

## Economic Development Department

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**Board of County Commissioners**  
Holly Williams, District 1  
Carrie Geitner, District 2  
Stan VanderWerf, District 3  
Longinos Gonzalez, Jr., District 4  
Cami Bremer, District 5

Thank you for your interest in becoming an approved Enterprise Zone Contribution Project in the Pikes Peak Enterprise Zone (EZ).

An overview of the EZ Contribution Project Program can be found on the State's website at [oedit.colorado.gov/ez](http://oedit.colorado.gov/ez), where you will also find the EZ Contribution Project Tax Credit Overview & Policies (copy also attached) of the Colorado Economic Development Commission (EDC). Please review the State's website as well as the attached policies carefully and, if you feel your organization fits the criteria, please contact me to schedule a meeting to discuss your organization and its activities.

Please note that one of the most critical components to approval is the applicant's ability to *"elicit a shift, create something, and accomplish"* a defined Pikes Peak EZ economic development goal. In other words, it is not the organization's operational status quo activities, but what the EZ Contribution Project will do that is **new or different** that will improve economic conditions in the EZ. We cannot stress enough that, while the organization's activities may contribute significantly to our quality of life, the goal of the EZ program is focused on job creation/retention and business expansion within the EZ boundaries. Current Economic Development goals of the Pikes Peak EZ can be found at <https://admin.elpasoco.com/economic-development/enterprise-zone-contribution-projects/>.

The Pikes Peak EZ utilizes the following 3-phase EZ Contribution Project approval process and timeline:

<b>Initial Engagement</b>	Potential project applicant reaches out to Pikes Peak Enterprise Zone (EZ) Administrator
	EZ Administrator has initial meeting/conversation and provides program policies to the project applicant
	If the project is deemed eligible by the <u>EZ Administrator</u> , then an EZ Contribution Project application is released
<b>1st Month</b>	Applicant completes the application and submits to the EZ Administrator
	<u>Pikes Peak EZ Review Board</u> reviews/ provides guidance or denial to the applicant
<b>2nd Month</b>	Applicant re-submits revised application to EZ Administrator
	Revised application is reviewed online by the <u>Statewide EZ Administrator Peer Review Committee</u> ; suggested revisions/guidance or denial may occur at this point
	Applicant re-submits revised application to the EZ Administrator
<b>3rd Month</b>	<u>Statewide EZ Administrator Peer Review Committee</u> phone call for final review, and vote to send to the Economic Development Commission or denial
	<u>Colorado Economic Development Commission</u> reviews at monthly meeting for approval or denial

Please note that the timeframe above is an estimate and is meant to provide a general overview of the process and four layers of approval needed: 1) EZ Administrator, 2) Pikes Peak EZ Review Board, 3) Statewide EZ Administrator Peer Review Committee, and 4) State Economic Development Commission. There are many factors that may come into play to determine a project's timeline.

Also, please be aware that only Colorado taxpayers benefit from the credit; foundations typically do not need a tax credit. The State has asked that we notify potential projects up-front that we do retain a fee (currently 3.5%) for processing contributions which are made through the Enterprise Zone.

Please contact me concerning any questions or concerns you may have, or to schedule a meeting to discuss your organization and the EZ Contribution Project application process.

Thank you,

A handwritten signature in cursive script, appearing to read "Sara Lobato".

Sara Lobato  
Pikes Peak Enterprise Zone Administrator  
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Elbert County

