZ tax credits actually claimed on a state income tax return. The data in this report is for credits certified, and not credits actually claimed against state income tax liability.*