Southwest Enterprise Zone Business Tax Credit Training

REGION9
Economic Development District of SW Colorado

oedit.colorado.gov

Overview

- Introductions
- What is the Enterprise Zone
- Region 9 EDD's role
- Maps of EZ areas
- Available State Tax Credits
- Precertification
- Online Database
- Certification of credits
- Contribution Projects
- Contact information
- Questions

www.advancecolorado.com/ez

What is the Enterprise Zone (EZ)?

State program designed to encourage economic development in economically distressed areas

Colorado Statutes 39-30-101 to 112

Offers State Income Tax Credits

Geographic designation is based on 5 criteria

High unemployment
Low per capita income,
Slow population growth

Enhanced business credits for counties that meet even higher criteria

Enhanced Rural EZ (EREZ)

Dolores, Archuleta, Montezuma and San Juan Counties are enhanced through 2024

Must meet 2 higher level criteria

- Unemployment Rate 50% > State
- Population Growth < 25% of State
- Per Capital Income < 75% of State
- Nonresidential Property in lower half of all counties
- Population of 5,000 or less

List updated every 2 years

What is Region 9's Role

One of 14 administrators statewide

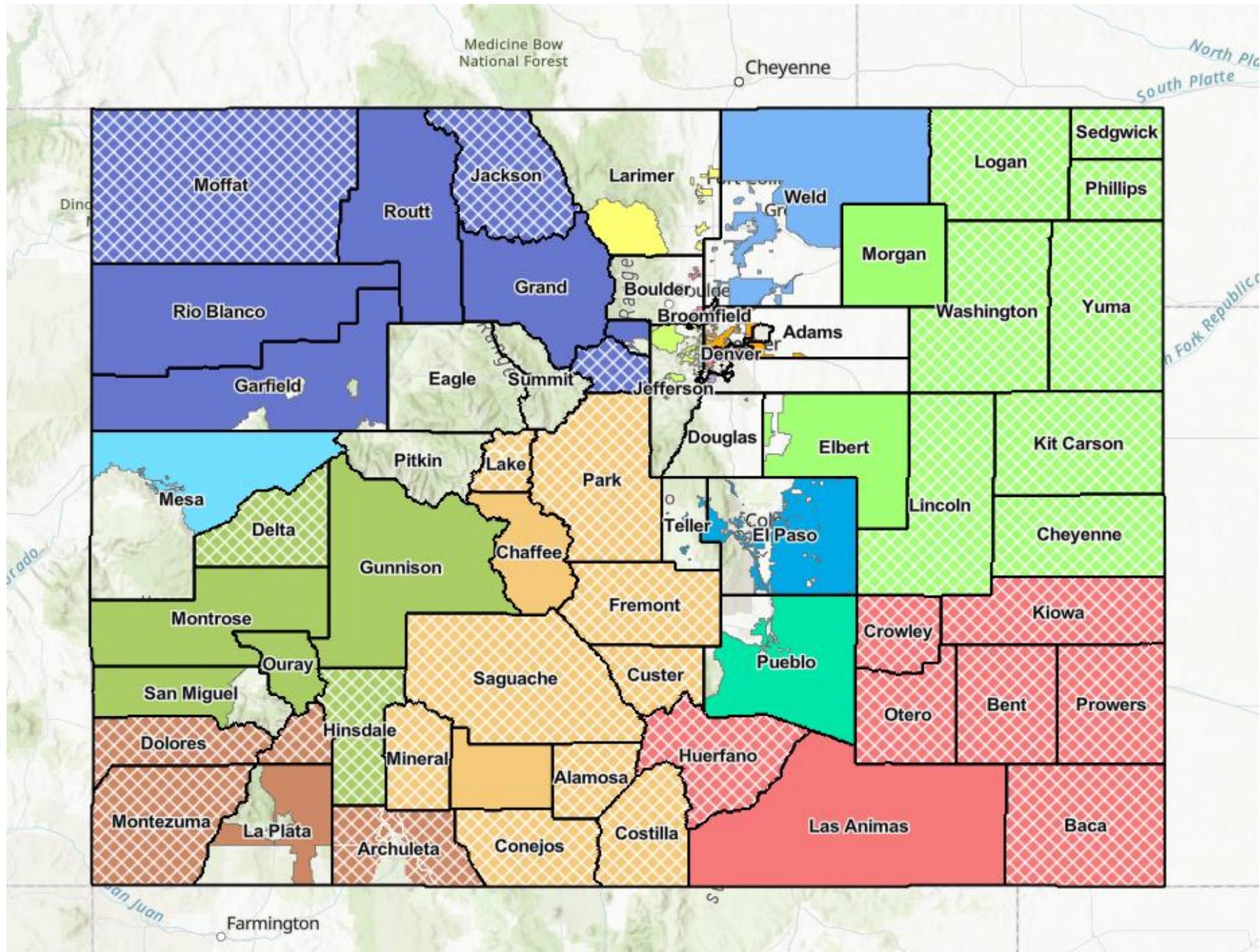Certifies that businesses are located in the EZ