Douglas County

Teller County

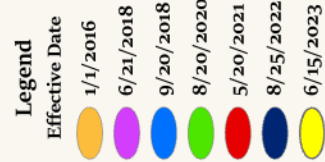
Teller County

Fremont County

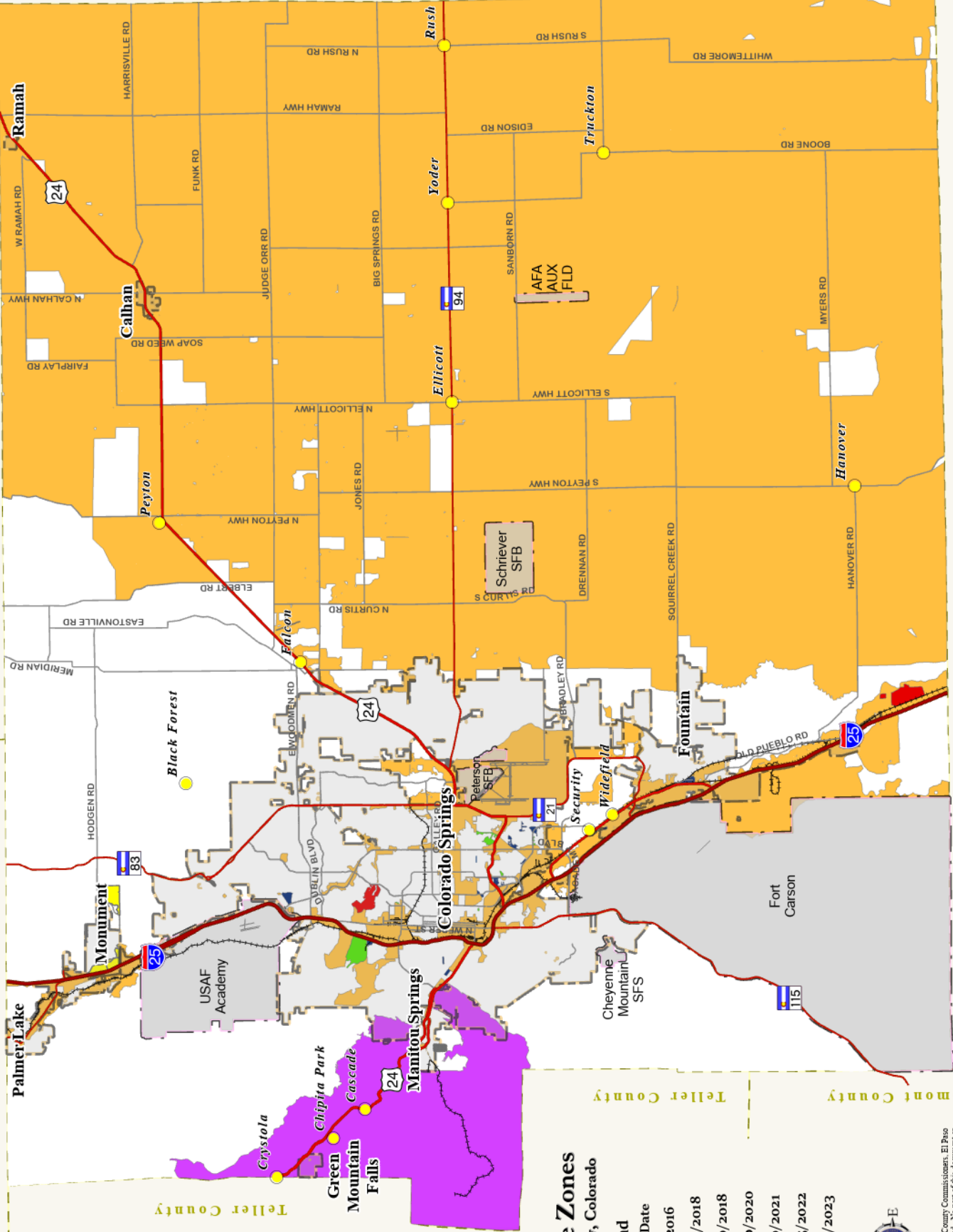
Lincoln County

Elbert County

## Enterprise Zones El Paso County, Colorado



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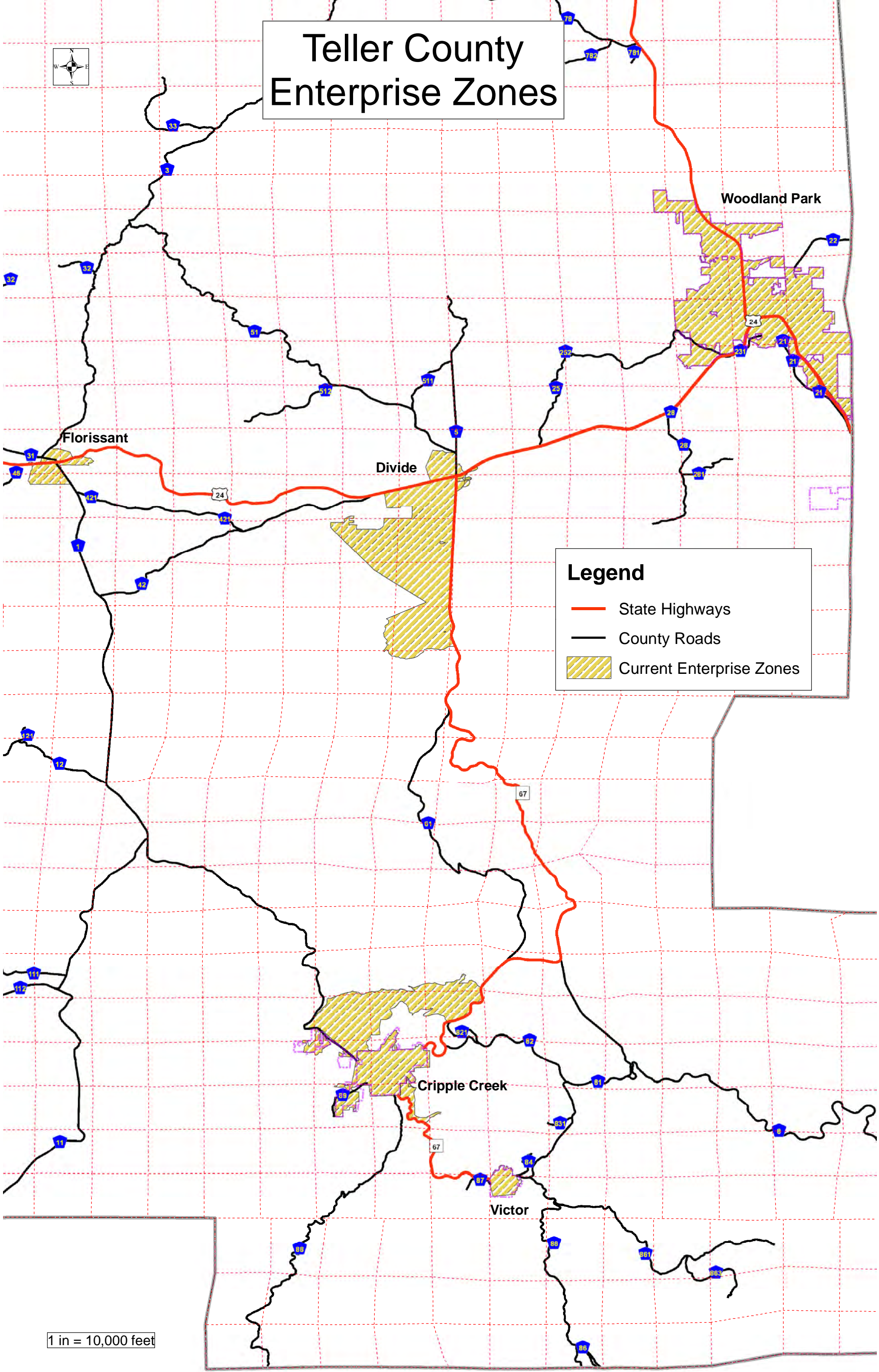


Pueblo County





# Teller County Enterprise Zones



## Legend

- State Highways
- County Roads
- Current Enterprise Zones

1 in = 10,000 feet





# COLORADO

Office of Economic Development  
& International Trade

Business Funding & Incentives

## Colorado Economic Development Commission

### Enterprise Zone Contribution Tax Credit Overview and Policies

This document outlines the requirements set by Colorado Revised Statutes 39-30-103.5, and the policies established by the Colorado Economic Development Commission (EDC), as authorized by C.R.S. 24-46-104, for the Enterprise Zone (EZ) Contribution Tax Credit. The EDC policies may be amended by the standing commission.

#### Intent

Enterprise Zone Contribution Projects encourage community participation and public private partnerships to revitalize Enterprise Zones. Contribution Projects aim to focus community engagement on an issue or opportunity to elicit a shift, create something, and accomplish a stated goal within a defined time period. Projects need to focus on improving economic conditions and have measurable outcomes. The goal is to garner public participation and contributions for projects that improve the economy for the benefit of the broader community. Enterprise Zone Administrators are focused on managing this program with a strong ethic and focus on job creation/retention and business expansion. Zone Administrators have ownership for projects, establishing project parameters and helping the projects succeed in terms of economic development outcomes. Administrators are focused on implementing the economic development plan for the EZ. Projects must address the economic development plan and be referenced in the project application. Appropriate economic development plans include state economic development plans, the EDA Comprehensive Economic Development Strategy, and the annual EZ ED plan. EZ Administrators work with their community's goals to bring forward proposals that meet the economic development needs and have the support of the community. The project proposal form encourages the EZ Administrator to focus on how the proposed project implements the economic development plan, supports job creation, retention, and business expansion and calls for measurable outcomes.

