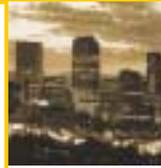


Colorado



Economic Development Commission 2005

Including Enterprise Zones Annual Report

*Office of Economic Development & International Trade
February 2006*

Colorado

Office of Economic
Development and
International
Trade

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Governor

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February 26, 2006

Members of the Sixty-Fifth General Assembly:

On behalf of the Colorado Economic Development Commission (EDC), I am pleased to present you with the commission's Activity Report for 2005. The report contains information on projects supported by the EDC in CY 2005, as well as the status of initiatives funded in CY 2004.

Over the past year, the EDC emphasized business and job retention efforts throughout the state and also focused on identifying emerging industries and opportunities. The commission supported local communities' efforts in attracting a variety of significant businesses. These include Express-Scripts in Pueblo, Intel in Fort Collins, and Raytheon's expansion in Aurora. Support for small businesses and rural areas remained a priority for the EDC in 2005 through the provision of matching funds for Enterprise Zone marketing, the continuation of the statewide Community Assessments Program as well as the expansion of the Advance Colorado Center.

In 2006, the commission will continue to support statewide economic development activities and to collaborate with communities to support their priorities and opportunities. The EDC is committed to assisting these communities retain and create jobs and to strengthen Colorado's economy.

We welcome your comments on this report. On behalf of the EDC, I want to thank Governor Owens and members of the General Assembly for your ongoing support and guidance.

Sincerely,



Richard L. Monfort
Chairman
Colorado Economic Development Commission

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International Trade
Denver

PROJECTS FUNDED BY THE ECONOMIC DEVELOPMENT COMMISSION IN 2005

PROJECT	AREA	EDC \$	OTHER \$/ SOURCE	STATUS
Advance Colorado Center II	Denver	\$200,000	N/A	Contracted
Boulder Innovation Center	Boulder	\$150,000	\$355,000	Contracted
Colorado Aerospace Marketing 2006	Statewide	\$150,000	\$83,000	Pending
Colorado Association of Sports Commissions	Statewide	\$50,000	N/A	Contracted
Colorado Film Commission Operations	Denver	\$25,000	N/A	Contracted
Colorado Springs Sports Marketing 2005-2006	Colorado Springs	\$50,000	\$100,000	Contracted
CTEK Stapleton Business Incubator	Denver	\$150,000	\$155,000	Contracted
Cumbres & Toltec Antonito Shop Expansion	Antonito	\$200,000	\$200,000	Contracted
Express-Scripts Training Incentive	Pueblo	\$600,000	\$6,000,000	Pending
Fitzsimmons BioBusiness Incubator	Aurora	\$150,000	\$175,000	Contracted
Hamilton Sundstrand Certification Training	Grand Junction	\$25,000	\$75,000	Contracted
Henderson Underground Science & Engineering Project	Clear Creek County	\$40,000	\$160,000	Contracted

Intel Fort Collins Incentive	Larimer County	\$250,000	\$260,000	Pending
Jobsite Incentive	Grand Junction	\$26,000	\$90,000	Pending
Limon Golf Course	Limon	\$10,000	\$25,000	Contracted
Mile High Alliance Metro Marketing II	Metro	\$27,500	\$27,500	Completed
OEDIT Marketing 2005	Statewide	\$100,000	N/A	Contracted
Pierre Auger Observatory Site Assistance II	Lamar	\$95,000	\$10,000	Contracted
PostNet Incentive	Denver	\$50,000	\$50,000	Pending
Quovadx Job Training	Englewood	\$102,569	\$118,900	Contracted
Raytheon Incentive	Aurora	\$700,000	\$1,512,000	Pending

PROJECTS FUNDED BY THE ECONOMIC DEVELOPMENT COMMISSION IN 2005				
PROJECT	AREA	EDC \$	OTHER \$/ SOURCE	STATUS
Adams County EZ Marketing	Adams County	\$12,500	\$12,500/EZ	Pending
Arapahoe County EZ Marketing	Arapahoe County	\$12,500	\$12,500/EZ	Pending
Denver EZ Marketing	Denver	\$12,500	\$12,500/EZ	Pending
East Central EZ Marketing	Multi County	\$25,000	\$25,000/EZ	Contracted
El Paso County EZ Marketing	El Paso County	\$12,500	\$12,500/EZ	Pending
Greeley/Weld County EZ Marketing	Weld County	\$12,500	\$12,500/EZ	Pending
Jefferson County EZ Marketing	Jefferson County	\$12,500	\$12,500/EZ	Pending
Larimer County EZ Marketing	Larimer County	\$12,500	\$12,500/EZ	Pending
Mesa County EZ Marketing	Mesa County	\$25,000	\$25,000/EZ	Contracted
Northeast EZ Marketing	Multi County	\$25,000	\$25,000/EZ	Contracted
Northwest EZ Marketing	Multi County	\$25,000	\$25,000/EZ	Pending
Pueblo County EZ Marketing	Pueblo County	\$12,500	\$12,500/EZ	Pending
Region 10 EZ Marketing	Multi County	\$25,000	\$25,000/EZ	Pending
San Luis/Upper Ark. EZ Marketing	Multi County	\$25,000	\$25,000/EZ	Pending
South Central EZ Marketing	Multi County	\$25,000	\$25,000/EZ	Pending
Southeast EZ Marketing	Multi County	\$25,000	\$25,000/EZ	Pending
Southwest EZ Marketing	Multi County	\$25,000	\$25,000/EZ	Contracted
Upper Arkansas EZ Marketing	Multi County	\$25,000	\$25,000/EZ	Contracted
EZ Trade Show Marketing 2005-2006	Multi-County	\$25,000	N/A	Contracted

INTRODUCTION

During 2005, the Economic Development Commission (EDC) continued to support communities and businesses throughout Colorado. As required by statute, the overall goal of the commission is to retain and create quality jobs and help to strengthen the economy. As the report indicates, the EDC supported a number of strong business opportunities that created hundreds of quality jobs throughout the state.

A number of important special projects also received support from the commission. These include the start-up of three business incubators: Fitzsimmons BioBusiness, Boulder Innovation Center and the CTEK Stapleton Business Incubator. The Commission continued to support key local and industry economic development marketing initiatives, including biotechnology, nanotechnology, and the aerospace industry trade exhibits and studies. Building on the successful start of the Advance Colorado Center in 2004, the Commission assisted the expansion of the ACC in 2005. The Center is an innovative approach to assist non-profit associations that are assisting small companies in emerging industries.

The following table provides a general breakdown of EDC projects in 2005:

Region	Number of Projects	Percentage of Total Projects
Rural	7	33%
Urban	11	52%
Statewide	3	15%
Total for Year	21	100%

The EDC continued to carry out its statutory responsibilities related to the Certified Capital Companies (CAPCO) program. The commission heard one request for a CAPCO waiver.

This report also includes information on enterprise zone economic conditions and tax credit activity, which is required to be reported annually to the General Assembly pursuant to C.R.S. 39-30-103.

New Initiatives: Projects Funded by the EDC in 2005

During 2005, the EDC worked with communities, businesses and local economic development organizations in an effort to strengthen the state's economy. The focus continues to be on the retention and creation of quality jobs for Coloradans. The EDC participated in initiatives that support business locations in urban and rural areas, small businesses and emerging industries. EDC policy bases the amount of an incentive award primarily on the number of new jobs to be created and the average salary level relative to the prevailing county average salary, as well as considering other economic benefits of the project. Disbursal of awards is based on performance.

Goal I: To encourage, promote and stimulate economic development in all regions of the state.

Objective A: In cooperation with state, local, and private entities develop incentive packages to help existing companies expand and new companies locate in the state.

1. **Express-Scripts Training Incentive, Pueblo** – Express-Scripts is a Fortune 200 company headquartered in St. Louis, Missouri. It is one of the largest pharmacy-related companies in the U.S. The company handles retail and mail order pharmaceuticals for HMOs, health insurers, employers, union-sponsored benefit plans and government health programs, dispensing about 440 million prescriptions in 2004. The company established a new in-bound call center in Pueblo that opened in December 2005, and will hire up to 500 full-time employees, with \$10 million in capital investment and an annual payroll of \$15 million (including benefits). Average salaries are estimated at over \$23,000 per year. To attract this company to Pueblo, the EDC approved a job-training incentive using Federal funds earmarked for those purposes. The grant was approved at \$600,000 for 500 jobs, and the Pueblo Economic Development Corporation matched the grant at \$6,000,000. Expenditures will be distributed equally in FY07 and FY08 to train its new workforce, and will require the EDC to approve the company's training plan for 500 jobs each year. A Colorado FIRST grant in the amount of \$432,000 was also provided to the company.
2. **Intel Corporation, Ft. Collins** – Intel is the world's leading manufacturer of microprocessors. In addition to microprocessors, Intel's products include chipsets, motherboards, flash memory, communication infrastructure components, wired and wireless connectivity products, products for networked storage, application processors, and cellular baseband chipsets. Intel currently employs approximately 321 people in a design center in office space leased from Hewlett Packard. The company plans to purchase a building in Ft. Collins to house the existing employees and to create up to an additional 100 new jobs with an average annual salary of \$90,000 per year. The location of the building is not in a state designated enterprise zone. Intel will make an investment of approximately \$20 million in machinery and equipment for their building for this project. The City of Ft. Collins has committed \$260,000 in incentives to this project. The EDC approved an incentive of \$250,000, or \$2500 per job, for the creation of 100 net new jobs by March 31, 2010.