Approves all tax certification forms for business and nonprofit projects

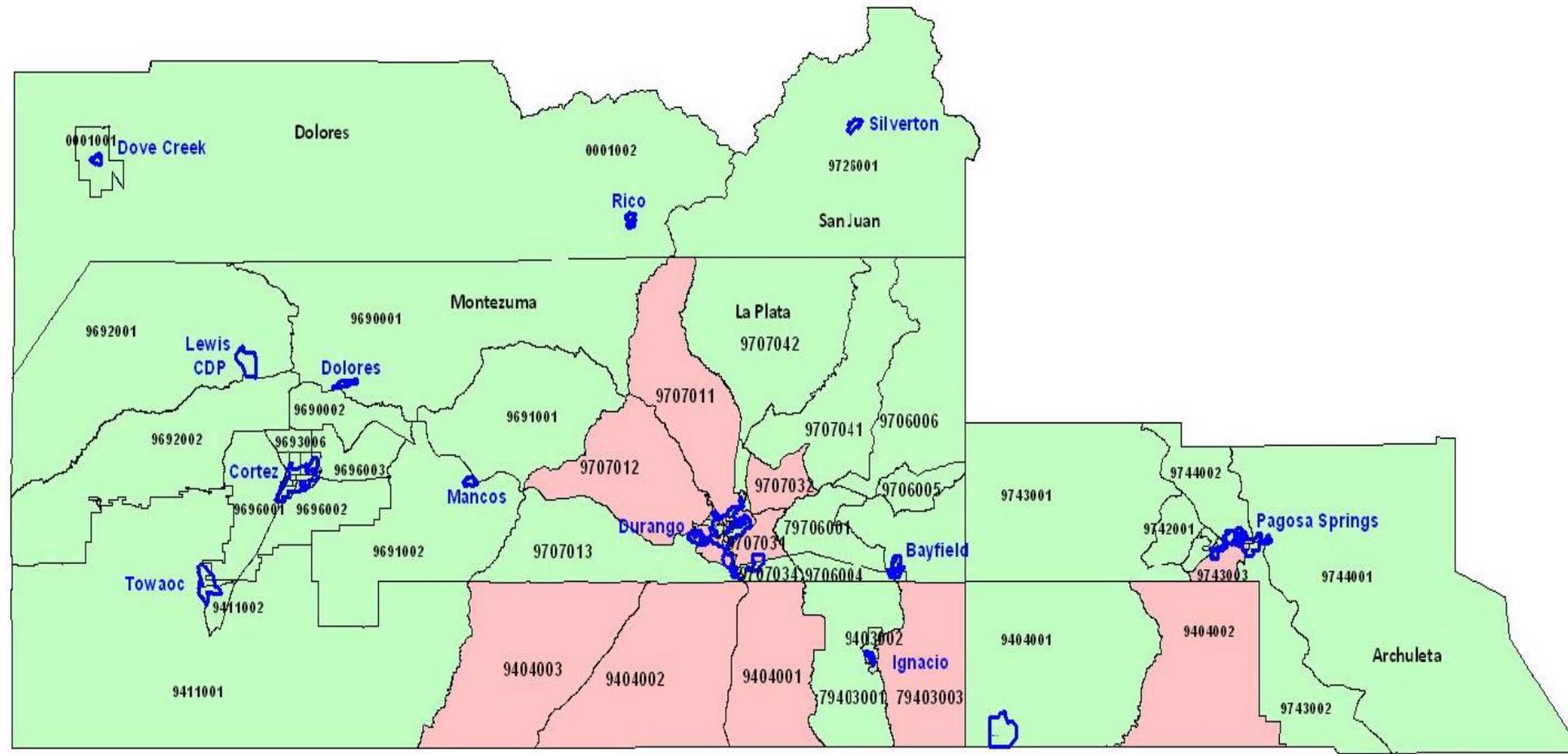Files reports semi-annually/annually to State