#### Income Tax Credit

Donors having made a certified contribution to an Enterprise Zone Contribution Project may claim 25% of a cash donation as an income tax credit, and half of that amount (12.5%) for an in-kind donation. The actual credit earned is figured based on all eligible contributions during the tax year, and capped at \$100,000 per tax-payer with the balance carried forward up to 5 years.

#### Direct Benefit to Contributor Deducted from Donation

The statutes provide that no credit is to be "allowed for contributions that directly benefit the contributor." When a donor receives a benefit, the value of the donation shall be reduced by the benefit received or attributable to the donor to arrive at a contribution that may be certified for the tax credit. For example, a donor who attends a fund raising dinner donates \$1,000 to attend the event; the contribution eligible for the tax credit will be \$925 if the dinner itself is valued at \$75.

Capital infrastructure projects (as defined below) typically have beneficiaries. The number of beneficiaries and the distribution of the benefit will be considered and documented in the project proposal. Benefits may be evenly distributed, or may accrue to one entity more than to others. The proportional benefit of a project donor will be applied to and reduce the value of the contribution. In some cases the proportional benefit may be negligible.

Donations to all projects are evaluated by the EZ Administrator before certifying the contribution. When a direct benefit is attributable to the donor, the original donation value, the value of the direct benefit (including calculations and assumptions), and the final contribution value will be documented. The credit is certified for the final contribution value.

**Project tax credit limitation**

Projects are held to a \$750,000 tax credit limit per project . Once \$750,000 in tax credits have been certified for an EZ Project, no more contribution tax credits can be awarded that year. There may be more than one project per organization. It is primarily the responsibility of the Project Organization, with oversight by the local Zone Administrator and OEDIT to monitor contributions and to stay within the credit certification limit.

**Donations/Minimum Donation**

The maximum or ceiling for a minimum contribution that any Enterprise Zone Project may set is \$250. This ceiling does not prohibit the certification of contributions below the \$250 ceiling should the EZ Administrator or Project Organization want to set a lower ceiling or have no minimum contribution requirement. This ceiling is intended to ensure that the credit is accessible to all Colorado tax payers wishing to support local economic development initiatives while making sure that the value of the contribution justifies the administrative costs including monitoring Project activity, processing certifications, and logging and reporting the tax credits certified. The ceiling for contribution minimums does not limit the amount that a donor may contribute, but requires that the EZ credit be available to donors regardless of the amount contributed.

An EZ Administrator may request approval from the EDC for a higher minimum for a specific Project. The request should include a compelling argument for setting a higher minimum. Such request may be made when the Project is first proposed or at the time of annual recertification. A Project approved for a minimum contribution requirement above \$250 must request approval for that minimum annually at recertification.

Eligible and maximum contributions are identified in the statutes and taxpayer guidelines.

**Fees charged to Organizations by the EZ Administrator**

The local EZ Administrator is authorized by the statutes to charge reasonable fees to organizations for their oversight of the program. Each enterprise zone administrator that charges administrative fees shall establish a reasonable policy regarding the imposition of such fees and shall submit the policy to the Colorado Economic Development Commission for review and approval. The EDC has authority to review, require modifications to, and approve any administrative fee policies. Fees will be disclosed on the credit certification form to the extent that it is accommodated by the Colorado Department of Revenue. As of January 2023, Contribution Project Fees are - Adams County EZ, 1.5% on infrastructure projects; Arapahoe County EZ, none; Central Colorado EZ, 5% on cash up to \$1000; Denver EZ, 1% cash/stock; East Central EZ, none; Jefferson County, none; Larimer EZ, 3%; Mesa EZ, 1.5% cash/stock and \$1/form; North Metro, none; Northeast EZ, 5%; Northwest EZ, 1% of contributed amount (2% for Routt County based projects) + \$1/application; Pikes Peak EZ, 3.5% on cash and stock; Pueblo EZ, 1.5% cash up to \$1,000/project/year; Region 10 EZ, 1% and \$1/form; San Luis Valley EZ, 1.5% up to \$2,000/project/year; South Central, 1%; Southeast, \$5/form; Southwest EZ, 3% cash up to \$500; Weld County EZ, 1.5%.