3. **PostNet International Franchise Corporation, Denver** – PostNet franchises retail stores that sell business and consumer office and shipping services and products. This project involves the relocation of PostNet’s world headquarters from Henderson, Nevada to Denver. The company has entered into an agreement to purchase a 25,000 square foot building at 1819 Wazee Street in Denver. This location is not in a state designated enterprise zone. Postnet will invest approximately \$4.7 million. The City and County of Denver committed a \$50,000 incentive to this project. The EDC approved an incentive of \$50,000 for PostNet to create 50 new jobs in Denver by December 31, 2009. The new jobs will have an average wage rate of \$48,000. A Colorado FIRST grant in the amount of \$43,200 was offered to the company.
4. **Quovadx Job Training Incentive, Englewood** – Quovadx is one of Colorado's major software companies located in Greenwood Village and Boulder. Its software helps health care, insurance, and other companies integrate their technology systems and business processes. The company has grown its customer base through several purchases, serving more than 20,000 clients primarily in the health care provider and payer markets, and is targeting expansion opportunities in other industries. The company was being actively recruited by Atlanta. The EDC agreed in July 2005 to provide a \$200,000 job training incentive grant to assist the company in upgrading its employees job skills and retain 80 high-paying jobs (average wage \$68,886/year) in Colorado. To date, Quovadx has trained 80 employees in Colorado at a cost of \$102,569, according to a job-training plan approved by the EDC.
5. **Raytheon Company, Aurora** – Raytheon is a Fortune 500 company primarily engaged in the defense contracting business. The company provides missile systems, radars, and reconnaissance, targeting, and communications systems, as well as commercial aerospace and electronics products and services. Raytheon has been established in the metropolitan Denver area for more than 30 years, and is currently the largest private employer in the City of Aurora. The company planned to expand either at its Aurora campus or facilities it operates in Dallas. The expansion will require an investment of approximately \$25 million and generate 400 new jobs. The project is not within a state designated enterprise zone. The City of Aurora and Arapahoe County committed incentives of approximately \$1.5 million to this project. The EDC approved an incentive of \$700,000 for Raytheon to create 400 new jobs at an average annual salary of \$67,575. A Colorado FIRST grant in the amount of \$302,400 was offered to the company.

Objective B: Identify and support specific programs and activities to assist the economies of rural areas of the state.

1. **Cumbres & Toltec Antonito Shop Expansion, Antonito** – The Cumbres & Toltec Scenic Railroad (C&TSRR) is an historic steam railroad running between Antonito, Colorado, and Chama, New Mexico. It is owned by a bi-state Commission, and operated under contract to a separate company. Operating costs are paid by passenger revenues and operating subsidies that have primarily come from the State of New Mexico. The EDC previously provided \$90,000 for passenger car and depot repairs in 2002-2003, and

\$150,000 for car maintenance and facility repairs in 2004-2005. The EDC approved a new grant of \$200,000 to assist the C&TSRR to construct an addition to the Antonito passenger car facility for refurbishing passenger cars. These funds will be used to match \$200,000 in federal transportation enhancement funds approved by CDOT. The additional shop capacity could mean up to 10 additional jobs through the winter months refurbishing cars. The project was reviewed and approved by the Joint Budget Committee, pursuant to the EDC's statute regarding grants to other state entities.

2. **Hamilton Sundstrand Certification Training Incentive, Grand Junction** – Hamilton Sundstrand (HS) began operations in Grand Junction in 1984. It was the first company recruited by the Mesa County Economic Development Council, which is now known as the Grand Junction Economic Partnership. In November of 2004, HS announced the closure of the Grand Junction plant. Between June and December of 2005, 245 people lost their jobs. The annual payroll was approximately \$10 million with an additional \$4 million in benefits. It is estimated that these jobs represent 7% of the manufacturing jobs in Mesa County and 11% of the manufacturing revenue. In April 2005, a consortium of the Grand Junction Business Incubator Center, Grand Junction Area Chamber of Commerce, Grand Junction Economic Partnership, and the Mid-America Manufacturing Technology Center formed to assist interested Mesa County companies in having the opportunity to bid on HS work. The project provides financial support for the training and certification process of obtaining the necessary quality certifications (ISO 9001). The EDC agreed to contribute to the project in the amount of \$25,000. A contract was executed directly with the Grand Junction Business Incubator Center. The Grand Junction community provided \$50,000 to the project. The training project is ongoing.
3. **Jobsite Inc., Grand Junction** – Jobsite is a Grand Junction-based manufacturer of machined parts and roll-forming equipment that is used to produce seamless rain gutters for residential and commercial buildings. The location is in a state designated enterprise zone. Jobsite's employee base has also grown significantly in response to its expanded product line. The company has added 25 employees, for a total of 60, since first locating in Grand Junction. Jobsite intends to invest \$1.7 million to acquire additional manufacturing equipment as part of a new expansion. The City of Grand Junction committed \$90,000 in incentives for this project. The EDC awarded Jobsite an incentive of \$26,000, or \$2000 per job, for the creation of 13 new positions with an average wage rate of \$36,000 over the next 3 years.
4. **Limon Golf Course, Limon** – The EDC approved a \$10,000 challenge grant to the Town of Limon to assist the town to make critical improvements to the municipal golf course. The grant is contingent on the Town first raising at least \$25,000 in matching funds. Without the improvements, the town faced losing direct jobs as well as a recreational facility important to business and physician recruitment.
5. **Pierre Auger Observatory Site Assistance II, Lamar** – The Pierre Auger Observatory is an international collaboration of physicists studying high-energy cosmic ray particles. In June 2005, the Collaboration formally selected southeastern Colorado – an area in Baca, Bent, and Prowers Counties – for the site of its Northern Hemisphere observatory.

This installation is planned as a counterpart to the Auger Southern Hemisphere observatory nearing completion in Argentina. Construction is expected to begin in 2007 or 2008, depending on funding. Total budget is in the \$50 million range, with lead funding to come from the U.S. Department of Energy, the National Science Foundation, and foreign university and government research agencies. The EDC approved a grant of \$95,000 to Southeast Colorado Enterprise Development for follow-on tasks in preparation for implementation of the project, including securing formal agreements with landowners to host the project's detector tanks and assisting the Observatory with pre-construction testing and planning activities. These activities will also help position local businesses to take advantage of opportunities to supply the fabrication and construction needs of the observatory facilities.

Goal II: To oversee the statewide economic development-marketing program and to support additional activities and events which promote the state.

Objective A: Produce marketing materials to support ongoing business development efforts.

1. **Colorado Aerospace Marketing 2006, Statewide** – The EDC approved a grant of \$150,000 to assist the Colorado Space Coalition to promote Colorado as a key location for the expansion of private and public aerospace activities. Previous EDC-funded projects, including the 2000 Colorado Space Initiative strategic plan, have identified aerospace as a key sector for Colorado's tech industry, with opportunities for expansion but also new competitive challenges. The Colorado Space Coalition is an alliance of Colorado aerospace companies, local economic development organizations under the leadership of the Metro Denver Economic Development Corporation, and government agencies under the leadership of Lieutenant Governor Jane Norton. The funds are being used to establish a high visibility Colorado exhibit and awards luncheon sponsorship at the April 2006 National Space Symposium. They will also be used by the Colorado Space Coalition to undertake targeted advertising to the aerospace industry, provide market research and analysis, and produce the *Aerospace Colorado* directory/magazine.
2. **Colorado Springs Sports Marketing 2005-2006, Colorado Springs** – The Colorado Springs Sports Corporation was created to attract premier sporting events to Colorado and the greater Colorado Springs area. The commission is a non-profit corporation comprised of business and sports leaders. The Sports Corporation participated in a successful bid to host the 2008 U.S. Senior Open golf event, and hosted a very successful State Games of America in the summer of 2005. The State Games was a four-day national event, with 9,462 athletes participating in Colorado Springs and other Front Range venues. The events yielded an estimated gross business income of \$10 million for the region. The EDC approved \$50,000 for the second and third years of a three-year funding award first approved by the EDC in 2003.
3. **Mile High Alliance Metro Marketing 2005, Metro Denver** – The EDC approved a grant of up to \$27,500 to support the Mile High Alliance ("MHA") activities during

2005. The Mile High Alliance is a partnership of government entities and key organizations representing economic development, tourism, cultural, and business interests. By partnering in existing marketing efforts and by communicating with common messages, the MHA is creating a more powerful and unified tourism and economic development effort for the metro area, resulting in more tourists, more meetings and conventions, and more jobs for the metro area. The EDC previously provided a \$30,000 matching grant to the MHA in 2004. EDC participation also facilitates coordination of MHA's marketing and branding efforts in the metro area with OEDIT's state marketing and branding initiatives.

4. **OEDIT Marketing 2005, Statewide** – The EDC allocated \$100,000 to support statewide marketing activities of the Office of Economic Development & International Trade. OEDIT's marketing plan included participation in targeted trade shows together with representatives of local economic development organizations; familiarization trips for out-of-state site selectors, international groups, venture capital funds, and other targeted industries; creation and distribution of eNewsletters; redesign of the OEDIT website; creation of collateral materials; and rollout of the "Colorado" branding initiative.