Works with area accountants/businesses regarding guidelines

Promotes program

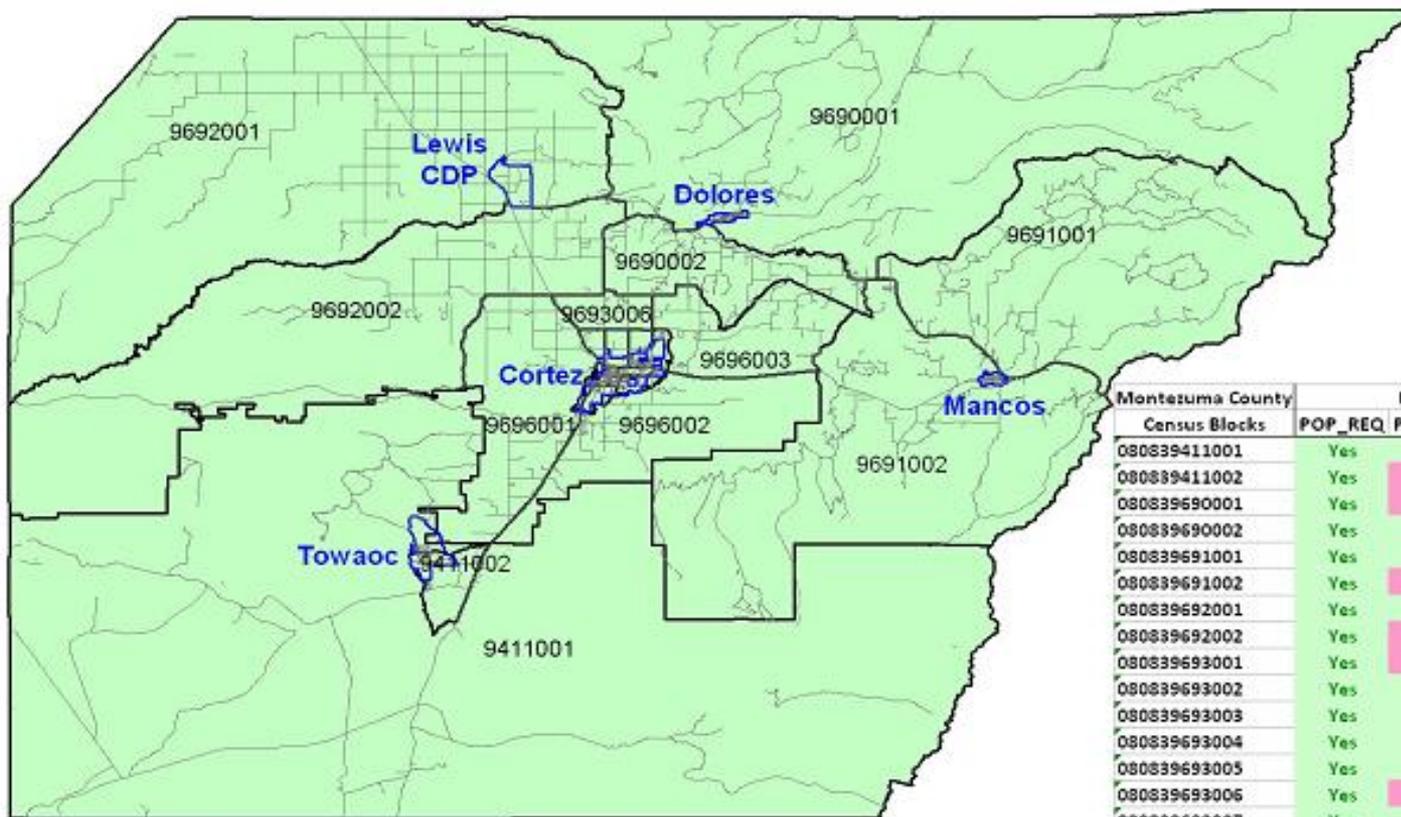Tracks eligibility data, boundary amendments etc.

