

## Enterprise Zone Annual Report State Fiscal Year 2015

### 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.

Starting in 2014, the Colorado Office of Economic Development and International Trade began engaging stakeholders to review and re-designate Enterprise Zones. New EZ areas will be effective January 1, 2016.

Now about 4,000 businesses certify annually 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 impacted the number of certifications.

In fiscal year 2015, businesses certifying for EZ tax credits reported over \$2 billion invested in qualified business personal property that was eligible for \$61.5 million in EZ investment tax credits. As a part of the qualified business personal property investment, renewable energy investments totaled \$292.7 million. Businesses trained almost 34,000 employees that work in the Enterprise Zones and earned \$9.5 million in EZ job training tax credits; the credit rate increased from 10% to 12% for tax years starting January 1, 2014. To incentivize commercial vehicle investment in an EZ, \$22,772 in income tax credits were recognized on investments totaling more than \$1.5 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 2015, certifying businesses reported 3,551 new jobs incentivized by almost \$3.6 million in New Employee Credits. Starting January 1, 2014, the requirements for businesses changed so that they no longer need to meet the "new business facility" definition. The credit amount increased from \$500 to \$1,100 per new employee. 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. Eligible businesses provided health care coverage for more than 1,267 employees in the Enterprise Zones qualifying them for \$1.2 million in income tax credits. The value of these credits increased with the credit value changing from \$200 to \$1,000 per covered position starting in January 2014.

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 2015, 374 Projects received contributions of almost \$55 million from more than 17,635 donors who were certified for tax credits of \$18.9. 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.

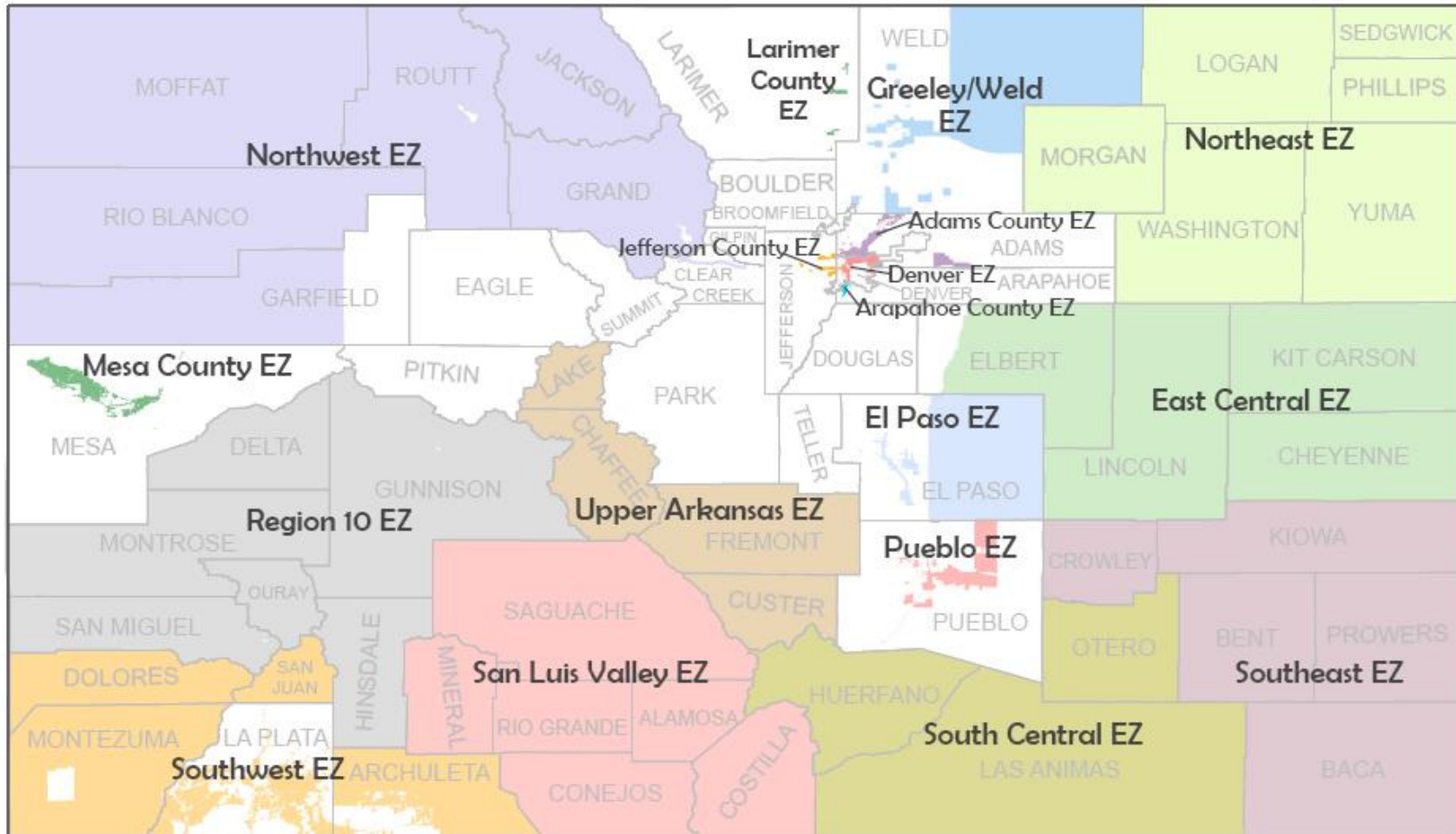
Additional criteria limit the total population residing within an Enterprise Zone boundary to 115,000 people in urban areas or 150,000 in rural.

