



### Purpose

The Strategic Fund is a cash incentive program; businesses must create and maintain permanent net new jobs for one year before receiving an incentive. More generally, the Colorado Office of Economic Development and International Trade (OEDIT) supports recruitment, retention and economic growth throughout the state, offering a variety of financial resources including financing programs, incentives, grants and tax credits.

### Program Description

- The Strategic Fund provides a cash incentive commitment to businesses that have met certain requirements under the Economic Development Commission’s (EDC) Strategic Fund.
- Business decisions clearly moving forward without assistance from the EDC will not be considered for funding if an announcement is made prior to an introduction to the EDC.
- A business must undertake a job creation project for which Colorado is competing with at least one other state for the project, and where the project would not occur in Colorado without this program.

### Requirements/Eligibility Rules

- A business may receive funding consideration if it proposes to create net new full-time permanent jobs in Colorado that are maintained for at least one year.
- In addition, companies must materially meet the circumstances noted below:
  - Strong level of local matching commitments (see following **Local Match** detailed information) (\$1:\$1)
  - Potential for significant economic “spinoff” benefits such as: high prestige companies, large expansion initiative, attracting suppliers, generating tourism/travel activity
  - Headquarters in Colorado
  - Significant capital Investment (i.e. at least \$100,000 per employee)
  - Responds to a special local economic event, such as replacing recent layoffs
  - Inter-state competitive factors
  - Other unique conditions

### Other Program Elements

The following tables reflect potential incentive levels per eligible job based on the annual average wage rate for the net new full-time permanent jobs compared to the county average wage rate.

Non-Enterprise Zone	
Annual Average Wage Rate %	\$ Incentive / Eligible Job
100%	\$2,500
120%	\$3,500
140% or >	\$5,000

Enterprise Zone	
Annual Average Wage Rate %	\$ Incentive / Eligible Job
100%	\$2,500
110%	\$3,000
120%	\$4,000
130% or >	\$5,000

Additional consideration may be given to businesses that do not meet the EDC’s minimum 100% annual average wage rate requirement if the following criteria are met:

- The business is located in a designated Enhanced Rural Enterprise Zone;
- The local community provides rationale to the EDC outlining the businesses’ economic importance; and
- The local community requests consideration for use of an alternative wage rate source and provides documentation that supports that the businesses’ annual average wage rate is higher than the annual average wage rate paid by private employer’s within their jurisdiction.

### Application Process

Businesses interested in requesting a Strategic Fund job creation incentive should work with their local economic development representative and contact OEDIT’s Corporate Business Development Staff (303-892-3840 or [michelle.hadwiger@state.co.us](mailto:michelle.hadwiger@state.co.us))

The EDC reserves the right to approve, deny or vary from these guidelines as necessary and appropriate, and delay any decision due to budgetary constraints.

Learn more at [www.choosecolorado.com/strategic-fund](http://www.choosecolorado.com/strategic-fund).

## **Local Match**

A local match is defined as a local government (or private actor at the local government's behest) contribution which provides something of quantifiable monetary value to the company seeking incentive dollars for the defined business development project scope. The match must have value to the company and/or its employees which would not manifest should the project not occur. The match will not be considered if it is commonly made available to all businesses in the jurisdiction to other projects.

Why require a Local Match? The Strategic Fund grant dollars are appropriated annually by the legislature from the general fund tax dollars collected throughout the state. In order to be responsible stewards of the taxpayer's money, the Colorado Economic Development Commission (EDC) has required that state funds be matched by the local community, as the community of choice will be the direct beneficiary of the funding of the economic development project. This also shows the state and EDC that the municipality supports the project, sees the long-term economic benefits of the new business, recognizes the strengthening of the community's economic viability due to the project, and demonstrates that the local community has committed a similar investment in the project as the state has.

The Local Match policy is not required in statute but the authority to create this policy and other rules and requirements is granted to the EDC via statute (C.R.S. §24-46-105, 105.1). The EDC may grant exceptions.

- EDC policy generally requires \$:\$1 or greater local match to EDC strategic incentive amount. This is policy, not a statutory requirement, although this requirement is upheld for the majority of all Strategic Fund projects.
- Local Matching commitments should generally mirror the terms (or be more aggressive than) the EDC Strategic Fund Grant contract. Such as:
  - ~5 year term
  - Same or lower Minimum AAW
  - Same or more \$/NNJ (Net New Job)
  - No minimum number of NNJs before payout.
- Types of Local Matching commitments are not limited to the following, but exceptions should be vetted with OEDIT BF&I via the OEDIT GBD team prior to EDC approval. Multiple types of Local Matching commitments may be used as long as the combined value is \$1:\$1 or greater.
  1. The most commonly utilized Local Match types are:
    - a. Cash
      - i. Such as \$/NNJ or traditional cash payments
    - b. Sales tax abatement
    - c. Property tax (business or real) abatement
    - d. Waiving of building permits and fee or other taxes
  2. The SECONDARY, and more creative, types of Local Match that require more discussion and discretion are:
    - a. Bus or recreation center passes
    - b. Discounted or free land and buildings
    - c. Public funding of P3 but only amount not funded by the project itself
    - d. Other cash capital commitments
    - e. Below market rate loans will be valued at the delta between market and loan rate.
      - i. Market rate loans are not an example of Local Matching commitments.

Final approval of match lies with the EDC and they may change the policies herein at any time or create additional requirements. The list above acts as guiding principles and not inclusive of all acceptable instruments.

EDC Strategic Fund payouts do not require the local match payments to be made at the same time as the EDC SF payouts, just that the firm local commitment for the match is locked in place via contract or other legal mechanism. For example, if the local match comes from abating business personal property taxes over 10 years, the EDC Strategic Fund can be paid fully over the 5 year contract based on performance even if the local tax abatement won't be a \$1:\$1 match at that point in time. (I.e. The local match does not need to keep pace with the EDC Strategic Fund payments and may take the full 10 years before the match is complete.)