Region 9 Enterprise Zones

At the county level, all of Montezuma County meets eligibility criteria.

Montezuma County, CO

Montezuma County	EZ Qualification Criteria				
Census Blocks	POP_REQ	POP_GR	UE_RATE	PCI	EZ_QUALIFY
080839411001	Yes	Yes	No	Yes	Yes
080839411002	Yes	No	No	Yes	Yes
080839690001	Yes	No	No	No	No
080839690002	Yes	Yes	Yes	No	Yes
080839691001	Yes	Yes	No	No	Yes
080839691002	Yes	No	No	No	No
080839692001	Yes	Yes	Yes	No	Yes
080839692002	Yes	No	No	Yes	Yes
080839693001	Yes	No	No	No	No
080839693002	Yes	Yes	No	No	Yes
080839693003	Yes	Yes	Yes	Yes	Yes
080839693004	Yes	Yes	No	No	Yes
080839693005	Yes	Yes	Yes	No	Yes
080839693006	Yes	No	No	No	No
080839693007	Yes	Yes	No	Yes	Yes
080839694001	Yes	No	Yes	Yes	Yes
080839694002	Yes	Yes	Yes	Yes	Yes
080839694003	Yes	No	Yes	Yes	Yes
080839694004	Yes	No	Yes	Yes	Yes
080839696001	Yes	Yes	Yes	No	Yes
080839696002	Yes	No	Yes	Yes	Yes
080839696003	Yes	No	Yes	No	Yes

Credits

EZ Tax Credit	Credit Amount
Investment Tax Credit	3% of equipment (tangible pers. property)
Job Training Tax Credit	12% of qualified expenses
Commercial Vehicle Investment Tax Credit	1.5% of commercial vehicle purchases
New Employee Credit	$1,100 per new employee
Agricultural Processor New Employee Credit	$500 per new employee at an Ag Proc. facility
Employer Sponsored Health Insurance Credit	$1,000 per employee covered during 1st 2 years in the EZ
R&D Increase Tax Credit	3% of increased R&D expenditures
Vacant Bldg Rehab Credit	25% of rehab expenditures (hard costs)
Sales & Use Tax Exemption for Manufacturing or Mining	Expands standard exemption for EZ businesses.
Contribution Tax Credit	25% cash donation / 12.5% in-kind donation

Investment Tax Credit (ITC)

3% State Income Tax credit on any qualified investment

All Section 38 property

- Depreciable tangible personal property (i.e., equipment, furniture, computers, etc.)

Rolling Stock

- Vehicles need to be predominantly housed and based in the Enterprise Zone

ITC - Section 38 Property

Exclusions

- Air conditioning, heating units, certain boilers
- Used equipment $150,000 limit; used leased equipment not eligible
- Some restrictions on leased equipment

Inclusions

- Single purpose agricultural structures
- Oil pipelines
- Breeding livestock

Commercial Vehicle ITC

1.5% income tax credit on purchase price

New Commercial trucks, truck tractors, tractors, or semitrailers and associated parts

Gross vehicle weight rating of 54,000+ lbs.

Designated Class A Personal Property C.R.S. 42-3-106(2)(a)

Licensed and Registered in Colorado

Vehicles need to be predominantly housed and based in the Enterprise Zone!!!