Objective B: Develop and support special projects and activities.

1. **Advance Colorado Center Expansion, Denver** – The Advance Colorado Center is a major initiative of OEDIT, initially funded by the EDC in 2004. The mission of the ACC is to provide support for non-profit associations and business support programs that will meet the needs of targeted industries within Colorado. Following on the successful launch of the Center, which opened December 1, 2004, during 2005 the EDC provided \$200,000 to expand the Center to accommodate three additional industry and business support organizations – the Colorado Association for Manufacturing & Technology, the Colorado Photonics Industry Association, and the Colorado Nanotech Initiative.
2. **Boulder Innovation Center, Boulder** – The Boulder Innovation Center is a "virtual" business incubator, offering support programs to entrepreneurs. The EDC provided a \$150,000, 3-year grant to support the startup of this program. The Boulder Innovation Center is strongly supported by all segments of the Boulder community, including the City of Boulder's Economic Vitality office and the business community's Boulder Economic Council. The Center also has a special agreement with the University of Colorado's Technology Transfer Office to match entrepreneurs with University technologies and provide assistance to launch new ventures. In addition, the Center is focusing on companies in the "Green Ventures" market niche. Future EDC funding in years 2 and 3 is subject to Commission approval based on the satisfactory progress to-date.
3. **Colorado Association of Sports Commissions, Statewide** – The EDC has a long history of helping local communities to host major sporting events, providing on-going support to the Metro Denver and Colorado Springs sports commissions, and supporting the U.S. Olympic Committee and Training Center's (USOC) presence in the state. The presence

of such organizations and events in the state brings significant economic spin-off benefits. The EDC awarded \$50,000 to the Colorado Springs Sports Corporation (CSSC) to create a new statewide approach to supporting sports promotion. The goal of a statewide sports association is to assist interested communities to organize local sports commissions, work with the USOC and the various sports' national governing bodies to bring events and sports business opportunities to the state, and strengthen support across the state for the USOC. During 2005, the CSSC identified potential local sports commission leaders throughout the state, and staged an instructional two-day summit attended by 12 individuals. Representatives of national governing bodies headquartered in Colorado attended and met with the community leaders.

4. **Colorado Film Commission Operations, Denver** – The EDC has been working with industry representatives and the University of Colorado at Denver & Health Sciences Center since 2003 to develop a new public-private partnership Colorado Film Commission (CFC). The mission of the CFC is to promote Colorado as a location for film production, to support and foster the growth of the local film industry, and to assist and train local community film commissions around the state – activities that were performed by the State Motion Picture and Television Commission before it was defunded by the legislature. The CFC has hired a director and constituted a new advisory committee, including the director of OEDIT and key individuals from the Colorado film industry. The EDC approved a grant of \$25,000 to assist the CFC with start-up expenses while its new director pursues outside funding.
5. **CTEK Stapleton Business Incubator Center, Denver** – The EDC approved a \$150,000, 3-year matching grant to assist in the start-up of a small business incubator located in a facility donated by Forest City Stapleton, Inc. The project will provide intensive business consulting as well as office space to help fledgling companies grow, attract capital, and create jobs. The project is targeting software, medical device, and other technology companies. In addition to Forest City Development, matching funds are being provided by the City of Denver and a number of other private donors. The Center has developed agreements with other business incubators to provide referrals to the best resources available to assist an entrepreneur. Future EDC funding in years 2 and 3 is subject to Commission approval based on satisfactory progress to-date.
6. **Fitzsimons BioBusiness Incubator, Aurora** – The EDC provided a \$150,000, 3-year grant to the Fitzsimons Redevelopment Authority to assist in establishing a BioBusiness Incubator. The FBBI is a virtual incubator, offering support programs to biotech entrepreneurs that are housed at the Fitzsimons Bioscience Park Center. The proposal is jointly sponsored by the Aurora EDC, Metro Denver EDC, Adams County Economic Development, the Fitzsimons Redevelopment Authority, and the University of Colorado Technology Transfer Office. The BioBusiness incubator assists start-up biotech businesses with mentoring and training to assist companies that would not have access to such skills, particularly in specialties such as regulatory affairs, reimbursement, scientific domain expertise, capital requirements and funding structures, and personnel. Future EDC funding in years 2 and 3 is subject to Commission approval based on satisfactory progress to-date.

7. **Henderson Underground Science & Engineering Project (HUSEP), Clear Creek County** – The Henderson Mine, in Clear Creek County, has been chosen as one of two finalists for the planned National Science Foundation (NSF) Deep Underground Science and Engineering Laboratory (DUSEL). The Homestake Mine in South Dakota is the other finalist. The Henderson DUSEL would be a multidisciplinary underground research center that would house a variety of advanced experiments in physics, geosciences and the life sciences that require access to deep underground environments. The NSF intends to build a \$300 million (near term) and \$700 million (longer term) national laboratory in one of these mines that would have a lifespan of at least 30 years. The timeline to choose the finalist is late 2006.

Prior to submitting its final proposal to the NSF, the HUSEP must drill a 7,500-foot core hole underneath Harrison Mountain to test the composition of the rock where the Lower Campus will be located. This drilling will help prove to the NSF that the Henderson Mine site has the most stable rock for its Deep Underground Laboratory. It is estimated that the cost of drilling the second hole will be approximately \$200,000. The HUSEP requested assistance from the Colorado Economic Development Commission to help fund this important study in order that Colorado have all of the available proof that the Henderson Mine is the best location for this scientific laboratory. The EDC agreed to fund \$40,000 toward the cost of the core-drill, which will occur in early 2006. The remaining \$160,000 was contributed by a variety of organizations.

Objective C: Assist Enterprise Zones to develop individual marketing strategies and cooperative programs between zones and provide matching funds for implementation.

Sixteen economically distressed urban and rural areas have been designated as state enterprise zones to provide special state tax incentives to encourage job creation and private investment in these areas. For an area to use these special incentives successfully it must let businesses, both existing and prospective new ones, know about the area's zone status. To assist Colorado's zones capitalize on this opportunity, the commission again provided funds to help implement individual enterprise zone marketing plans.

In 2005, the commission allocated a total of \$375,000 to enterprise zones for the continuation and expansion of their marketing activities. This amount was divided among the zones in matching grants, with the majority going to assist rural zones.

Marketing activities undertaken by the zones fell into the following general categories:

1. **Publicizing enterprise zone benefits** – Zones have attempted to increase the awareness of zone benefits by local businesses through local media, industry and professional association publications, direct mail, and publishing zone newsletters and updated brochures. Many zones held seminars in communities within the zones, in conjunction with local tax professionals and state agency staff, to explain zone benefits.

2. **Supporting existing zone businesses** – Zones conducted surveys to identify and assist existing companies with expansion potential within the zones. The zones supported local small business incubators' recruitment and publicity programs, promoted special events and other promotions to increase business activity in downtown sections of the zones, and conducted market research to support local business prospects.
3. **Business recruitment** – All zones coordinate closely with the major community and economic development organizations within their zones. The zones assisted these organizations to produce updated targeted advertising and direct mail, to attend targeted industry trade shows and to conduct the business recruitment campaigns for their economic development organizations.
4. **Rural tourism development** – Many of the rural zones' marketing plans attempt to increase spending by visitors to their region. Simultaneously, they seek to convert familiarity with their area as a result of tourism contacts into business location prospects. They support publications, brochures and magazines that feature the zones' tourist attractions, as well as their business development opportunities.

Goal III: To provide policy oversight for the state enterprise zone program as directed by the enterprise zone statute.

The General Assembly has given the commission responsibilities for the following areas of enterprise zone policy:

- A. **Zone boundary terminations and designations.** The commission completed a comprehensive review of zone boundaries in 1997. These changes took effect July 1, 1998, eliminating a number of areas from enterprise zones that no longer met the statutory economic distress definitions. The General Assembly, in H.B. 02-1399, repealed the timetable for the commission to conduct another comprehensive review of zone boundaries, in order not to send a negative message regarding investment incentives during the state's economic downturn. During 2005, the commission approved 6 requests for amendments to zone boundaries, to reflect changes in land use and local economic conditions.
- B. **Review of proposals for projects eligible for the enterprise zone contribution tax credit.** The enterprise zone statute requires each local enterprise zone to submit to the commission a proposed list of all projects, programs, and organizations that would be eligible during the following year for the 25 percent tax credit for contributions that promote job creation and retention, and employment for the homeless in enterprise zones. In 2002, the General Assembly (H.B. 02-1161) added community development projects to the categories of eligible purposes. Pursuant to the statute, the commission must review and approve any new or changed project proposals. During 2005, it approved 38 new projects, for a total of 379 active projects.

Goal IV. Approve or deny requests for waivers of the “qualified business” criteria under the CAPCO Program.

