

## Colorado Enterprise Zone Program

### Purpose

The Enterprise Zone Program encourages job creation and capital investment in economically depressed areas by providing tax credits to businesses and projects to promote and encourage economic development activities.

### Authority

Colorado's Urban and Rural Enterprise Zone Act of 1986 established a program for the designation of state Enterprise Zones. Statute allows for up to 16 areas to hold Enterprise Zone status. Population in an Enterprise Zone cannot exceed 80,000 in urban and 100,000 in rural zones. Areas with high unemployment rates, low per capita income, and slower population growth may be granted Enterprise Zone status by the Economic Development Commission.

### Incentives

The following tax credits are applied to Colorado income tax liability as defined in C.R.S. 39-30-101 through 109, for qualified businesses located in an Enterprise Zone.

TAX CREDIT	CREDIT AMOUNT	FORM	FYI
<b>Investment Tax Credit</b>	3% of equipment purchases	DR0074	FYI Income 11
<b>Job Training Tax Credit</b>	10% of qualified training expenses	DR0074	FYI Income 31
<b>New Business Facility (NBF) Tax Credits</b>	<i>The 3 credits below require NBF status</i>	DR0074	FYI Income 10
Jobs Credit	\$500 per new job		
Ag Processing Jobs Credit	\$500 <i>add'l</i> per new a.p. job = \$1,000 total		
Health Insurance Credit	\$200 x 2 years (\$400) <i>add'l</i> per new job		
<b>R&amp;D Increase Tax Credit</b>	3% of increased R&D expenditures	DR0077	FYI Income 22
<b>Vacant Building Rehabilitation Tax Credit</b>	25% of rehab expenditures (hard costs)	DR0076	FYI Income 24
<b>Manufacturing and Mining Sales and Use Tax</b>	Expanded S&U tax exemption in EZ	DR1191	FYI Sales 10 & 69
<b>Contributions to Enterprise Zone Projects</b>	25% cash / 12.5% in-kind on contributions	DR0075	FYI Income 23
<b>Local Incentives</b>	Increased incentives in some areas in EZ	N/A	N/A

### Enhance Rural Enterprise Zone (EREZ)

Jobs Credit in an EREZ	\$2,500 total per new job	DR0074	FYI Income 10
Ag Processing Jobs Credit in an EREZ	\$3,500 total per new ag processing job	DR0074	FYI Income 10

The list of EREZ counties is available at [www.advancecolorado.com/enterprisezone](http://www.advancecolorado.com/enterprisezone). A county is "Enhanced Rural" if it meets 2 of 5 Enhanced Rural distress criteria, outlined in C.R.S. 39-30-103.2. See EREZ Fact Sheet.

### Sample Calculations and Information

If claiming Enterprise Zone tax credits, it is recommended that you review the Enterprise Zone FYI Publications available from the Department of Revenue. These FYIs are noted above for each tax credit and are available at [www.colorado.gov/revenue/tax](http://www.colorado.gov/revenue/tax).

### Colorado Office of Economic Development and International Trade (OEDIT)

The Colorado OEDIT oversees the Enterprise Zone Program. Per statute, the Economic Development Commission is responsible for policy decisions concerning the Enterprise Zone. For more information on the Enterprise Zone Program, visit [www.advancecolorado.com/enterprisezone](http://www.advancecolorado.com/enterprisezone).