



Colorado Enterprise Zone Program El Paso County Economic Development Pikes Peak Enterprise Zone



Purpose

The Colorado Enterprise Zone (EZ) Program was created by the Colorado Legislature (C.R.S. Title 39, Article 30) to promote a business friendly environment in economically distressed areas by offering state income tax credits that incentivize businesses to locate and develop in - and non-profit organizations to assist with the needs of - these communities.

Program Description

Taxpayers investing in Enterprise Zones can earn a credit on their Colorado income tax by planning and executing specific economic development activities.

The following incentives can be earned by businesses located in Enterprise Zones for tax years beginning 1/1/2014 and after. Please see CO Department of Revenue pages for previous credit amounts.

BUSINESS INCOME TAX CREDITS	CREDIT AMOUNT	FYI
Investment Tax Credit (ITC)	3% of equipment purchases	FYI Income 11
Commercial Vehicle Investment Tax Credit (CVITC)	1.5% of commercial vehicle purchases	
Job Training Tax Credit	12% of qualified training expenses	FYI Income 31
New Employee Credit	\$1,100 per new job	FYI is not yet available
Agricultural Processor New Employee Credit	\$ 500 per new job	
Employer Sponsored Health Insurance Credit	\$1,000 per covered employee	FYI is not yet available
R&D Increase Tax Credit	3% of increased R&D expenditures	FYI Income 22
Vacant Building Rehabilitation Tax Credit	25% of rehab expenditures (hard costs)	FYI Income 24

FYIs are Department of Revenue publications explaining the tax credits.

ADDITIONAL EZ INCENTIVES	INCENTIVE AMOUNT	FYI
Manufacturing/Mining Sales and Use Tax Exemption	Expanded S&U tax exemption in EZ	FYI Sales 10 & 69
Contribution Tax Credit	25% cash / 12.5% in-kind on contributions to EZ projects	FYI Income 23

Additionally, municipalities, counties and special districts may have increased flexibility pertaining to local incentives per CRS 39-30-107.5 if located in an EZ.

Certain rural counties that meet additional distress criteria are designated as being **Enhanced Rural Enterprise Zones (EREZ)** per CRS 39-30-103.2. Businesses located in a designated EREZ county can earn an increased credit amount with the New Employee Credit (an additional \$2,000 per job) and the Agricultural Processor New Employee Credit (an additional \$500 per new job). See www.choosecolorado.com/ez for more information and a list of designated counties.

Requirements/Eligibility Rules

Areas with high unemployment rates (25% above state average), low per capita income (25% below state average), and/or slower population growth (less than 25% of state average in rural areas) may be approved for EZ designation by the Economic Development Commission. Only taxpayers engaged in business that is legal under both state and federal law are eligible to claim EZ income tax credits.

Application Process

Each income tax year, a business located in an EZ must apply and be Pre-certified prior to beginning an activity to earn any of the business tax credits listed in the first table. At the end of the income tax year, a business must Certify that the activities were performed. Pre-certification and Certification are applied for online.

Contribution Tax Credits earned by taxpayers making donations to eligible EZ Contribution Projects certify those donations with the project organization or Local Enterprise Zone Administrator. A list of qualified projects is available online.

The Commercial Vehicle Investment Tax Credit has a unique application process. Download the CVITC Application online.

Applications and Additional Information: www.choosecolorado.com/ez