**EZ Project Designation**

The local EZ Administrator is responsible for implementing their EZ economic development plan. The Administrator decides which Projects are aligned with the economic development plan, gets the necessary support of their community and board, and brings those to the EDC for consideration. The EZ Administrator has authority to monitor and audit Project organizations and Project performance, and may take EZ Contribution Project status away from an organization that is not in compliance with the work and objectives outlined in the Project proposal or annual recertification plan, or is otherwise not supporting the economic development plan for the EZ.

The local zone administrator will bring forward to OEDIT staff and peer EZ administrators any proposed new project. This review committee will consider the application, offer feedback to tighten the economic development focus and to improve project goals and metrics when warranted. Proposals that receive the approval of the review committee will be presented to the Economic Development Commission (EDC).

The EDC is charged with reviewing and approving projects proposed for EZ Contribution Project status by an EZ Administrator. OEDIT may present project proposals on behalf of the review committee and EZ Administrator to the EDC throughout the year. The commission shall approve any program, project, or organization that it determines is eligible per the statutes or is essential to the mission of the EZ, upon a majority vote.

### **Project Location**

Generally the project organization will be located within the enterprise zone and serve individuals and businesses within the enterprise zone. However, there are limited circumstances where an organization located outside of the enterprise zone may conduct programs within and benefit the enterprise zone.

When the Organization or a portion of their activity serves non-EZ areas, this must be noted on the Project Proposal form as a percent of the organization's total activity; EZ contribution credits will not be certified for non-EZ activity. Other funds must be available to cover non-zone related activities. For example, an eligible employment support services must be located within a zone, or, if the service center is not within the zone boundaries, the organization's facility offering employment referrals, counseling, and training should be located in the zone. The project proposal form will indicate the percent of the organization's activity that impacts the EZ.

Additionally, Projects that operate in more than one EZ must be able to identify activity and contributions for each zone in which they operate – a separate Project will be established for each zone. This allows each zone administrator to evaluate the impact of the project within his/her EZ.

When a project's location is outside of the EZ additional documentation/justification will be required.

Complete the document found in the Salesforce Group Files titled "Form for Contributions Outside of Enterprise Zones" to help document how the project will benefit the EZ.

### **Project Term**

Projects can be approved for a maximum 5 year term. This encourages the Administrator and Project representative to set near-term objectives, and to recognize that Projects are not intended to be on-going, but instead to rally community participation for a specific achievable near-term objective. Given common non-profit fundraising calendars and the statutory guidelines for project eligibility, projects will have a month and date end of 12/31. A project can be recommended for less than a 5 year term, but the year end-date at a maximum is the year approved + 5. For example, a project approved by the EDC on 3/16/2023 can have a maximum end date of 12/31/2028. If a project is approved by the EDC in December of 2023 and the project's start date is 1/1/2024, the maximum end date will be 12/31/2028.

Application Approval date	Maximum Project Term
1/1/2023 - 12/31/2023	12/31/2028
1/1/2024 - 12/31/2024	12/31/2029
1/1/2025 - 12/31/2025	12/31/2030

This term limit applies to both Capital and Operations projects and to all categories and sub-categories.

A zone administrator may present a new application for an existing project prior to its end-date if there is good reason to continue the project activity without a break.

### **Project Monitoring & Annual Review/Recertification**

Each autumn, OEDIT staff will prompt local EZ Administrators to review their active EZ Contribution Projects to evaluate the performance, reporting, and certification compliance. Each Administrator must review each project by meeting, phone call, or some survey mechanism. The EZ Administrator will review with the Organization the activities conducted, how these activities are addressing the economic development goals for the EZ, and performance metrics related to job creation/retention and business expansion in the EZ. The Organization contact information will be updated as needed, and EZ program reporting and compliance will be reviewed. Zone administrators are encouraged to review and renew MOUs or agreements that they have with the Project Organization.

A zone administrator may choose to conclude a Project if it is not meeting expectations or is otherwise out of compliance with program guidelines. The administrator will share results of the Project review with OEDIT. Per statutes, OEDIT will present the annual review to the EDC as a list of Projects including how the project supports the EZ economic development goal, the Project objectives, and estimated contributions for the coming year. The EDC shall approve Projects it determines are eligible and essential to the mission of the EZ by majority vote of the members of the commission present.