Primarily fleets

Job Training Credit

12% Tax Credit on Job Training Expenses

Requirements:

- Not employer to employee training
- Includes: Airfare, Hotel, Class fee, etc.
- Includes: Salary of Trainer
- Does not include: Salary of Trainee
- Carry forward 12 years

New Employee Credit

New Employee Credit

- $1,100 per new employee (standard)

Agricultural businesses get additional amount

- Standard amount **Plus** $500 per new employee

Credit goes to business not employee

If enhanced EZ ,additional $2,000 employee and additional $500 ag

New Employee Credit

Employee Credit calculated by FT equivalent positions NOT number of employees

Position can only be counted once for credit.

- Ie: If 15 FT positions counted, can't claim credit until position count increases to 16, 17 etc.

5-year carry-forward/7-year carry-forward

12 month average – accounts for seasonality/new positions

Employer Sponsored Health Insurance Credit

- Available first two full tax years in the EZ
- Employer pays at least 50% of cost
- Qualified health insurance plan
- $1,000 per covered employee
- 5-year carry-forward

Vacant Commercial Building Rehabilitation Credit

25% tax credit on eligible expenditures

Limited to $50,000 per building

5 year carry forward

May be claimed by owner or tenant

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Vacant Commercial Building Rehabilitation Credit

Qualifying

Qualifying building in enterprise zone

- At least 20 years old
- Completely Vacant for at least 2 years
- Rehab for commercial use

Qualifying

Qualifying expenditures

- Hard costs of rehabilitating qualifying building
- Not eligible - Soft costs: engineering and planning, acquisition, fees, etc.

Up to $50,000 in EZ Tax Credits
for Qualifying Expenditures

Manufacturing Sales & Use Tax Exemption

Statewide - Machinery and machine tools used in manufacturing are exempt from State Sales & Use Tax

Local Governments may opt in for a local exemption

Form DR1191 must be provided to Colorado vendor

- Used "predominantly" in manufacturing process
- Section 38 Property
- At least $500 per invoice
- Capitalized

Manufacturing Sales & Use Tax Exemption

When machinery is used solely and exclusively in an Enterprise Zone

- Includes machines and machine tools used in the extraction of natural resources
- Materials for the construction or repair of machinery
- Non-Capitalized machinery OK if expansion

Must be purchased from a Colorado Vendor

Enterprise Zone Program

The Colorado legislature created the Enterprise Zone (EZ) Program to encourage development in economically distressed areas of the state. The 16 designated enterprise zones have high unemployment rates, low per capita income, or slow population growth. Local enterprise zone administrators manage their respective enterprise zones.

In designated enterprise zones:

- businesses are eligible for state income tax credits and sales and use tax exemptions for specific business investments
- economic development projects form by incentivizing taxpayers to contribute through state income tax credits
- taxpayers who contribute to enterprise zone projects may earn income tax credits

Enterprise zone areas within rural counties that meet additional economic distress criteria receive enhanced rural enterprise zone status. Businesses within enhanced rural enterprise zones earn additional tax credits when adding net new employees.

Apply for a tax credit ⧉   Amend your EZ record   Transfer your EZ record

Overview

Type: Program

For: Municipalities, counties, and economic development offices

Zone designation renewal: Every 10 years

OEDIT division: Business Funding and Incentives

Online Application System

Establish a User ID

Apply online for Pre-certification up to 15 months prior to tax-year-end date

Receive Precertification confirmation

As of precertification date, activities eligible throughout reminder of tax year.

Pre-Certification

- **Required** each tax year prior to counting activities that may earn an EZ credit

- Must provide Tax ID and Location of business to be eligible

- Include business and any tax accountant contact info.

- **Apply** at **https://oedit.colorado.gov/enterprise-zone-program**

- May apply up to 3 months before tax year starts (October) or 3 months prior to start of fiscal year
  - Pre-Certification covers the approval date through the end of the tax year)

- Many tax accountants do this for you- CHECK!

Pre-Certifying for EZ

Information Needed

- Business Address and Contact Info
- Tax ID # / Tax Year
- NAICS Code
- Tax Preparer Contact Info

COLORADO
Office of Economic Development
& International Trade

LOGIN

Welcome to the Colorado Office of Economic Development and International Trade (OEDIT) online application system.

