

ENTERPRISE ZONE

Annual Report



ENTERPRISE ZONE ANNUAL 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, <https://oedit.colorado.gov/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, access to capital, and a positive business climate focused on areas of high unemployment, low per capita income, or slow population growth.

Enterprise Zones are a tool meant to support local economic development efforts. Enterprise Zone designation is initiated by communities; 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.

In the state's fiscal year 2021, 5,971 businesses certified for EZ tax credits. There were 5,578 businesses reporting \$1.92 billion invested in qualified business personal property, making them eligible for \$57.58 million in EZ investment tax credits. Businesses invested \$41.72 million to train 25,608 employees that work in the Enterprise Zones, earning them \$5 million in EZ job training tax credits. To incentivize investment and registration of commercial vehicles in Colorado EZs, \$86,318 in income tax credits were recognized on investments totaling \$5.76 million.

Business facilities in an Enterprise Zone may earn income tax credits for new jobs created (with additional credits for agricultural processing businesses and businesses located in Enhanced Rural Enterprise Zones). In Fiscal Year 2021, certifying businesses reported 6,124 net new jobs incentivized by \$7.41 million in New Employee Credits. During the first 2 years that a business is in an Enterprise Zone, it may earn credits for providing qualified health insurance coverage for the net new employees each year. In Fiscal Year 2021, businesses reported that they covered 2,562 net new employees with a qualified health plan, entitling them to \$2.57 million in state 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 form public/private investment initiatives to improve economic conditions in distressed areas. In Fiscal Year 2021, 384 projects received \$70.4 million in private contributions. In fiscal year 27,977 donations were recorded, earning contributors credits worth approximately \$16.4 million. There were 377 active Contribution Projects at the close of the fiscal year.

ENTERPRISE ZONE DESIGNATION

There are 16 statutory Enterprise Zones with 19 zone administrators to support economic revitalization within the EZs.