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, and in autumn 2015 the Economic Development Commission approved updated designations for 16 Enterprise Zones. New EZs are effective January 1, 2016 to coincide with the start of the tax year for most businesses. Some areas of the state that had never had access to the EZ program and that will starting in 2016 are areas within Park, Teller, Douglas, Broomfield, and Boulder counties. Many areas graduated out of the EZ including significant economic improvements in parts of Chaffee, Cheyenne, Denver, and El Paso counties. The updated zones can be found on the OEDIT website: [www.advancecolorado.com/ez](http://www.advancecolorado.com/ez)

## 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 Administrative Enterprise Zones. For a detailed interactive 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; 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 identifies tax credits certified by Enterprise Zone.

Fiscal Year 2015 - EZ Credits Certified										
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	# of Certifications	\$ Estimated Credits
East Central EZ	353	10,266,018	16,621	2,000	18,152	32,477			56	22,361
Northeast EZ	918	5,731,718	61,254	25,084	185,055		5,341	8,551	332	72,807
Northwest EZ	128	9,608,823	15,474	6,000	19,362				156	124,128
Region 10 EZ	244	526,283	51,367	2,400	244,499	40,987	6,171		1,622	491,819
San Luis Valley EZ	373	1,335,303	2,929	9,100	193,408	20,000	10,318		1,606	457,746
South Central EZ	118	454,060	5,245	916	67,182	13,658	1,975		349	122,406
Southeast EZ	223	759,398	24,856	-	31,776				34	21,784
Southwest EZ	289	771,271	179,393	3,733	119,671		21,195		1,279	833,823
Upper Arkansas EZ	117	370,065	7,926	1,200	110,880				464	154,585
Sub-Total Rural	2,763	29,822,939	365,065	50,433	989,985	107,122	45,000	8,551	5,898	2,301,460
Adams County EZ	237	3,598,349	336,327	103,480	408,695		9,189	56,764	462	491,450
Arapahoe County EZ	63	604,080	113,066	18,800	208,875	18,689			78	607,163
Denver EZ	324	4,213,658	8,120,770	161,360	457,128	314,000	288,020		4,951	9,774,283
El Paso County EZ	215	2,033,997	140,717	367,404	662,601	50,000	348,959		2,768	1,590,281
Greeley/Weld County EZ	159	18,004,263	150,359	601,816	494,864	55,413	77,238		1,694	420,067
Jefferson County EZ	99	696,042	94,752	40,134	79,988	-	4,558		2,038	923,559
Larimer County EZ	84	897,655	17,748	7,248	159,969		61,523		4,418	1,739,876
Mesa County EZ	100	408,418	84,372	4,400	119,387	50,000	195,948		3,600	689,486
Pueblo EZ	75	1,231,539	89,964	1,000	16,240		18,011		844	355,942
Sub-Total Urban	1,356	31,688,002	9,148,075	1,305,642	2,607,747	488,101	1,003,445	56,764	20,853	16,592,109
Grand Total	4,119	61,510,940	9,513,141	1,356,075	3,597,732	595,223	1,048,445	65,315	26,751	18,893,568