Log in to view saved applications, check application status, or apply for funding opportunities. If you are a new user, the system administrator will need to approve your request. This may take up to 48 hours. You will receive a confirmation email as soon as your account is activated.

System Administrator approval may take up to 48 hours or 2 business days .

Username	terry@region9edd.org
Password	••••••••••••••••

Login

Forgot Your Password? | **New User?**

TIPS FOR THE ONLINE APPLICATION SYSTEM

1. Your Username is your email address.

2. Each user needs their own username and password.

3. If you are a new user, the system administrator will need to approve your request. This may take up to 48 hours.

4. Use one of the preferred browsers: Google Chrome, Microsoft Edge, Mozilla Firefox, or Safari. The preferred browser is Google

ENTERPRISE ZONE BUSINESS TAX CREDITS

JOB GROWTH INCENTIVE TAX CREDIT AND STRATEGIC FUND

ENTERPRISE ZONE CONTRIBUTION PROJECTS

TOURISM PROGRAMS

ENTERPRISE ZONE BUSINESS TAX CREDITS

Colorado businesses located in an Enterprise Zone may be eligible to earn credits against State income tax liability. A two step process including Pre-Certification and Certification is required.

Review the User Guides before starting an application. They step through the applications and identify the information that you will need to complete the applications.

- **User Guide - Pre-Certification**
- **User Guide - Certification**

NEW In addition to receiving the tax credit certificate for an approved certification application via email, you may now download the certificate by clicking on the icon associated with the certification number below.

For program information visit our **website** where you can connect with the program manager and your Local EZ Administrator.
For application system support contact OEDIT Salesforce Administrator.
For questions on qualifying expenses and tax forms contact the **CO Department of Revenue**.

APPLY FOR OPPORTUNITIES

Application	Summary	Action
Enterprise Zone Pre-Certification	Pre-Certification is required in advance of the activity eligible to earn EZ tax credits. Pre-certification can be completed up to 3 months in advance of the business' tax year start date. Pre-Certification is an annual requirement.	Apply
Enterprise Zone Certification	Certification applications can be completed any time before filing a Colorado income tax return for the year in which the credit was earned. The Certificate must be submitted with your Colorado income tax return, in lieu of forms DR0074, 76 & 77.	Apply

Amend	Request that a submitted Pre-Certification or Certification application be re-opened so that you can make changes.	Transfer	A business owner may request that a Pre-Certification or Certification record be moved to a different Accountant/CPA.

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ENTERPRISE ZONE PRE-CERTIFICATION APPLICATION: APP-455799

▾ **ENTERPRISE ZONE (EZ) PRE-CERTIFICATIONS**

Pre-Certification Information

Please complete all fields. Required fields are designated with a red bar.

This application is to Pre-Certify a specific business location for activity that may be eligible to earn Enterprise Zone tax credits between the application date or the start of the fiscal/tax year (whichever is later) and the end of the fiscal/tax year. Pre-Certification is required annually and in advance of eligible activity.

Business' fiscal/tax year start date: `1/1/2023`
[**9/12/2023**]

Business' fiscal/tax year end date: `12/31/2023`
[**9/12/2023**]

Business Name/Location Name (Not the name of the tax preparer) `Monkey Business 3`

Select the Taxpayer ID type and number that will be used when filing the Colorado income tax return for this business.

Taxpayer ID Type
- ○ **FEIN**
- ● **SSN**
- ○ **ITIN**
- ○ **CAN**

Taxpayer ID Number. Note: Any certification and claim for EZ credits will only apply to this tax payer ID. `123121234`

Name of Business Owner/Representative (not an external tax preparer) `Terry Blair-Burton`

Business Telephone Number `9702479621`

Business Email `terry@region9edd.org`

Enterprise Zone `Southwest EZ ▼`

If business activity is conducted at a location with a street address, select "Address".

If business activity is conducted where there is no street address, select "Description". You may enter latitude and longitude coordinates. The local zone administrator may require legal descriptions, lat/long coordinates, or a map to identify the business location relative to the Enterprise Zone.

When certifying for EZ tax credits you will report the sum of investments/jobs/wages for business activity at the address or location detailed in the Pre-Certification application.