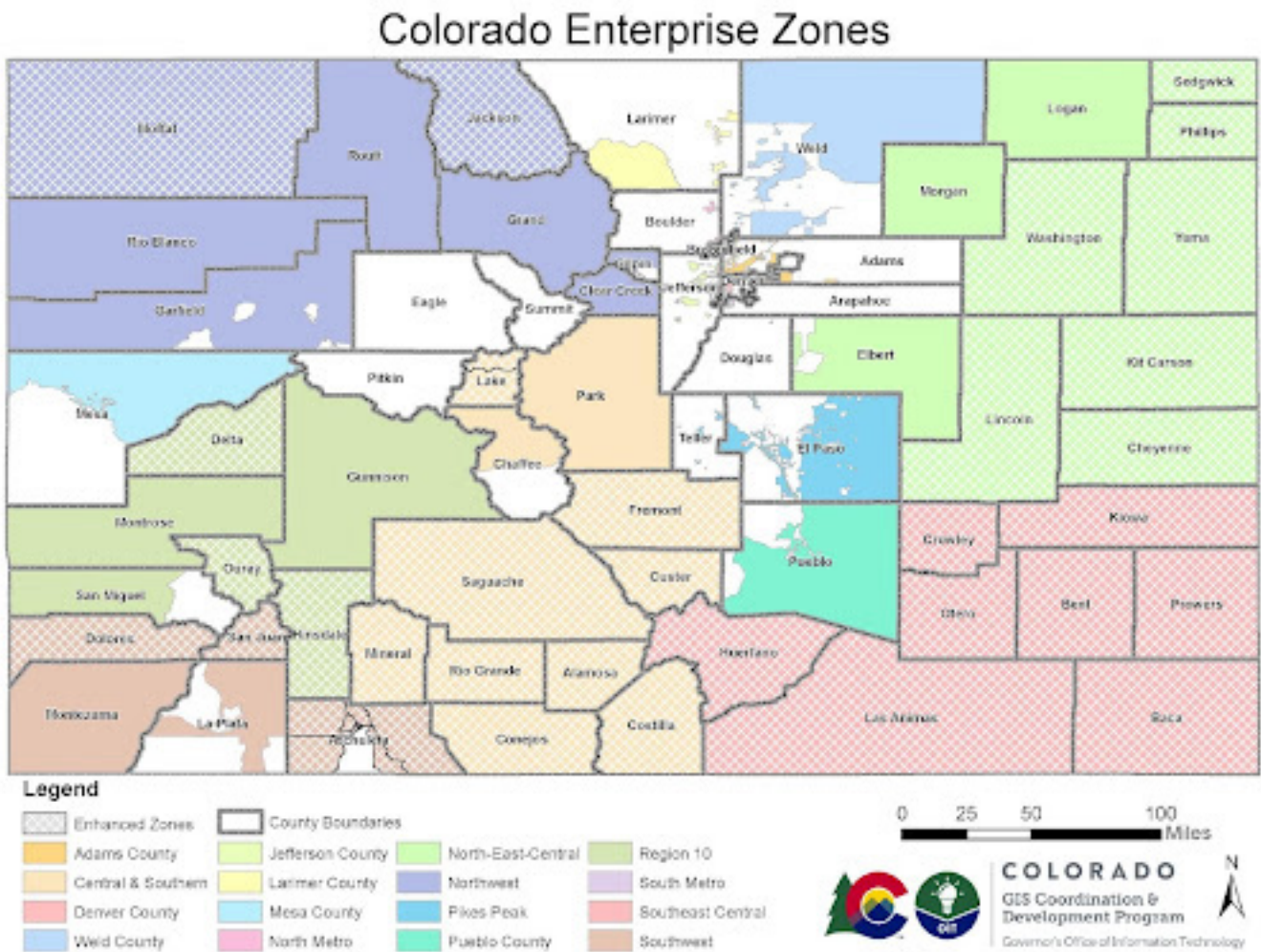
The Colorado Urban and Rural Enterprise Zone statutes, C.R.S 39-30-101 to 112, provide that local governments may propose areas for designation as Enterprise Zones. The statutes set forth three criteria to define economic distress, an area meeting at least one of these may qualify for Enterprise Zone 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 and 150,000 in rural.

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

Zones were re-set in January 2016. The Enterprise Zones align with U.S. Census defined areas including census blocks, block groups, tracts, places, county sub-divisions, and counties.



FISCAL YEAR CREDITS CERTIFIED

This fiscal year report includes certifications approved by local Zone administrators from July 1, 2020 through June 30, 2021. Business certifications are most often submitted and approved following the business' fiscal year-end; therefore information in this report mostly represents business activity during calendar year 2020 claimed on 2020 tax returns that are filed in 2021 and impact state revenue collected in the state's Fiscal Year

2021. Applications approved in Fiscal Year 2021 may also cover business activity prior to 2020 for late or amended applications.

This table identifies tax credits certified by Enterprise Zone.