In 2001, the EDC was given new statutory authority regarding one aspect of the recently approved Certified Capital Companies (CAPCO) program. If a Certified Capital Company wants to invest in a business that does not meet all of the eligibility requirements under the CAPCO statute and regulations, the CAPCO may ask that the EDC review the specific business and recommend approval or denial of such businesses to the Director of the Colorado Office of Economic Development (OED). Specifically, the EDC must make a determination that the specific business would further the economic development of the State of Colorado. The CAPCO Program received its funding from insurance companies in April 2002, which was made possible by the issuance of premium tax credits by the State of Colorado.

In 2005, a CAPCO requested the EDC to review one business that did not meet all of the CAPCO program statutory and regulatory requirements, as follows:

1. **S&S Chemical, Inc., Durango, Colorado – proposed by Murphree Colorado CAPCO, LP (Murphree)** – S&S Chemical (S&S) was founded in 1999. The Company provides polyboost polymers for the Wax Compounding, Candle Manufacturing, Composites, and Investment Casting Industries. The EDC recommended that S&S be eligible to receive funding from Murphree, a Colorado Certified Capital Company, and thereby waived the requirement for 75% of S&S’s total compensation to be paid to Colorado employees and the requirement of 50% of its total assets to be located in Colorado. Based on the EDC’s recommendation, OED approved S&S as an eligible business to receive this funding. Subsequently, Murphree has decided not to make an investment in S&S, but two other CAPCOs have decided to proceed in their efforts to fund S&S: Advantage Capital Colorado Partners I, LP and Stonehenge Capital Fund Colorado, LLC. An investment in the business has not occurred at this time.

Status of Projects Funded by the EDC in 2004

Each year, the EDC Annual Report tracks projects originally approved in the preceding year and provides an update of their status.

1. **Group Publishing, Inc., Loveland** – Group Publishing, Inc., (“Group”), founded in 1974 in Loveland, Colorado, has grown to over 250 employees and sells its materials throughout the world. The company has added approximately 47,000 square feet to its property (not in an enterprise zone) in Loveland with a capital investment of approximately \$6,775,000. The City of Loveland committed to \$232,000 in incentives for this project. The EDC approved an incentive grant of \$64,000 based on \$333 per job for 192 net new FTE jobs created that meet an average annual wage of \$39,084 plus the company’s standard benefit package. The 192 net new jobs are to be created by December 31, 2008, and maintained through May 31, 2009. Group Publishing completed

their building expansion activities in October 2005 and have been hiring additional employees. EDC funds have not yet been disbursed.

2. **Kodak Colorado, Windsor** – Eastman Kodak Corp.’s Kodak Colorado division in Windsor is one of northern Colorado’s largest employers, with around 1800 employees currently. This division is the company’s primary manufacturing center for medical x-ray film, thermal media, motion picture film, and color paper. The company is in a highly competitive environment as a result of changing technology in its traditional markets, and the Windsor facility (not in an enterprise zone) must compete with other company locations for corporate investment in new projects. The EDC approved a \$120,000 incentive award to assist Weld County in attracting a \$38 million investment in new thermal media production capacity. Weld County offered incentives totaling \$661,300. The EDC approved an incentive grant of \$120,000 based on \$2,000 per job for 60 net new FTE jobs created by 2007 that meet an average annual wage of \$38,000 plus the company’s standard benefit package. Since the original EDC incentive approval date, Kodak Colorado has undergone some corporate restructuring and acquisition activities. This project is currently under review. EDC funds have not yet been disbursed.
3. **ProLogis, Inc., Denver** – ProLogis is a real estate investment trust (“REIT”) formed in 1991 with the intent of developing distribution facilities that meet the needs of its corporate customers on a national, regional and local basis. After 13 years of operation, it owns a global network of industrial distribution properties. ProLogis has relocated its headquarters from Aurora to Denver (not in an enterprise zone) and expanded its overall facilities to approximately 80,000 sq. ft. The estimated minimum private investment related to the project is \$21,664,000. The City and County of Denver has committed \$425,000 in incentives to this project. The EDC approved an incentive grant of \$400,000 based on \$2,000 per job for 200 net new FTE jobs created that meet an average annual wage of \$61,300 plus the company’s standard benefit package. The first 100 net new jobs are to be created by 3/31/06 and the second 100 net new jobs are to be created by 12/31/09 (with maintenance through 12/31/09). The company has indicated that that it has created at least 100 new jobs as of February 2006 and will soon provide supporting documentation to the EDC. EDC funds have not yet been disbursed.
4. **Red Robin Gourmet Burgers, Inc., Englewood** – Red Robin Gourmet Burgers, Inc. (“Red Robin”) was founded in 1969. The company operates Red Robin restaurants from facilities that are owned or leased and the company sells franchises and receives royalties from the operation of franchised Red Robin restaurants. This project involves the expansion of Red Robin’s corporate headquarters. The company moved from its existing facility located in Arapahoe County (Greenwood Village) to a 50,000-70,000 square foot facility in the City of Greenwood Village (not in an enterprise zone). The estimated private investment related to this project is \$3,200,000. Arapahoe County has committed \$54,000 in incentives to the project. The EDC approved an incentive grant of \$54,000 based on \$500 per job for 108 net new FTE jobs created that meet an average annual wage of \$58,370 plus the company’s standard benefit package. The 108 net new jobs are to be created by 12/31/08 and maintained through 12/31/09. Red Robin relocated in

March 2004 and has indicated that it has so far created at least 48 net new positions. EDC funds have not yet been disbursed.

5. **Stanley Aviation Corporation, Aurora** – Stanley Aviation Corporation (“Stanley”) began operations in 1948 in Buffalo, NY. Since 1954, Stanley Aviation has been headquartered in Aurora, Colorado (Adams County) and is located in an enterprise zone adjacent to the new Stapleton development. The company designs and manufactures a complete range of aircraft fluid distribution products, ground support products, and maintenance equipment products used in the aviation and aerospace industries. Stanley intends to expand its current Colorado operation to a 65,000 sq. ft. facility. The estimated private investment related to this project is \$3,700,000. The City of Aurora and Adams County have committed \$475,000 in incentives to the project. The EDC approved an incentive grant of \$350,000 based on \$2,000 per job for the creation of 175 net new jobs by no later than 12/31/05 with a minimum average annual wage of \$38,467 plus the company’s standard benefit package. The 175 net new jobs are to be maintained through 12/31/09. Per an announcement made in September 2005, Stanley Aviation Corporation was acquired by Eaton Corporation. This project is currently under review. EDC funds have not yet been disbursed
6. **Receivable Management Service Corporation, Pueblo County** – Receivable Management Services Holding Corp. (“RMSC”) was formed in May of 2001 when Dun & Bradstreet’s Receivable Management Services was sold to its senior executives and became a stand-alone company. RMSC provides customers a continuum of services from electronic bill presentment through receivable outsourcing, traditional collections, bankruptcy services and deductions management. RMSC is locating and expanding its business in the Pueblo area (located in an enterprise zone). The estimated private investment related to this project is \$5,650,000. The City of Pueblo has committed \$920,400 in incentives to this project. The EDC approved an incentive grant of up to \$650,000 in consideration of the company’s creation of up to 325 FTE jobs based on pro-rated cost per job of no more than \$2,000 by 6/30/08. The 325 net new jobs are to be maintained through 6/30/2010. RMSC has located in Pueblo and has indicated that they have created approximately 275 FTEs. No EDC funds have yet been disbursed.
7. **R.R. Donnelley, Inc., Weld County** – R.R. Donnelley (“RRDN”) began operations in 1968 in Portland, Oregon as a commercial printing company, originally known as Norwest Publishing Company, Inc. In 1986, Norwest Publishing was acquired by Donnelley in a stock transaction. RRDN specializes in the printing of telephone directories within North America. RRDN’s plant and printing facility in Colorado is located on the eastern side of Greeley, where it was established in 1984, and is located within a state designated enterprise zone. RRDN won a multi-year directory-printing contract and planned to invest approximately \$12.8 million in an expansion. The City of Greeley and Weld County committed \$700,000 in incentives to the project. The EDC approved an incentive grant of \$144,000 based on \$3,000 per job in consideration of the creation of 48 FTE net new jobs by no later than 12/06/06 with a minimum average annual wage rate of \$40,984 plus the company’s standard benefit package. The net new 48 jobs are to be maintained through 8/31/09. RRDN has spent a large amount of their

anticipated private expenditures for this project; however, RRDN has also undergone some corporate restructuring and acquisition activities. This project is currently under review. EDC funds have not yet been disbursed.