- ○ **Address**
- ○ **Description**

Next

ENTERPRISE ZONE PRE-CERTIFICATION APPLICATION: APP-455799

▸ **GUIDELINES**

▾ **ENTERPRISE ZONE (EZ) PRE-CERTIFICATIONS**

Address - Physical location of Business facility in the Enterprise Zone

Address	135 Burnett Drive, Unit 1
City	Durango ❓
State	CO ⌄
Zip Code	81301-7790 ❓
County	La Plata ⌄

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ENTERPRISE ZONE PRE-CERTIFICATION APPLICATION: APP-455799

> ▸ **GUIDELINES**

> ▾ **ENTERPRISE ZONE (EZ) PRE-CERTIFICATIONS**

NAICS Sector

Select the North American Classification Sector that best represents your business. You may refer to www.census.gov/naics

NAICS Sector | 44: Retail Trade ⌄ |

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ENTERPRISE ZONE PRE-CERTIFICATION APPLICATION: APP-455799

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ENTERPRISE ZONE PRE-CERTIFICATION APPLICATION: APP-455799

▸ **GUIDELINES**

▾ **ENTERPRISE ZONE (EZ) PRE-CERTIFICATIONS**

NAICS Code Description

Select the North American Classification Code that best represents your business. You may refer to **www.census.gov/naics**

NAICS Code | 445120: Convenience Stores ⌄

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ENTERPRISE ZONE PRE-CERTIFICATION APPLICATION: APP-455799

▸ **GUIDELINES**

▾ **ENTERPRISE ZONE (EZ) PRE-CERTIFICATIONS**

Attestation Statement

I, the business owner/authorized company official, certify that I am aware of the Enterprise Zone program, that Enterprise Zone tax credits are a contributing factor to the startup, expansion or relocation of my business in the Enterprise Zone, and I acknowledge that this Pre-certification is for activities that shall commence after the date that Pre-certification is granted by my local Enterprise Zone Administrator through the end of my business's current income tax year. By typing your name into the field below, you are agreeing to the above statement in its entirety.

I attest to the statement above
- ⦿ I agree
- ○ I disagree and do not wish to continue

Legal Name of Business Owner or Authorized Official
Terry Blair-Burton

Title of Business Owner or Authorized Official
Owner

Tax Preparer Information

Tax Preparer Name
Terry Blair-Burton

Tax Preparer Email
terry@region9edd.org

Tax Preparer Phone
9702479621

Notes
[   ]

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ENTERPRISE ZONE PRE-CERTIFICATION APPLICATION: APP-455799

▸ **GUIDELINES**

▾ **ENTERPRISE ZONE (EZ) PRE-CERTIFICATIONS**

Pre-Certification Application Summary

Location:

Business Name/Location Name: Monkey Business 3

Pre-certification allows for Certification of business activities from **September 12, 2023** through **December 31, 2023**

For Address/Description: 135 Burnett Drive, Unit 1 Durango CO 81301 La Plata

For Tax ID: 123121234

Enterprise Zone: Southwest EZ

County: La Plata County

NAICS Sector: 44

NAICS Code: 445120

Attested:

Attestation: I agree

By: Terry Blair-Burton

This pre-certification is not yet complete. Please click "Finish" to continue to the next page where you may enter additional pre-certification applications or submit your application(s).

View Summary

ENTERPRISE ZONE PRE-CERTIFICATION APPLICATION: APP-455799

▸ **GUIDELINES**

▾ **ENTERPRISE ZONE (EZ) PRE-CERTIFICATIONS**

STATE OF COLORADO ENTERPRISE ZONE (EZ) LOCATIONS

Please lookup and confirm your Enterprise Zone on the **Enterprise Zone (EZ) Map**

Pre-certifications

page 1 of 1   « ‹ Previous Next › »   1 records total

Pre-Cert #	Business/Location Name	Tax Year End	EZ/County	Location Address	Action
P-269495	Monkey Business 3	12/31/2023	Southwest EZ La Plata County	135 Burnett Drive, Unit 1 Durango, CO 81301	🗑

Please continue to add additional pre-certifications by clicking the "Add Another Pre-certification" or select "Submit complete EZ pre-certification application" to complete the pre-certification submission.