Fiscal Year 2021 - EZ Credits Certified												
Rural / Urban	Enterprise Zone	Business Tax Credits									Contribution Projects	
		# of Certifications	\$ Investment Tax Credit	\$ Job Training Credit	\$ Employer Sponsored Health Insurance Credit	\$ All New Employee Tax Credits	\$ Vacant Commercial Bldg Rehab Credit	\$ R&D Credit	\$ Commercial Vehicle ITC	Total Business Credits	# Certifications	\$ Estimated Credits
Rural	Central & Southern EZ	669	\$2,778,053	\$58,483	\$13,190	\$280,844	\$113,187	\$0	\$6,999	\$3,094,603	1,620	\$823,291
Rural	North-East-Central EZ	1764	\$8,007,280	\$43,956	\$4,000	\$241,626	\$68,408	\$1,358	\$4,650	\$8,230,778	182	\$74,555
Rural	Northwest EZ	265	\$1,182,147	\$11,923	\$26,413	\$117,118	\$0	\$38,277	\$5,867	\$1,373,245	927	\$565,589
Rural	Region 10 EZ	347	\$914,553	\$20,745	\$0	\$371,512	\$20,676	\$0	\$0	\$1,169,440	1,791	\$589,860
Rural	Southeast Central EZ	450	\$1,524,235	\$29,815	\$37,300	\$101,148	\$3,697	\$0	\$0	\$1,632,535	182	\$314,205
Rural	Southwest EZ	266	\$1,506,089	\$56,191	\$2,000	\$177,593	\$50,000	\$0	\$0	\$1,740,701	921	\$339,980
	Sub-Total Rural	3761	\$15,912,357	\$221,113	\$82,903	\$1,289,841	\$255,968	\$39,635	\$17,516	\$17,241,302	5,623	\$2,707,480
Urban	Adams County EZ	370	\$5,263,022	\$377,549	\$1,810,870	\$1,167,532	\$69,256	\$8,984	\$36,086	\$8,700,799	505	\$632,878
Urban	Denver EZ	309	\$3,041,306	\$2,942,665	\$120,470	\$482,613	\$189,510	\$372,813	\$0	\$7,142,667	8,044	\$4,566,616
Urban	Jefferson County EZ	240	\$5,499,947	\$190,443	\$55,917	\$2,695,069	\$96,726	\$986,539	\$0	\$9,520,806	1,765	\$1,355,131
Urban	Larimer County EZ	162	\$486,715	\$39,588	\$10,800	\$90,496	\$0	\$209,079	\$30,131	\$866,809	2,445	\$916,531
Urban	Mesa County EZ	226	\$839,928	\$86,155	\$18,820	\$288,713	\$40,998	\$13,297	\$0	\$1,287,911	3,339	\$1,496,733
Urban	North Metro EZ	64	\$439,188	\$16,036	\$39,670	\$121,945	\$0	\$24,037	\$0	\$640,876	300	\$240,361
Urban	Pikes Peak EZ	424	\$2,759,421	\$193,656	\$379,757	\$726,577	\$65,454	\$325,490	\$0	\$4,440,355	3,965	\$3,371,383
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Urban	South Metro EZ	105	\$846,416	\$448,878	\$16,000	\$128,034	\$50,000	\$52,793	\$0	\$1,540,451	337	\$268,396
Urban	Weld County EZ	180	\$19,966,871	\$398,463	\$23,500	\$225,980	\$12,880	\$230,564	\$2,584	\$20,836,712	781	\$256,955
	Sub-Total Urban	2210	\$41,665,656	\$4,784,745	\$2,478,633	\$6,124,368	\$527,451	\$2,306,331	\$68,802	\$57,877,141	22,354	\$13,644,717
	Grand Total	5971	\$57,578,013	\$5,005,858	\$2,561,537	\$7,414,209	\$783,418	\$2,345,966	\$86,318	\$75,118,443	27,977	\$16,352,197

Businesses certifying for EZ tax credits select the North American Industrial Classification code that best identifies the industry in which they operate. This table groups the credits certified by industry classification.

