



DENVER ENTERPRISE ZONE

State Tax Credit Program



GROWDENVER
The Office of Economic Development

THE DENVER ENTERPRISE ZONE (EZ)

Looking to start, expand or locate your business in Colorado? Look no further than Denver's Urban Enterprise Zone, located in the industrial and commercial heart of metropolitan Denver. The Denver Enterprise Zone is a designated area in Denver that

affords businesses nine special state tax credit incentives. The Denver Zone provides businesses with intrinsic advantages based on its strategic location in regard to transportation, suppliers and potential clients. Listed below are the available tax credits:

| TAX CREDITS | AMOUNT |
|---|--|
| Investment Tax Credit | Businesses in the Denver Enterprise Zone making purchases of what the Federal government deems as Section 38 Property (equipment, computers, furniture, vehicles, etc.) used exclusively in the zone for at least one year, may claim a tax credit equal to 3% of the investment amount. The credit cannot exceed 100% of the taxpayer's State income tax liability up to \$5,000 and 50% of the tax liability above \$5,000. <i>The unused portion of the credit may be carried forward for 12 years and back three years.</i> |
| New Business or Expansion Business Facility Job Credits | Businesses that locate or expand in the Zone may qualify to receive up to \$500 per new job created . This is a prorated credit and the \$500 is based on one full year of employment. |
| Employer-Sponsored Health Insurance Tax Credit | New or expanded businesses in the Zone may also qualify to receive \$200 for every new employee who is on a company-sponsored health plan for each of the first two years of the project. |
| Job Training Tax Credit | Employers in the Enterprise Zone who undertake a qualified job training for their employees may claim a tax credit of 10% of their training investment. Training programs must be formalized. |
| Manufacturing Equipment State Sales Tax Exemption | Manufacturers located in the Zone are exempt from State sales tax on purchases of \$500 or more of machinery, machine tools, or parts of either. |
| Rehabilitation of Vacant Buildings | Businesses in the Zone that completely rehabilitate a building that is at least 20 years old and has been vacant for at least two years, are eligible for a 25% tax credit . The credit cannot exceed \$50,000 and is based on the business's hard costs (construction, materials, etc.) to rehabilitate the building. |
| New Business Agricultural Processing Credit | An additional \$500 State tax credit is available for each new employee in businesses that manufacture or process agricultural commodities. |
| Research and Development Tax Credit | A 3% State tax credit is available for private expenditures on research and experimental activity. Research must meet federal guidelines. |
| Credits for Contributions to Zone Projects | Any taxpayer who contributes to a Zone-approved project may receive a tax credit of 25% for cash contributions and 12.5% for in-kind contributions . |

HOW CAN EZ TAX CREDITS IMPACT YOUR COMPANY?

The key to the Denver Enterprise Zone is that it rewards businesses for investing in their own company and community. The following is an example of a midsized company that earned tax credits in six of the nine potential

tax credit categories. Please remember some of the credits are prorated and have dollar limits for what can be claimed per year. If there are excess credits to be claimed in a tax year they may be carried to future tax years.

| COMPANY'S INVESTMENT | QUALIFIED TAX INCENTIVE | CREDIT EARNED / MONEY SAVED! |
|--|--|--|
| Hires 50 full-time employees for a full fiscal year. | New Jobs Tax Credit- \$500 for each new employee | \$25,000 |
| Places all 50 employees on a company-sponsored health plan. (<i>Company pays 50% of the insurance plan.</i>) | Employer-Sponsored Health Insurance Tax Credit- \$200 for each employee. | \$10,000 + \$10,000 in the 2nd year \$20,000 = Total savings on the health insurance credit. |
| Purchases \$250,000 of manufacturing equipment. | Qualifies for both the 3% investment credit and the exemption from the state sales tax of 3% | \$7,500 tax credit on initial investment + \$7,500 3% state sales tax exemption \$15,000 = Total savings on the purchase of manufacturing equipment insurance credit. |
| Company invests \$40,000 to train employees. | Job Training Tax Credit of 10% for investment in employee training | \$4,000 |
| Company invests \$50,000 in research and development. | Research and development 3% tax credit | \$1,500 |
| Firm invests \$200,000 in hard cost to rehabilitate a vacant building. | Rehabilitation tax credit of 25% | \$50,000 |
| | | \$115,500 = Total savings |

LEARN HOW MUCH MONEY YOUR COMPANY CAN SAVE!

To learn about how much money your company can save with Enterprise Tax Zone Credits, contact the Denver Enterprise Zone administrator at (720) 913-1999. For additional information on the tax credits available in

Denver's Enterprise Zones, contact the Colorado Department of Revenue via their website at: www.taxcolorado.com.

In 2010, legislative changes were made to the Enterprise Zone Program, including a new requirement that Enterprise Zone businesses receive pre-certification each year prior to earning EZ business tax credits. This requirement will take effect for credits that will be earned on or after January 1, 2012. For more information on this change and other legislative changes please visit www.advancecolorado.com/ez.



Small business assistance offered by the Denver Office of Economic Development.

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ENTERPRISE ZONE MAP

