

Jefferson County Enterprise Zone Program

The Colorado Enterprise Zone (EZ) program encourages job creation and capital investment in economically depressed areas by providing tax credits to business and projects to promote and encourage economic development activities.

Incentives

| Tax Credit | Credit Amount | Form | State FYI Reference |
|---|--|--------|---------------------|
| Investment Tax Credit | 3% of equipment purchases (\$750,000 cap on credit) | DR0074 | FYI Income 11 |
| Commercial Vehicle Investment Tax Credit | 1.5% of commercial vehicle purchases | CVITC | FYI Income 11 |
| New Jobs Credit | \$1,100 per net new job | DR0074 | FYI Income 10 |
| Health Insurance Credit | \$1,000 x 2 years per covered employee | DR0074 | FYI Income 10 |
| Job Training Tax Credit | 12% of qualified training expenses | DR0074 | FYI Income 31 |
| R&D Increase Tax Credit | 3% of increased R&D expenditures | DR0077 | FYI Income 22 |
| Vacant Building Rehabilitation Tax Credit | 25% of rehab expenditures (hard costs) | DR0076 | FYI Income 24 |
| Manufacturing & Mining Sales & Use Tax | Expanded S&U tax exemption in EZ | DR1191 | FYI Income 10 & 69 |
| Contributions Tax Credit | 25% cash & 12.5% in-kind on contributions to EZ projects | DR0075 | FYI Income 23 |

Investment Tax Credit

Businesses can take a 3% investment tax credit against their Colorado income taxes for equipment used exclusively in an enterprise zone (section 38 property as defined by the IRS). Investments that result from an in-state relocation are not eligible for credits. There is a \$750,000 cap on the credit.

Commercial Vehicle Investment Tax Credit

New licensed-Colorado commercial trucks, truck tractors, or semitrailers, as well as associated parts are eligible for a state tax credit equal to 1.5% of the qualified investment, if predominantly housed and based in an EZ for 12 months following its purchase.

New Jobs Credit

Businesses hiring new employees located in an EZ may claim a tax credit against state income taxes of \$1,100/net new employee. The credit may be taken in subsequent years of the EZ for each additional net new employee above the maximum number employed in any prior tax year.

Health Insurance Credit

An employer in the enterprise zone is allowed a two-year \$1,000 tax credit for each net new employee who is insured under a qualifying employer-sponsored health insurance program.

Qualified Job Training Program Credits

Employers who carry out a qualified job training program for the enterprise zone employers, may claim an income tax credit of 12% of their approved training costs.

Research and Development Tax Credit

Taxpayers who make private expenditures on research and experimental activities conducted in an EZ qualify for an income tax credit. This is a 3% state income tax credit for increased expenditures related to R&D and divided over a four-year period.

Vacant Building Rehabilitation Tax Credit

This is a 25% credit on the cost (up to \$50,000 per building/per year) to rehabilitate a building located in an EZ. The building must be at least 20 years old and have been completely vacant for two years.

State Sales and Use Tax Exemption for Manufacturing and Mining Equipment

This tax exemption is for equipment used solely in the manufacturing or mining process in an EZ. It applies to state sales and use tax and state-collected local sales tax and for minimum purchase of \$500.

Contribution Tax Credit to Qualified Programs

A taxpayer who makes a contribution to an eligible enterprise zone program may claim a tax credit on the amount of the contribution, 25% for cash and 12.5% for in-kind donations. For a list of qualified Jefferson County contribution projects, visit www.jeffcoedc.org/ez-contribution.asp

Application Process

Each income tax year, a business located in an EZ must file and be pre-certified prior to beginning an activity to earn any of the business tax credits listed above. At the end of the tax income year, a business must certify that the activities were performed. Pre-certification and Certification are applied for online. For applications and additional information, visit www.advancecolorado.com/ez

For More Information

Jefferson County EZ Administrator

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