Pre-certifications are not editable. If there is a problem with any of these pre-certifications, please delete the pre-certification by clicking the delete icon in the action column and then re-enter it by clicking on "Add Another Pre-certification".

⬆ Submit Pre-Certification Application　　　**+ Add Another Business/Location**

Certifying EZ Tax Credits

Information Needed

- Click Orange Certify Icon on Precert for the Tax Year

Select Category for Tax Credits Earned
Investment Tax Credit
Job Training Tax Credit
New Employee Tax Credit
Employer Sponsored Health Insurance Tax Credit
Research and Development
Vacant Building Rehabilitation Tax Credit

- Submit for Approval
- Receive a Certificate to Include with State Tax Return

Certification

After tax year, submit Certification for any and all tax credits earned

Region 9 certifies the entries and send confirmation certificate to business.

Submit certification forms with your State tax returns

https://oedit.colorado.gov/enterprise-zone-program

CERTIFICATE OF ENTERPRISE ZONE TAX CREDITS

In order to claim the credit allowed by this certificate, you are required by law to file your income tax return electronically. You will need to complete Form DR1366 and upload this certificate as an attachment to your electronic return or attach the certificate to your account in Revenue Online. Enterprise Zone tax credits are subject to audit by the Colorado Department of Revenue.

Certification #: C-049628
Approval Date: September 8, 2023
Business/Location Name: ~~████████████~~
Taxpayer ID Number: *****2893 Type: FEIN

This taxpayer is certified to claim Enterprise Zone tax credits based on fulfillment of the pre-certification requirement and the business location within the Enterprise Zone for activity associated with the business located at:

~~████████████~~

Cortez, CO 81321
Enterprise Zone: Southwest EZ

For activities from the effective date of January 1, 2022 through December 31, 2022

Contact Information:
Business Owner or Authorized Official: ~~████████████~~
Title: President
Contact Name: Les Rogers
Business Email:
Business Telephone: 9705651040
Tax Preparer Name: Les Rogers
Tax Preparer Telephone: (970) 565-9047
Tax Preparer Email Address: info@lesrogerscpa.com

EZ Tax Credit:	Taxpayer Declares these Investments:	Estimated Credit:
Investment Tax Credit	Regular Investment: $7,655.00 Renewable Energy Investment: $0.00 Total Qualified Investment: $7,655.00	$229.65 $0.00
Job Training	Qualified Investment:	
New Employee	# New Employees:	
	Agricultural Processor ☐	
	Enhanced Rural EZ ☐	
	EREZ Ag Processor ☐	
New Employer Sponsored Health Insurance	Year Claiming: # Covered Employees:	
Research and Development	R&D Increase:	
Vacant Commercial Building Rehabilitation	Qualified Expenses:	

EZ Contribution Projects

Donor Tax Credits for Contributions Made to State Approved Projects

- Must be a non-profit organization or Government Entity
- Project Must Align with EZ Mission and Regional EZ Goals
- Application Requires Local and Statewide Approval
- 25% EZ Tax Credit For Cash
- 12.5% for In-Kind Donations

State Approved Montezuma County EZ Contribution Projects

- Montezuma Heritage Museum
- Mancos Common Press
- Crow Canyon Archaeological Center
- Southwest Memorial Hospital Foundation
- Habitat for Humanity of Montezuma County
- Cortez Cultural Center
- Axis Health Systems
- Montezuma Food Systems – Good Food Collective
- Region 9 Economic Development District of Southwest Colorado
- Southwest Colorado Accelerator Program for Entrepreneurs (SCAPE)
- Southwest Small Business Development Center

Questions?

Southwest Enterprise Zone Administrator

Terry Blair Burton

(970) 247-9621 terry@region9edd.org

Enterprise Zone - Business Tax Credits (region9edd.org)

State of Colorado

Che Sheehan - OEDIT che.sheehan@state.co.us

Enterprise Zone Program | Colorado Office of Economic Development and International Trade