Project Activity Level - the level of expected and necessary activity is always at the discretion of the EZ Administrator. The Administrator is interested in contributions being solicited so that Project activity is taking place and making a positive impact in the EZ. The activity level will be evaluated at least annually during the re-certification of projects for the coming calendar year. For projects active for at least 12 months, it is expected that there be at least 5 taxpayers contributing or \$5,000 received during the past year.

### **Project Structure**

The organization running the project must be a nonprofit or government entity. Either the entire organization or a specific activity of the organization may be eligible for EZ Project status.

- Entire Organization  
If the work of the organization as a whole is in line with the EZ's economic development objectives, then EZ Project status may be granted to the organization and donations may be used for general operations.
- Specific Program or Project within an Organization  
Specific activity or work within an organization may support the economic development plans of the EZ. In this case only donations to the specific "approved purposes" as outlined in the EZ Project proposal will be certified for the tax credit. The EZ Administrator and the Organization decide on what percent of the organization's work is related to the EZ Project. This percent can be used to justify what portion of an organization's revenue or donations are to receive the EZ Contribution tax credit. The recipient organization must maintain records and an accounting system to track funding sources and to associate the use of EZ contributions with the EZ Project.

### **Project Types & Categories**

**First**, the Organization running the Project must be a non-profit in good standing with the Secretary of State or be a governmental entity..



**Second**, a Project must support the documented economic development goals for the Enterprise Zone. A Project might not comply with the types and categories outlined below, if it is in line with specific and documented economic development objectives for the zone.

**Third**, a Project must link to job creation and retention and/or business expansion in the broader Enterprise Zone, not only at the Project Organization.

**Fourth**, the project will generally comply with the following types and categories. Statutes outline certain project types as appropriate for EZ Project status; the EDC in conjunction with local administrators and OEDIT staff have further defined eligible types and categories.

### **Project Type**

The Projects may be specific to a capital campaign or operation, or contain elements of both and should be dependent on the economic development goals, objectives of the project, and category. Ultimately it is up to the Zone Administrator and the peer review process to determine the best project type for any given contribution project.

Type: **Capital Campaign**. Projects encourage public/private partnerships and are focused on raising funds for a specific capital project that will serve the broader community, and where construction or implementation will begin within 5 years.

Type: **Operations**. These projects attract additional resources to activities promoting new economic activity in the zone and to reach a near-term goal.

Type: **Capital Campaign/Operations**. At times the goals of a particular contribution project may benefit from being both a Capital Campaign and Operations project.

### **Project Categories**

It is possible that a particular Contribution Project could have elements that relate to multiple project categories. While this is ok, each project should align with a primary category from the list below:

- Community Facility. These Projects support capital campaigns for new or improved facilities that enhance the local EZ economy. The Project may address a variety of unmet community needs that keep people living in the area and where those residents support local service and retail businesses. Facilities may include social/human service facilities like health care, elder care, and recreation facilities, and community event/meeting space. Proposals for Enhanced Rural Enterprise Zones may receive extra consideration where a similar project in a less distressed community would not. Childcare and Homeless projects are not eligible for EZ contribution project status because there are specific state tax credits to support these.
- Workforce Housing. Projects that create housing units and/or fund the operations of organizations that are focused on the development and provision of housing within enterprise zones with the objective of retaining and growing the workforce for businesses located within an EZ. The generally accepted definition of workforce housing is any unit that is affordable (meaning they spend less than 30% of income on rent) for a household making between 80-120% of the area median income (AMI). Projects might also focus on energy efficiency and other upgrades that make housing more affordable. Projects may use deed restrictions to ensure that the housing remains affordable even after the initial sale.
- Infrastructure. Infrastructure includes networks or systems such as water, sewer, transportation, broadband, solar farms, wind farms, EV charging stations, telecommunications and streetscapes that serve the larger public.