Projects in Rural Areas Funded in 2004

- 1. Cryogenic Experts, Mesa County** – Cryogenic Experts (“CEXI”) was founded in 1971. The company primarily builds vaporizers for the industrial gas business and all types of cryogenic fluids such as carbon dioxide, nitrogen, hydrogen, ethylene, ethane, methane, helium, oxygen, and nitrous oxide. Common applications include the aerospace/military, food and beverage, electronics and medical sectors. The company planned to move its standard manufacturing of ambient vaporizers from California to Mesa County. Eventually, the company planned to move all manufacturing to a state-designated enterprise zone in Colorado from California and to establish its headquarters in Mesa County. The project involved a capital investment of approximately \$205,000 and the creation of up to 10 jobs. The City of Grand Junction and Mesa County committed \$31,000 in incentives to this project. The EDC approved an incentive grant of \$22,500 based on \$2,250 per job for the creation of 10 jobs by no later than 12/31/06 with a minimum average annual wage of \$32,500 plus benefits. The 10 net new jobs were to be maintained through 12/31/09. The company experienced a problem with their proposed real estate acquisition transaction; therefore, the company has not yet relocated to Mesa County. This project is under review. No EDC funds have been disbursed.
- 2. Cumbres & Toltec Scenic Railroad, Conejos County** – The EDC provided a grant of \$150,000 to the Cumbres & Toltec Scenic Railroad in 2004, to be used for the rehabilitation of 3 passenger cars, repairs to the Osier dining facility, and maintenance of the Antonito depot. Work on these projects was completed during 2004 and 2005
- 3. Heavy Equipment Training Academy, Sedgwick County** – The Heavy Equipment Training Academy (“HETA”) was founded six years ago to provide on-location training using a client’s equipment. Also, the Colorado Contractor’s Association has provided training sites for HETA. The goal of this project is to establish a permanent facility for the Heavy Equipment Training Academy to be located in Julesburg in a state designated enhanced rural enterprise zone. The Town of Julesburg and Sedgwick County committed \$29,245 in incentives to this project. The EDC approved an incentive grant of \$20,000 based on \$2,000 per job for the creation of 10 jobs by no later than 12/31/05 with a minimum average annual wage rate of \$29,952. HETA has located its training facility in Julesburg. However, HETA has indicated that it will not move forward with the EDC incentive funds due to the supporting documentation and reporting requirements. The EDC was notified of this withdrawal in January 2006.
- 4. Twin Otter International, Ltd., Mesa County** – Twin Otter International, Ltd. (“TOIL”) leases Twin Otter aircraft worldwide and specifically modifies its aircraft to meet customer needs. TOIL was primarily located in Las Vegas, Nevada but also had storage hangers at Valle Airport in Arizona. The company was seeking a permanent facility to purchase in Grand Junction. This project is located in a state designated

enterprise zone. New capital investment is anticipated to be at least \$1,600,000 including a 26,000 sq. ft. facility on a 5-acre site. The City of Grand Junction and Mesa County committed \$150,000 in incentives to this project. The EDC approved an incentive grant of \$75,000 based on \$3,000 per job for the creation of 25 FTE that meet an average wage rate of \$32,172 (plus standard benefits) before December 31, 2006. The net new 25 jobs are to be maintained through 12/31/09. TOIL relocated to Grand Junction in February 2005 and began hiring employees. No EDC funds have yet been disbursed.

5. **Viaero Wireless, Morgan County** –Viaero Wireless, also known as Cellular One of Northeast Colorado, is a wireless telephone service provider. Viaero has undertaken digital technology upgrades at its current location in Fort Morgan and plans to expand its operations. This location is in a state designated enterprise zone. Viaero has already invested approximately \$6 million and is planning to invest an additional \$6 million for this expansion and upgrade. The City of Fort Morgan has committed \$191,880 in incentives to this project. The EDC approved an incentive grant of \$187,500 based on \$2,500 per job for 75 net new FTE jobs created that meet an average wage rate of \$33,150. The 75 net new jobs are to be maintained through December 31, 2009. Viaero Wireless has expanded in Morgan County and has so far created approximately 18 new positions. No EDC funds have yet been disbursed.

Marketing Projects Funded in 2004

1. **Colorado Convention Center State Exhibit** – The State of Colorado created a permanent exhibit in the Colorado Convention Center to promote tourism, economic development, education, agriculture and Colorado products when the Colorado Convention Center was first constructed in 1987. This exhibit space was guaranteed as a condition of State assistance to the City and County of Denver in the original Convention Center project. With the expansion of the Convention Center by the City and County of Denver in 2005, the State had an opportunity to update its exhibit and improve its visibility in the reconfigured Center. The EDC authorized an award of up to \$150,000, together with \$100,000 from the Colorado Tourism Office, to construct twin exhibits to promote economic development and tourism to Convention Center visitors. The new exhibits were completed in 2005, with costs under budget.
2. **Colorado Space Strategic Marketing** – The EDC provided a grant of \$150,000 to assist the Colorado Space Coalition to promote Colorado as a key location for the expansion of private and public aerospace activities. The Colorado Space Coalition is an alliance of Colorado aerospace companies, local economic development organizations under the leadership of the Metro Denver Economic Development Corporation, and government agencies under the leadership of Lieutenant Governor Jane Norton. The funds were used to establish a high visibility Colorado exhibit and awards luncheon sponsorship at the National Space Symposium in April 2005, as well as undertake targeted advertising to the aerospace industry.
3. **Department of Agriculture: Colorado Proud Marketing Campaign** – The Colorado Department of Agriculture, in cooperation with state food producers and retailers and

with the assistance of an earlier EDC grant, developed the “Colorado Proud” brand and logo to promote Colorado-grown products. In 2004, the EDC approved a grant of \$95,000 to assist the Department of Agriculture to maintain the high visibility of this brand in the marketplace, and to attract continuing participation by the Department’s private sector partners. This program generated \$302,000 in cooperative television and other advertising from private companies. The Department also produced collateral print materials to promote Colorado farmers’ markets, the Colorado wine industry, and agri-tourism in Colorado.

4. **Department of Agriculture: International Trade Promotion Program** – The EDC over the years has funded the Colorado Department of Agriculture’s program to promote Colorado agricultural products in international markets. The Agricultural International Trade Program assists Colorado producers and processors to attend trade shows and missions by reimbursing part of the businesses’ costs. The EDC provided a multi-year grant of up to \$20,000 to the Department of Agriculture to continue this program. During 2005, the program assisted producers and processors from metro Denver and Weld County to make sales contacts in several European countries, Israel, and Mexico.
5. **Metro Denver Sport Commission** – The Metro Denver Sports Commission was created in 2002 to attract premier amateur and collegiate sporting events to Colorado and the Denver Metro area. The commission is a non-profit corporation comprised of business, university and sports leaders from throughout the metro area. The Metro Denver Sports Commission won bids to host the 2005 USA Open Volleyball Championships, the 2006 North American Indigenous Games, and the 2008 NCAA Frozen Four, and has targeted high-economic impact events scheduled from 2009 to 2014. The EDC made a grant of \$25,000 for the third year of a three-year funding award first approved by the EDC in 2002. Partner revenue received in 2004 exceeded \$172,500.
6. **Munich Air Service** – The EDC partnered with Denver International Airport to offer up to \$200,000 to encourage an airline to initiate regularly scheduled non-stop service between DIA and Munich, Germany, and assist in marketing the new service. DIA is offering a \$400,000 award. This award is based on past experience with the substantial economic benefits to the state of direct international air connections. There are already 82 German-affiliated companies with operations in Colorado, and a number of important Colorado companies with operations in Munich and elsewhere in Germany. Tourist travel between the two areas is also strong and growing. This offer is still outstanding, with DIA, OEDIT, and metro area business representatives continuing to pursue opportunities to establish the proposed service.

Special Projects and Activities Funded in 2004

1. **Advance Colorado Center, Statewide** – The Advance Colorado Center is a major initiative of OEDIT to foster the growth and development of key emerging industries in the state. In partnership with the University of Colorado at Denver & Health Sciences Center, the ACC is providing shared office space for several business associations and

non-profit organizations whose mission is to assist entrepreneurs and emerging industries to succeed and grow profitable, sustainable businesses. It is housed in the same building as OEDIT within the World Trade Center in Denver. The ACC is financed for three years, at \$216,000 per year, with federal discretionary funds made available by the EDC to UCDHSC. The founding organizations sharing the Advance Colorado Center include the Colorado Alliance for Microenterprise Initiatives, the Colorado BioScience Association, the Colorado Film Commission, the Colorado Software & Internet Association, CORE (Connected Organizations for a Responsible Economy, formerly known as CEBA), and CTEK. The ACC has exceeded expectations and is a model for leveraging the state's resources to build stronger organizations and the businesses they serve.

2. **BIO 2004 Annual International Convention, Statewide** – The EDC granted the OEDIT \$20,000 for the Colorado Pavilion at the BIO 2004 (San Francisco). BIO is the national/international trade association for the biotech industry. The organization hosts an annual Convention and Expo where 18,000 biotech leaders from around the world congregate. Every state and country that is trying to attract bioscience companies exhibits at the show

The EDC grant enabled Colorado to create a pavilion, which it had never done before, and provided much needed exposure to indicate to attendees that Colorado has a viable and growing bioscience industry. In addition, once the State showed its commitment to a presence at BIO, other economic development partners stepped forward to fund the pavilion and continue to do so at a higher level than ever before. In fact, once the state invested in BIO 2004, the Metro Denver Economic Development Corporation commissioned a brand new 600 square foot booth to be used at BIO in future years.

The \$20,000 grant from the EDC for BIO 2004 helped to brand Colorado as a place for national and international bioscience companies to locate their business. Project was complete after the 2004 Bio International Convention in June 2004.

3. **Community Assessments Program, Statewide** – One of the best ways that the OEDIT has found to assist rural communities in their local economic development efforts is the Community Assessment Program. This program leverages the resources of OEDIT staff and volunteers from the economic development profession to conduct in-depth assessments of the economic development strengths, weaknesses, and opportunities of rural communities. The assessments are strictly on a voluntary, request basis.

