

Pikes Peak Enterprise Zone



A Colorado State Income Tax Credit Program
Administered by El Paso County Economic Development Department



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 nonprofit organizations to assist with the needs of – these communities.

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.

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.

BUSINESS INCOME TAX CREDITS	CREDIT AMOUNT
Investment Tax Credit (ITC)	3% of equipment purchases
Commercial Vehicle Investment Tax Credit (CVITC)	1.5% of commercial vehicle purchases
Job Training Tax Credit	12% of qualified training expenses
New Employee Credit	\$1,100 per new job
Agricultural Processor New Employee Credit	\$ 500 per new job
Employer Sponsored Health Insurance Credit	\$1,000 per covered employee
R&D Increase Tax Credit	3% of increased R&D expenditures
Vacant Building Rehabilitation Tax Credit	25% of rehab expenditures (hard costs)

Please refer to the *Enterprise Zone Income Tax Credit Guide* for additional information

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

*Please refer to *FYI Sales 10: Machinery and Machine Tools Used in Manufacturing*

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.

EZ Pre-Certification and Certification Applications and Program Information: oedit.colorado.gov/ez

Pikes Peak EZ Maps and Information: www.elpasoco.com/economicdevelopment