*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 2015 - Credits Certified								
Industry Name	NAICS Sector	# 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
Agriculture, Forestry, Fishing and Hunting	11	1,609	5,418,555	43,690	53,020	106,546		5,164
Mining	21	80	12,635,311	38,127	413,830	319,341		
Utilities	22	25	10,764,878	106,843	3,000	2,500		
Construction	23	171	432,758	75,275	54,000	238,478	18,689	7,353
Manufacturing	31-33	239	13,748,478	457,676	108,980	864,109	50,000	982,424
Wholesale Trade	42	124	807,559	149,888	44,400	195,343		11,304
Retail Trade	44-45	603	1,742,853	73,893	192,614	383,273	77,658	1,526
Transportation and Warehousing	48-49	109	1,477,795	7,775,633	1,100	60,852	-	-
Information	51	277	2,352,262	59,269	341,600	497,868		7,678
Finance and Insurance	52	114	190,765	42,193	7,918	25,379		
Real Estate Rental and Leasing	53	107	1,176,357	4,694	-	1,290	232,477	
Professional, Scientific, and Technical Services	54	131	195,103	118,516	107,720	150,966	5,413	20,227
Management of Companies and Enterprises	55	6	223,552	1,868	3,360	1,400		
Administrative and Support and Waste Management and Remediation Services	56	19	74,802	10,944	-	13,755		
Educational Services	61	5	16,446	5,354	-	1,150	50,000	
Health Care and Social Assistance	62	129	1,103,400	429,156	4,000	107,555	40,987	
Arts, Entertainment, and Recreation	71	29	185,039	4,548	-	13,402		2,056
Accommodation and Food Services	72	220	448,128	44,524	15,000	467,860		396
Other Services (except Public Administration)	81	98	156,342	63,053	4,933	141,000	70,000	10,318
Public Administration	92							
Not Classified		24	8,360,559	7,996	600	5,665	50,000	-
<b>TOTAL</b>		<b>4,119</b>	<b>61,510,940</b>	<b>9,513,141</b>	<b>1,356,075</b>	<b>3,597,732</b>	<b>595,223</b>	<b>1,048,445</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 2015						
Industry Name	NAICS Sector	Beginning Employment	Ending Employment	Jobs Created	Jobs Retained	Jobs Transferred
Agriculture, Forestry, Fishing and Hunting	11	6,892	6,795	147	6,648	19
Mining	21	7,871	8,724	955	7,769	21
Utilities	22	2,401	2,484	117	2,367	4
Construction	23	4,271	4,953	761	4,192	109
Manufacturing	31-33	20,657	21,860	1,685	20,175	130
Wholesale Trade	42	6,153	6,002	441	5,561	25
Retail Trade	44-45	24,599	25,487	1,708	23,779	754
Transportation and Warehousing	48-49	8,133	8,393	814	7,579	39
Information	51	5,417	4,904	156	4,748	14
Finance and Insurance	52	4,431	4,500	222	4,278	22
Real Estate Rental and Leasing	53	495	509	26	483	2
Professional, Scientific, and Technical Services	54	2,451	2,582	213	2,369	70
Management of Companies and Enterprises	55	685	756	73	683	1
Administrative and Support and Waste Management	56	1,274	1,309	46	1,263	1
Educational Services	61	318	301	1	300	13
Health Care and Social Assistance	62	8,095	7,833	147	7,686	149
Arts, Entertainment, and Recreation	71	988	1,019	43	976	-
Accommodation and Food Services	72	7,677	8,231	996	7,235	30,129
Other Services (except Public Administration)	81	1,899	2,153	282	1,871	6
Public Administration	92					
Not Classified		825	733	33	700	20
<b>TOTAL</b>		<b>115,532</b>	<b>119,528</b>	<b>8,866</b>	<b>110,662</b>	<b>31,528</b>

## 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 EZ credits.

Fiscal Year 2015				
Employee Type:	Full-Time	Part-Time	Temporary	Contract
Average Annual Compensation	\$ 26,101	\$ 3,553	\$ 403	\$ 917
# of Employees for whom comp. reported	98,949	55,058	2,226	602

## Comparison of Annual Reports

This table provides a summary of credits certified as reported in each annual report.

	# 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	\$ Contribution Credits
FY2011	4,662	76,204,598	6,565,072	406,773	3,891,086	1,025,571	3,534,373	11,595,287
FY2012	6,415	100,940,717	5,650,713	377,325	3,970,096	923,207	4,229,244	18,811,743
FY2013	4,795	118,030,567	7,398,249	487,118	3,889,406	652,000	3,479,974	10,786,565
FY2014	3,865	32,705,126	5,295,893	313,399	2,507,953	406,884	1,491,481	11,648,039
FY2015	4,119	61,510,940	9,513,141	1,356,075	3,597,732	595,223	1,048,455	18,893,568

*Note: EZ Certification data is self-reported by a business representative; OEDIT does not verify investments, payroll counts, and the like. OEDIT does 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.*