Building on the past success of this program, OEDIT and the EDC partnered to expand the program to include marketing and branding assessments, using volunteers from the state's advertising and marketing professionals, and technology assessments, to assist rural communities to identify alternative steps to take advantage of telecommunications technology to foster their local economies. In December 2004, the EDC approved an award of up to \$234,000 over two years to reimburse participating volunteers for their travel and other out-of-pocket expenses.

To date, OEDIT staff and volunteers have completed 14 Community Economic Development Assessments, 11 Follow-Up Community Assessments, 2 Technology Assessments, and 4 Branding Assessments. The remainder of the grant will be used for Community Assessments in 2006.

4. **Mile High Alliance, Metro Denver** – In 2004, the EDC provided a \$30,000 matching grant to the MHA to develop a marketing and communications tool kit and extranet website, host a marketing summit with the City of Denver, develop a public relations plan and message platforms, and develop a structure and guiding principles document for the MHA. These activities came in under budget, and \$6,888 was returned to the EDC.
5. **Nanotechnology Study, Statewide** – Nanotechnology is the purposeful engineering of matter, at scales of less than 100 nanometers (nm), to achieve size-dependent properties and functions. In 2005, Small Times Magazine named Colorado as the state with the 3rd most potential to develop a nanotechnology economy. A \$50,000 matching grant was approved by the EDC in 2004 to help move Colorado from a state with potential to a state with substantial nanotechnology assets and businesses.

This study is also being funded by a \$130,000 grant from the US Department of Commerce Economic Development Administration (EDA), as well as the City of Denver and the University of Colorado Leeds School of Business, for a total of \$225,000. These investments will result in a Nanotechnology Roadmap designed to foster technology-based economic growth in the state of Colorado. The investment will also be used for an initial exploration of potential nanotechnology-based economic development partnerships between Colorado and the adjacent states of Utah, Wyoming, and New Mexico.

The Business Research Division/Business Advancement Center (BRD/BAC) at the Leeds School of Business serves as the lead applicant on the grant while Colorado Nanotech Initiative is the co-applicant. All deadlines are being met and exceeded by the BRD/BAC. The EDC contract was executed in 2005 after the EDA grant was finalized.

6. **Pierre Auger Observatory Site Assistance** – The EDC provided an award of up to \$65,000 to the 5-county local organization, Southeast Colorado Enterprise Development, to assist them to seek designation of Southeastern Colorado as the preferred site in the northern hemisphere for an experimental physics project. The Pierre Auger Observatory is a project of an international consortium of physicists that will construct an array of detectors to study high-energy cosmic ray particles. The effort to attract this \$50 million facility to Colorado was endorsed unanimously by both houses of the General Assembly in 2004 (HJR 04-1033). The Auger Collaboration announced the selection of southeastern Colorado as the site for the northern hemisphere observatory in June 2005. Construction is anticipated to begin in 2007 or 2008, depending on federal funding.
7. **Leadville Institute of Science and Technology, Lake County** – The Leadville Institute of Science and Technology (LIST) is a non-profit 501(c)(3) corporation that demonstrates technologies in a high elevation, cold climate environment. LIST's proposal

to the EDC was to complete a feasibility study to determine the potential for a forest, wood-chip, bio-oil, and hydrogen fuel facility in Lake County, Colorado (an area targeted for thinning by the Healthy Forests Restoration Act). This study was expected to define how much wood would be available in the San Isabel and Pike National Forest, and the potential end-users for the wood chips, the bio-oils, and ultimately the hydrogen. The feasibility study would also analyze how many jobs, both technically and vocationally, would be created. Lake County, Colorado is located in a state designated enterprise zone. If a hydrogen production/fuel cell pilot facility is found to be a viable option and is implemented, it would have a positive impact on the local and regional community. The EDC approved a \$35,000 grant to be used for the proposed feasibility study subject to the documentation of new matching funds (such as from Rural Development) of at least \$1:\$1 to be used towards this project. LIST has reported that the study has been completed and will soon be submitted.

Colorado

**COLORADO ENTERPRISE ZONES
ANNUAL REPORT
*for 2005***

*Governor's Office of Economic Development and International Trade
and
Department of Local Affairs
February 2006*

Colorado Enterprise Zone Annual Report for 2005

The following information on changes in economic conditions in enterprise zone areas and on enterprise zone tax credit activity represents the annual report to the General Assembly summarizing the status of enterprise zones, as required by 39-30-103, C.R.S. Additional detail is available on request from the Economic Development Commission staff, and will also be available on the Office of Economic Development and International Trade website, www.advancecolorado.com.

Summary

- During fiscal year 2005, 4,815 businesses certified one or more potential enterprise zone tax credits.
- These companies created 5,200 new jobs and retained 116,000 jobs.
- They invested \$880 million in new equipment in enterprise zone businesses.
- Over 11,900 taxpayers contributed \$31.6 million to enterprise zone economic and community development projects.
- Enterprise Zone tax credits claimed with the Department of Revenue totaled \$25.7 million.

Background - Enterprise Zone Designation Process

The Colorado Urban and Rural Enterprise Zone statute, 39-30 C.R.S., provides that local governments may propose areas for designation as an enterprise zone. It sets forth three criteria to measure economic distress in order for an area to qualify for enterprise zone designation:

- Unemployment rate greater than 25 percent above the state average; or
- Per capita income less than 75 percent of the state average; or
- Population growth less than 25 percent of the state average.

In addition, the total population residing within an enterprise zone boundary cannot exceed 80,000 persons (100,000 for rural enterprise zones).

The Colorado Economic Development Commission ("EDC") has the authority to designate and terminate areas as enterprise zones (this authority rested with the executive director of the Department of Local Affairs prior to 1996). The statute originally allowed up to 8 areas to be designated as enterprise zones. The General Assembly amended the Act in subsequent years to increase that number to the current 16. In 1997, following amendments to the Act which gave the EDC power to terminate zone areas, the EDC reviewed available data on economic

conditions in EZ areas, and terminated those areas which it determined no longer met the distress criteria. These terminations took effect July 1, 1998.

In 2002, in light of the downturn in the state's economy, the General Assembly amended the Enterprise Zone Act (HB 02-1399) to repeal the previous requirement that the EDC review all enterprise zone areas within 12 months of the publication of socio-economic data from the decennial U.S. Census. The EDC continues to have discretionary authority to designate and terminate zone areas.

Changes in Zone Economic Conditions

- **Employment.** Based on data from the Colorado Department of Labor & Employment, Colorado's economy gained less than 8,000 jobs between 2001 and 2002, about 25,000 jobs from calendar year 2002 to 2003, and 57,000 between 2003 and 2004. In rural enterprise zone counties, 29,000 jobs were gained in 2002, 3,500 were lost in 2003, and 12,000 jobs were gained in 2004. Urban enterprise zone counties (which include non-EZ as well as EZ areas) lost 15,000 jobs in 2002, gained about 21,000 jobs in 2003, and gained another 37,000 in 2004.

Between 1987, when the enterprise zone program began, and 1995, employment in rural enterprise zones grew faster than the state average, with the result that 18 percent of the 434,000 state job growth was in rural enterprise zone counties, compared to a loss of jobs in the same counties prior to the zone program, between 1980 and 1986. (Rural EZ counties account for approximately 15 percent of all employment in the state.) Between 1995 and 2000, job growth accelerated in the non-enterprise zone counties, and rural EZ's share declined to 11 percent of the state's job growth of 290,000. This trend reversed during the economic downturn following 2000, with job losses concentrated in the urban areas, and rural EZ counties' share rose to an unprecedented 36 percent of the 122,000 jobs added in the state. (Note: Enterprise zones in urban counties only cover parts of each county, but data are available only at the county level.)

Data source: Colorado Department of Labor & Employment, <http://www.coworkforce.com/lmi/ali/1fpage.asp>

- **Unemployment** in zone counties averaged 5.7 percent in 2004, down from 6.4 percent in 2003, and 5.9 percent in 2002. Preliminary data for 2005 indicate a further decline, to 5.2 percent. In rural enterprise zones, the 2004 unemployment rate averaged 5.1 percent, down from 5.9 percent in 2003, with a further drop to 4.8 percent indicated by the preliminary 2005 data. The state's 2004 rate was 5.5 percent (5.0 percent in 2005), down from 6.2 percent in 2003 and 5.9 percent in 2002. The years since 2002 represent the first time that the unemployment rate in rural EZ counties has been less than the state average. This narrowing of the gap between the state average and zone counties reflected the greater severity of the economic downturn in technology-focused urban counties, both EZ and non-zone counties. Although these rates are all significantly higher than their historic low point in 2000, they are still well below the unemployment rates experienced when the enterprise zone program began in 1986 (7.4 percent statewide and 10.4 percent in rural EZ's).

Data source: Colorado Department of Labor & Employment, <http://www.coworkforce.com/lmi/ali/1fpage.asp>

- **Population.** Slow population growth, one of the statutory enterprise zone distress criteria, is primarily relevant to rural areas, where lack of economic opportunity often is manifested in out-migration. Since 1990, rural enterprise zones in eastern and southern Colorado have gained population, although at slower growth rates than the state average. These areas were losing population during the 1980s. Specifically, in the East Central and Northeast EZ, population declined by 3 percent in the 1980's, and grew by 26 percent in the 1990's. In the southern Colorado EZ's, population declined 2 percent in the 1980's and increased by 12 percent in the 1990's. On the other hand, the rural EZ's in western Colorado grew by 9 percent in the 1980's (less than the state average of 14 percent), and in the 1990's grew by 33 percent, surpassing the state average of 30 percent. The trends of the 90's have generally continued in the 2000-2004 data.