Fiscal Year 2021 - Credits Certified							
Industry	# of Certifications	\$ Investment Tax Credit	\$ Job Training Credit	\$ All New Employee Tax Credits	\$ Employer Sponsored Health Insurance Credit	\$ Vacant Commercial Bldg Rehab Credit	\$ R&D Credit
Agriculture, Forestry, Fishing and Hunting	2,205	\$7,521,189	\$12,805	\$167,514	\$68,000		
Mining, Quarrying, and Oil and Gas Extraction	44	\$1,066,101	\$46	\$48,333			\$26,596
Utilities	17	\$2,564,263	\$80,532	\$9,812	\$27,000		\$7,602
Construction	373	\$981,762	\$124,271	\$469,265	\$5,000	\$57,299	\$8,428
Manufacturing	358	\$11,892,849	\$407,198	\$3,364,708	\$162,550	\$50,000	\$1,887,321
Wholesale Trade	161	\$1,290,015	\$142,643	\$241,399	\$20,070		\$3,186
Retail Trade	937	\$3,523,175	\$50,236	\$1,199,401	\$1,906,273	\$3,697	\$1,748
Transportation and Warehousing	143	\$23,026,722	\$2,613,057	\$437,298	\$79,840	\$0	\$276,991
Information	404	\$1,982,010	\$21,704	\$33,055	\$8,000		\$4,798
Finance and Insurance	175	\$332,389	\$32,718	\$95,170	\$19,000		\$2,731
Real Estate and Rental and Leasing	200	\$872,948	\$5,188	\$84,432		\$440,814	\$7,102
Professional, Scientific, and Technical Services	200	\$379,223	\$110,225	\$467,806	\$224,333	\$28,818	\$112,132
Management of Companies and Enterprises	13	\$20,992	\$287,935	\$46,635		\$50,000	\$7,331
Administrative and Support and Waste Management and Remediation Services	72	\$239,926	\$46,855	\$87,077	\$2,000		
Educational Services	3	\$1,129	\$126	\$39,600	\$4,000		
Health Care and Social Assistance	132	\$984,892	\$942,986	\$134,754	\$9,000		
Arts, Entertainment, and Recreation	41	\$168,883	\$55,822	\$36,541		\$50,000	
Accommodation and Food Services	291	\$437,260	\$42,613	\$334,051	\$13,000	\$26,950	
Other Services	202	\$292,285	\$28,898	\$117,358	\$13,470	\$75,840	
TOTAL	5,971	\$57,578,013	\$5,005,858	\$7,414,209	\$2,561,537	\$783,418	\$2,345,966

JOB STATISTICS

The statutes require the reporting of employment, jobs created, and those retained by industry classification. “Jobs retained” is defined as employment at the beginning of the year for certifying businesses 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 Enterprise Zone to a facility within an Enterprise Zone. These employment statistics are requested of all applicants for Enterprise Zone credits. Specific employee calculations are required for the New Employee Tax Credit.

Fiscal Year 2021					
Industry	Beginning Employment	Ending Employment	Jobs Created	Jobs Retained	Jobs Transferred
Agriculture, Forestry, Fishing and Hunting	8,919	8,874	301	8,573	122
Mining, Quarrying, and Oil and Gas Extraction	1,199	1,218	99	1,119	2
Utilities	1,638	1,610	13	1,597	-
Construction	5,940	6,317	665	5,652	679
Manufacturing	31,883	36,256	5,531	30,725	624
Wholesale Trade	8,231	8,153	257	7,896	985
Retail Trade	34,893	38,907	6,315	32,592	1,297
Transportation and Warehousing	8,209	8,667	1,007	7,660	84
Information	1,788	2,030	329	1,701	7
Finance and Insurance	2,827	2,808	121	2,687	48
Real Estate and Rental and Leasing	1,131	1,167	110	1,057	135
Professional, Scientific, and Technical Services	4,153	4,516	500	4,016	121
Management of Companies and Enterprises	1,198	1,250	54	1,196	-
Administrative and Support and Waste Management and Remediation Services	2,356	2,402	138	2,264	2
Educational Services	478	496	35	461	-
Health Care and Social Assistance	8,133	8,369	424	7,945	47
Arts, Entertainment, and Recreation	1,281	1,136	57	1,079	-
Accommodation and Food Services	11,719	11,185	733	10,452	25
Other Services	4,855	2,918	153	2,765	35,089
TOTAL	140,831	148,279	16,842	131,437	39,267

WAGE STATISTICS

The Enterprise Zone statutes require the reporting of wages by employment status; the table below summarizes the information provided by businesses certifying for Enterprise Zone Credits.