- Infrastructure must be publicly owned or turned over to a public, co-op, or non-profit entity upon completion of the project. It cannot be owned by a private business (ex AT&T, Comcast, etc.).
  - Projects must have the support of relevant public entities.
  - Projects benefit the larger public and economy, supporting the workforce and/or driving tourism
  - A donor that directly benefits from the project will have the value of their donation reduced by the donor's proportion of the benefit. The number of beneficiaries and the distribution of the benefit play into quantifying any direct benefit that will reduce a donor's contribution. See section above on direct benefit.
  - Infrastructure projects that predominantly benefit a limited private interest are not eligible.
- Business Assistance. Organizations that serve businesses with training, counseling, financing, feasibility studies, and other resources. Entrepreneurship programs. Incubators.
  - Economic Development Organizations. Organizations and offices dedicated to economic development of a region.
  - Job training programs. These projects focus on training EZ residents for employment within the EZ. Projects are vocational in nature. Projects should address EZ employment needs and have support from an employer, local government, or workforce center. Ideally, the program will provide a credential or certificate to the trainee. Projects may support workforce related training programs and employment for high school students.

A Project may fund a higher education program developed in conjunction with a business in the EZ to train the local workforce. Such a proposal will include a letter of support from the local workforce organization highlighting the community need and benefit and referencing the economic development goal addressed. Project status will not be given to a higher education institution as a whole.

Projects may support training programs and employment for high school students.

A project cannot be created solely to train employees of a single business – the EZ job training tax credit supports businesses in training their employees.

- Visitor Event/Attraction. These projects attract non-resident visitors into the EZ and bring revenue into the EZ community at large. Project may support tourist attractions, museums, fairgrounds or events. These projects should track and document the impact of outside visitors to the EZ.
- Transportation. Projects may support transportation operations or capital campaigns that provide or improve transportation for the EZ workforce. These services may provide public transportation, transportation management, and other transportation services that improve economic conditions within an EZ.
- Healthcare. Projects may support healthcare operations or capital campaigns when healthcare access is an issue in the community such that it is hindering economic development. A project may support new medical services for an EZ community. The project application must show that the healthcare services are needed to retain or attract an EZ workforce.

The project proposal must include an objective indicator documenting inadequate service. Suggested indicators are the Health Professional Shortage Area designation ([HPSA](#)) and Medically Underserved Area ([MUA](#)). HPSA designation is given by the Colorado Department of Public Health & Environment (CDPHE); HPSA areas document populations with high rates of: poverty, seniors (over age 65), infant mortality rates, population to provider ratios. Facilities obtain HPSA designation by providing care to the residents of a HPSA and meeting insufficient capacity criteria.

The provision of and access to healthcare is an important need for residents and employees throughout the state. Healthcare organizations within Enterprise Zones tend to serve vulnerable populations, and these organizations have additional financial challenges, and therefore should have access to EZ contributions.

A variety of healthcare organizations may be eligible, including, but not limited to:

- Hospitals
- Medical clinics
- Mental health organizations
- Hospice
- Dental

Considerations for healthcare operations projects include:

- Projects typically cannot focus on funding existing services or creating a duplicative service
- If the area is at risk of losing services or has already lost services that are crucial to maintaining the workforce within the Enterprise Zone existing services may be funded
- Adding services when the drive-time/distance is excessive and hinders economic development
- The area must have either an MUA or HPSA status
- Location in EZ or majority of clients are EZ residents
- Document that the activity retains EZ workforce - services for the workforce
- Medical tourism - a specialist provider that brings non-residents to the areas. Youth rehab organizations are not eligible because of a weak relationship to economic development

Specific categories NOT eligible for EZ Contribution Project status. Social services (not identified in the sub-categories above) that generally strengthen a community and promote opportunity, though important, are generally not eligible for Enterprise Zone project status. The Enterprise Zone program is focused on achieving near-term economic development improvements – endowments to fund future economic development activities are ineligible. Raising a scholarship fund that won't immediately benefit training someone would be considered an endowment. But, training that is provided free or at a reduced rate with a "scholarship" would be eligible. Ineligible social services include general education, food subsidies and food banks, child care and youth activities, elder care, homeless services and prevention, and most human services. Animal shelters and humane societies are ineligible. There may be rare situations where the activities identified in this paragraph do support the local economic plan, and therefore may be considered for EZ Contribution Project status.

If another state income tax credit was established by the legislature to encourage specific charitable contributions, then an EZ contribution project is not allowed. Currently, we are aware of contribution credits for childcare, homeless support, donations of food to hunger relief organizations. When an organization or activity is eligible for these credits, they will not be eligible for the EZ contribution credit.

**Finally**, the proposal must have the support of the Zone Administrator and the community (a board or public official). A letter of support from the organization is not acceptable.