Data source: Colorado Department of Local Affairs, <http://dola.colorado.gov/demog/>

- **Income.** Per capita income for the state as a whole has grown by 110 percent over the 16 years since the EZ program began. Enterprise zone per capita incomes overall have kept pace, growing 109 percent from 1987 to 2003. However, this figure is biased by the inclusion of urban counties with high per capita incomes outside of their small enterprise zone areas.

In rural enterprise zone counties, average per capita income grew 99 percent over the same 16-year period. The even more rapid growth of the remainder of the state resulted in a decline in rural EZ per capita income compared to the state average, to 73 percent (as compared with 77 percent in 1986). In 2001, 2002, and 2003, rural EZ counties' per capita income grew 3.6, 0.2, and 2.8 percent, respectively, faster than the state average, resulting in an improvement in their standing compared to the state average, from a low of 71 percent in 2000 to 73 percent in 2003. Per capita income in the various rural EZ's ranged from 88 percent of state average in the Northwest EZ to 59 percent in the San Luis Valley. In urban EZ's, only Pueblo and Weld counties had per capita income below 75 percent of the state average.

Data Source: U.S. Bureau of Economic Analysis, <http://www.bea.doc.gov/bea/regional/reis/>

As with any public economic policy, it is not possible to measure definitively the impact of a single program such as enterprise zones as compared with other economic factors.

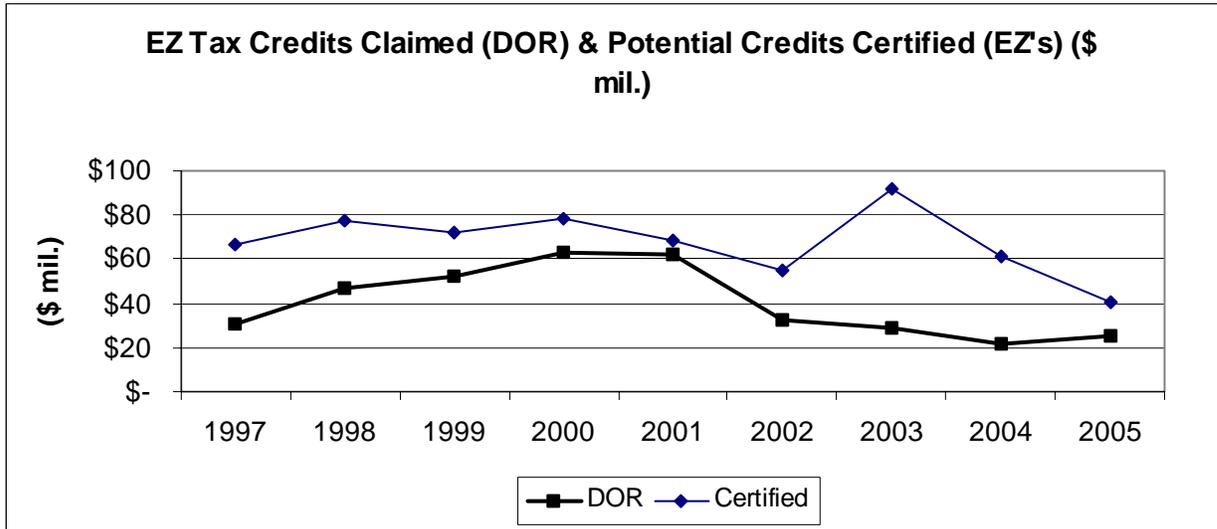
Tax Credits Claimed and Potential Credits Certified

Total EZ tax credits claimed with the Department of Revenue in FY 2005 were \$25.7 million, an increase of 16 percent from FY 2004 but 12 percent below 2003. Of this total, \$13.7 million were claimed by corporate taxpayers, and \$12 million by non-corporate taxpayers (individual contribution credits, plus sole proprietor, partnership and other non-corporate business credits).

The total credit amounts reported to enterprise zone administrators on the Certification forms and compiled for this report typically exceed the total amount of EZ tax credits actually claimed and reported by the Department of Revenue as reductions in each year's tax liability. The amounts certified represent *potential* credits for which the

taxpayer has qualified by virtue of undertaking the activities specified in the enterprise zone statute – making qualified investments, creating new jobs in new or expanded business facilities, investing in qualified job training, increasing research and experimental expenditures, rehabilitating qualifying vacant buildings in an enterprise zone, or making donations to approved enterprise zone development projects. The total amount of tax credits *certified* in FY 2005 was \$41.3 million, down 33 percent from 2004.

The amounts claimed with the Department of Revenue, on the other hand, are limited by each taxpayer's Colorado income tax liability each year. Potential credits earned in excess of the current year's tax liability may be carried forward to future tax years for a period specified by statute. Nevertheless, potential credits of taxpayers who do not earn sufficient taxable income, or who cease business during the carry-forward period, will be permanently lost. In addition, there may be differences in timing between the EZ certification reports and the filing of tax returns reported by DOR due to the timing of tax filing. (See Tables 1 and 2 at end of this section for more detail.)



Potential Revenue Gains

New jobs and capital investment created by businesses claiming enterprise zone credits will result in several different types of increased tax revenues. Exact revenue impacts are not possible to calculate, but the estimated amount of revenue from just three sources – income and sales taxes paid by new EZ employees, sales and use taxes on new EZ business equipment purchases, and increased school property taxes on new EZ business personal property – amounted to \$38 million, approximately 50 percent more than the \$25.7 million in EZ credits claimed.

- Personal income, sales, and excise taxes paid by new employees of enterprise zone businesses – average state tax collections per employee in FY 2005 were \$2,745, or **\$14 million** for the 5,222 new employees added by EZ certifying businesses.

- State sales and use taxes on taxable non-manufacturing equipment purchased by enterprise zone businesses, based on the amount of investment certified by non-manufacturing businesses, would amount to approximately **\$13.5 million** in FY 2005.
- New investment by enterprise zone businesses added \$880 million of personal property to the local tax base, increasing local property tax capacity and reducing the burden on the state school finance act correspondingly. At 2004 statewide average mill levies, this would generate **\$10 million** in new property taxes for school districts, \$4.8 million for counties, and \$1.9 million for municipalities.
- In addition, new economic activity adds revenues from increased corporate taxes, as well as increased local revenues.
- Job growth in rural areas that had previously been losing population, as well as private contributions to enterprise zone projects encouraged by the enterprise zone tax credit, help preserve vital community infrastructure such as schools and health care facilities.

Statistics for Companies Claiming Enterprise Zone Tax Credits

The Enterprise Zone statute specifies that a variety of statistics for companies claiming Colorado enterprise zone income tax credits are to be reported by local enterprise zone administrators and summarized in this Annual Report. Statistics for companies claiming enterprise zone tax credits are collected by enterprise zone administrators from the "Certification of Qualified Enterprise Zone Business" forms which taxpayers claiming enterprise zone credits must attach to their Colorado income tax returns. In addition to verifying the taxpayer's location within an enterprise zone, these forms collect information on the potential amount of EZ tax credits for which the taxpayer qualifies, as well as the additional information required by the statute.

- The number of businesses certifying potential enterprise zone tax credits in FY 2005 was 4,815, approximately the same as 2004.
- Jobs Created and Retained. Businesses certifying zone tax credits reported an increase in employment of 5,222 jobs in FY 2005, an increase of 10 percent over 2004. Of the EZ certifiers, 1,306 reported an increase in employment over the year. The combined result of businesses that gained jobs, those that lost jobs over the year, and those whose employment remained the same was that these businesses retained 116,000 jobs. ("Jobs retained" is defined as employment at the beginning of the year for those certifiers with employment growth, plus employment at the end of the year for those reporting no employment growth.)
- Capital Investment. Businesses certifying zone tax credits reported \$880 million investment in new equipment used in enterprise zone businesses during FY 2005. This amount was only 55 percent of the 2004 level. Year-to-year fluctuations in the amount of investment reported may be impacted by the timing of a few large taxpayers' enterprise zone certifications, which were reported in FY 2006 rather than 2005.

- Contributions. Over 11,900 taxpayers contributed \$31.6 million to enterprise zone economic and community development projects in FY 2005, resulting in \$6.3 million in potential tax credits. This was a 29 percent increase in potential credits from FY 2004. The amount contributed exceeded the previous peak year of 1998, but the potential contribution tax credits are still only 54 percent of the peak year of 1998, when the General Assembly reduced this credit from 50% to 25%.