Fiscal Year 2021				
Employee Type	Full-Time	Part-Time	Temporary	Contract
Average Annual Compensation	40,539.62	7,663.41	809.15	3,518.47
Number of Employees for whom compensation Reported	106,599.50	43,360.70	1,886.20	4,936.00

PROGRAM TRENDS

The table below documents the number of applications and total credits certified over several years.

Historical 2012 - 2021		
Fiscal Year	Businesses Certified	Total Credits Certified
2012	6,389	\$116,160,138.00
2013	4,660	\$112,314,458.00
2014	3,907	\$43,061,497.00
2015	4,071	\$77,443,624.00
2016	4,306	\$70,344,648.00
2017	4,419	\$67,292,273.00
2018	4,735	\$54,309,435.00
2019	5,776	\$55,251,948.00
2020	5,408	\$92,250,303.00
2021	5,976	\$75,689,003.00

The Investment Tax Credit encourages investment in business personal property in the Enterprise Zones; it accounts for the greatest number of certifications as well as the largest investments into the EZs.

A business making a qualified investment in business personal property earns a credit of 3% on the capitalized expense

Historical 2012 - 2021			
Businesses Certified	# Certifications for Investment Tax Credit	\$ Invested in Eligible Business Personal Property	\$ Investment Tax Credit
2012	6213	\$ 3,333,228,954.00	\$ 100,831,813.00
2013	4606	\$ 3,198,458,969.00	\$ 97,261,301.00
2014	3875	\$ 1,107,573,379.00	\$ 33,227,202.00
2015	3813	\$ 2,042,076,832.00	\$ 62,261,139.00
2016	3900	\$ 1,874,830,485.00	\$ 56,244,947.00
2017	3976	\$ 1,416,348,065.00	\$ 42,490,497.00
2018	4262	\$ 1,423,999,438.00	\$ 42,720,034.00
2019	5260	\$ 1,364,110,733.00	\$ 40,923,386.00
2020	4932	\$ 2,465,706,786.00	\$ 73,971,303.00
2021	5578	\$ 1,919,264,333.44	\$ 57,578,013.00

Several of the Enterprise Zone tax credits support businesses that hire, train, and provide health coverage for new employees.

Businesses earn 12% on the cost a job-training program for employees working in an Enterprise Zone. Prior to 2014, the credit rate was 10%

New businesses are eligible to earn the employer sponsored health insurance tax credit for the first two years that they operate in an Enterprise Zone. The business may earn a \$1,000 tax credit for each net new employee for whom the business pays at least 50% of the cost of a qualified health plan. The employer sponsored health insurance credit was \$200 per net new employee prior to 2014

Businesses are encouraged to add jobs with the New Employee credit. The tax credit for each net new employee (as compared to the prior year) is \$1,100. The standard credit was \$500 per net new employee prior to 2014. If the business is in an Enhanced Rural Enterprise Zone (EREZ), the business earns an additional \$2,000 per net new employee. If the taxpayer is in the agricultural processing business, then the new employee credit is increased by \$500. If both an agricultural processor and located in an EREZ and additional \$500 is added to the credit value per net new employee.

Historical 2012 - 2021									
FY	# Certifications for Job Training Credit	\$ Invested in Job Training	# Employees Trained	\$ Job Training Credit	# Certifications for Employer Health Credit	\$ Employer Health Tax Credit	# Certifications for New Employee Credits	# Net New Employees	\$ New Employee Credit
2012	4,725	\$56,891,934	38,670	\$5,689,193	4,139	\$396,465	6,389	6,198	\$4,087,536
2013	4,366	\$70,499,292	94,246	\$7,049,929	4,268	\$443,708	4,660	6,399	\$3,390,861
2014	3,847	\$56,541,833	39,934	\$5,654,183	3,844	\$319,923	3,907	4,127	\$2,707,518
2015	1,710	\$93,166,861	32,996	\$9,441,407	1,502	\$1,401,095	4,071	3,559	\$3,607,047
2016	488	\$62,510,813	36,078	\$6,523,367	176	\$1,436,620	4,306	3,912	\$4,921,574
2017	389	\$156,307,817	32,484	\$15,975,193	114	\$1,358,682	4,419	4,578	\$5,767,263
2018	482	\$20,081,951	30,985	\$2,409,695	109	\$1,187,783	4,735	4,928	\$6,360,507
2019	437	\$42,826,913	32,234	\$5,139,230	98	\$740,028	5,776	4,912	\$6,213,359
2020	500	\$43,425,809	37,273	\$5,211,099	87	\$1,534,344	2,906	6,313	\$7,887,549
2021	439	\$41,715,422	25,608	\$5,005,858	97	\$2,561,537	2,688	6,124	\$7,414,209

Enterprise Zone credits also support the rehabilitation of old vacant buildings for commercial use. Qualified rehabilitation projects earn credits for 25% of qualified expenses up to a maximum credit of \$50,000 per building.

Increased investment in commercial research and experimental activities is encouraged with a 3% credit calculated on the difference between the current year expenditure and that of the prior two years.

The Commercial Vehicle Investment Tax Credit is 1.5% of the expense of the vehicle and qualified parts. This credit was put into place during fiscal year 2013.

Historical 2012 - 2021									
FY	# Certifications for Vacant Building Rehab Credit	\$ Invested in Building Rehab	\$ Vacant Building Rehab Credit	# Certifications for Research & Development Credit	\$ Spend on R&D	\$ R&D Tax Credit	# Certifications CVITC	\$ Invested in Commercial Vehicles	\$ Commercial Vehicle Investment Tax Credit
2012	2,671	\$8,134,362	\$923,457	2681	\$206,785,085	\$4,231,674			
2013	60	\$5,504,080	\$684,718	81	\$140,551,842	\$3,404,344	40	\$5,499,294	\$82,489
2014	14	\$8,205,042	\$406,884	70	\$147,377,623	\$591,957	39	\$10,359,465	\$155,392
2015	18	\$6,749,761	\$595,224	68	\$121,402,734	\$1,072,397	26	\$4,354,331	\$65,135
2016	18	\$3,650,366	\$443,741	75	\$112,043,317	\$719,785	22	\$3,640,933	\$54,614
2017	18	\$11,010,883	\$604,733	84	\$161,539,911	\$909,431	15	\$11,285,162	\$169,277
2018	16	\$1,696,646	\$337,902	76	\$141,484,667	\$949,141	24	\$22,958,219	\$344,373
2019	15	\$3,113,372	\$439,411	94	\$140,926,690	\$1,637,765	19	\$9,131,394	\$136,971
2020	14	\$2,983,138	\$377,785	113	\$301,309,156	\$3,268,224	27	\$6,371,394	\$95,568
2021	30	\$5,447,144	\$783,418	98	\$280,074,526	\$2,345,966	10	\$2,445,641	\$36,685

Note: EZ Certification data is self-reported by a business representative; OEDIT does not verify investments, payroll counts, and the like. OEDIT does not make efforts to eliminate duplicate records and to verify outlying figures. OEDIT and local EZ Administrators certify the credits as being earned; the amount of the credit that the taxpayer claims against their Colorado state income tax liability is confidential information within the Colorado Department of Revenue (DOR). The DOR has approval and audit functions for EZ tax credits 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. Reports cover certification applications processed and approved during the fiscal year. Certification figures may be amended in a later fiscal year, and will be re-reported in the year amended.

Fiscal Year 2021 - EZ Credits Certified

Rural or Urban	Enterprise Zone	# of Certifications	\$ Investment Tax Credit	\$ Job Training Credit	\$ Employer Sponsored Health Insurance Credit	\$ All New Employee Tax Credits	\$ Vacant Commercial Bldg Rehab Credit	\$ R&D Credit	\$ Commercial Vehicle ITC	Total Business Credits	# Certifications	\$ Estimated Credits
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