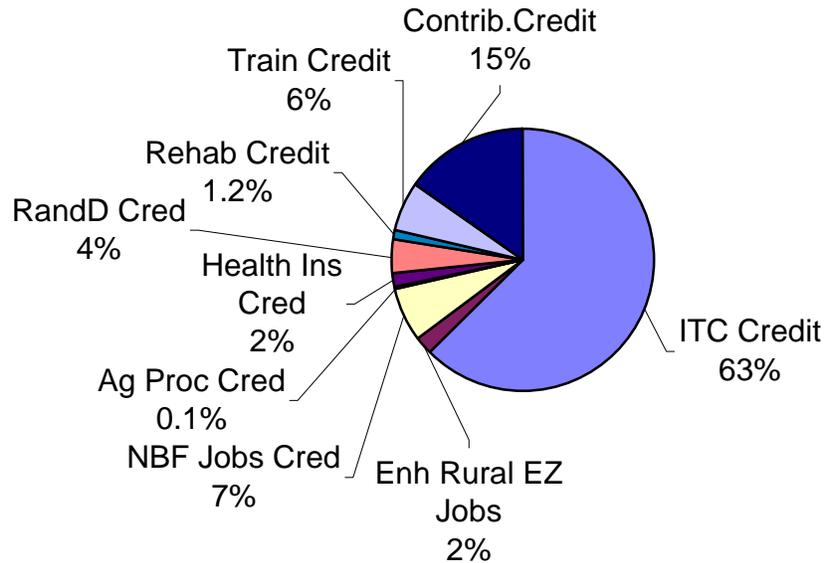
Specific Purpose of the Contributions. The EZ statute allows a tax credit for donors to projects “implementing the economic development plan for the enterprise zone.” It further specifies that such projects must be directly related to job creation or preservation, assist homeless shelters that also provide employment-related services, or promote community development projects in enterprise zones. To be eligible for this credit, each proposed project must be approved by the Colorado Economic Development Commission. During FY 2005, there were 405 approved EZ contribution projects. Of these, 279 reported contributions that qualified for the EZ tax credit during the year. The \$31.6 million contributed went to the following types of projects:

Purpose of Contribution	Amount (\$ mil.)	Number of Contributors
Health Care Facilities	\$7.0	3,016
Infrastructure Improvements	\$6.8	141
Homeless Shelters & Support Services	\$6.5	5,451
Economic Development and Business Assistance Programs	\$5.7	2,174
Job Training Programs	\$3.0	1,336
Other Economic & Community Development Projects	\$2.6	2,138
Total Contributed	\$31.6	14,256

Credits by Type

- Approximately 63 percent of the estimated dollar value of credits certified in FY 2005 was for the enterprise zone investment tax credit. This is a drop from the 76 percent accounted for by the ITC in 2004, reflecting the decline in certifications reported by the capital-intensive communications sector. Approximately 6 percent was for the EZ job training tax credit, 11 percent was for the three new jobs tax credits, 15 percent for enterprise zone project contribution tax credits, and the balance for vacant building rehabilitation and increased research and development expenditure credits. Specifically, the following amounts of tax credits were certified for each of the available EZ tax credits, based on the qualifying investment, job creation, and other activities specified for each credit:

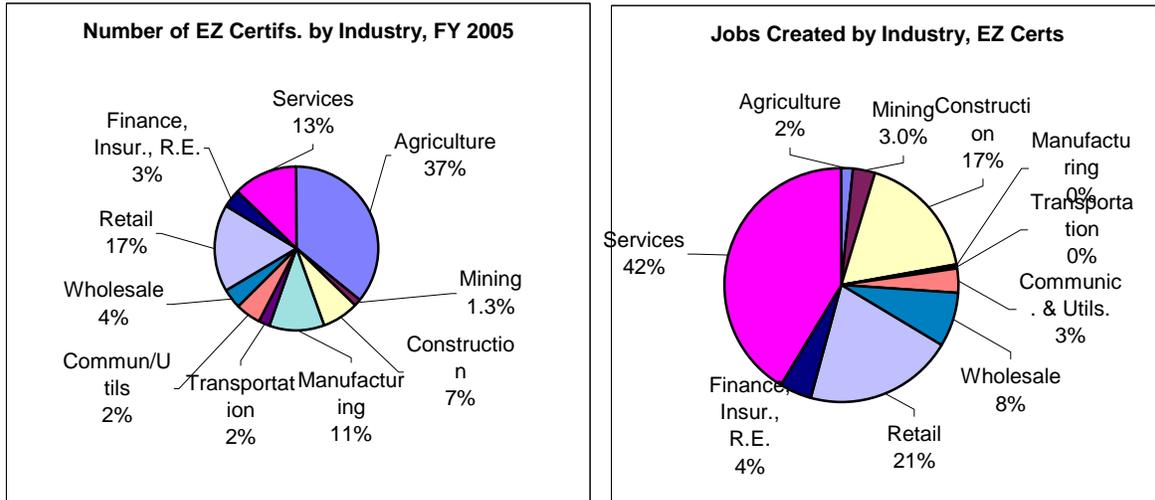
EZ Credits Certified, FY 2005



- 3 percent Investment Tax Credit: \$26.1 million certified, based on \$880 million in qualifying capital investment by 4,415 zone certifiers.
- New Business Facility Jobs Credit (\$500 per new job): \$2.8 million, based on 10,612 qualifying new business facility jobs in 679 businesses.
- \$500 Ag Processing New Job Credit: \$49,000, 6 certifications.
- \$200, two-year Health Insurance-covered New Job Credit: \$706,000, 220 certifications.
- 10 percent Job Training Program Investment Credit: \$2.6 million, based on \$26 million of investment in programs to provide job training for 24,000 zone employees by 307 certifiers.
- 3 percent Credit for Increased Research & Development Expenditures: \$1.7 million, claimed by 35 taxpayers certifying \$35 million in qualifying R&D expenditures.
- 25 percent Credit for Qualified Expenses of Rehabilitating Older Vacant Buildings: \$492,000, based on \$2.4 million in qualifying expenses for rehabilitating 21 buildings.
- 25 percent Credit for Contributions to designated Enterprise Zone Projects: \$6.3 million, based on 14,250 contributions totaling \$31.6 million.
- The new Enhanced Rural Enterprise Zone credits for new jobs were authorized by the General Assembly in 2002 and first became available for tax years beginning January 1, 2003. These credits – an additional \$2,000 per New Business Facility job or \$2,500 per NBF job in agricultural processing – were certified for 65 businesses who created 458 new jobs in 13 of the 29 designated Enhanced Rural EZ counties, for a total of \$907,000 in EREZ credits. No EREZ agricultural processing jobs credits were certified.

Credits by Industry

- By industry, the largest number of EZ certifications was filed by farms and ranches — about half of all certifications in the rural zones. However, the largest groups in terms of job creation were retail and services, and in terms of dollars of credits certified in FY 2005 were manufacturing, followed by retail.



Industry (SIC) of Companies Reporting Creation of Jobs within EZ's	
Industry Group	Number of Jobs Created
Agriculture	85
Mining	155
Construction	888
Manufacturing	20
Transportation	(16)
Communications & Utilities	168
Wholesale Trade	389
Retail Trade	1,074
Finance, Insurance, Real Estate	228
Services	2,102
Unclassified/Not Available	157
TOTAL	5,222

Average Annual Compensation; Transferred Employees

The enterprise zone statute requires enterprise zone certifiers to report the number of employees transferred to a facility in an enterprise zone, and the annual average compensation of the jobs created or retained within the zone, categorized by full time permanent, part time, temporary, and contract jobs.

- In FY 2005, 1,028 employees were reported as transferred to a zone facility from another location in the state. This represented 0.8% of the total employees of zone certifiers at the end of the year.
- The following table summarizes data on average annual compensation for FY 2005:

Type of Employees:	Full-time	Part-time	Temporary	Contract
Avg. Annual Compensation	\$32,750	\$9,605	\$8,023	\$28,707
Total Number Employees for whom comp. reported	114,592	20,540	7,593	1,878
Avg. Number Employees Reported	42	15	35	15
Number of Certifications Reporting Employees & Comp. in Category	2,741	1,358	216	124

Compensation reported by enterprise zone certifiers is generally close to average earnings for all companies in the same county. Average full-time compensation reported increased \$152 from FY 2004.

Table 1, EZ Tax Credits Certified by Zone, Fiscal Year 2004

Zone	Total # Certs	\$ ITC	\$ NBF	\$ Ag Proc	\$ Hlth Ins	\$ EREZ NBF	\$ Training	\$ R and D	\$ Rehab	Total Bus	\$ Contribution Credit	Total Credits
Fiscal Year 2003-2004												
RURAL												
East Central	352	\$839,457	\$10,255	\$0		\$0	\$736		\$36,452	\$886,900	\$8,406	\$895,306
Mesa County	129	\$1,697,297	\$124,830		\$19,200	\$0	\$80,904		\$95,680	\$2,017,912	\$330,911	\$2,348,823
Northeast	883	\$3,698,570	\$14,977	\$4,500	\$1,266	\$4,000	\$67,924		\$61,724	\$3,852,961	\$132,956	\$3,985,918
Northwest	236	\$1,228,917	\$48,841		\$7,300	\$4,000	\$20,155		\$16,938	\$1,326,151	\$266,418	\$1,592,569
Region 10	291	\$800,966	\$84,335		\$19,650	\$11,500	\$14,228	\$14,467	\$57,005	\$1,002,151	\$42,086	\$1,044,237
San Luis Valley	380	\$1,445,344	\$11,960		\$916	\$3,000				\$1,461,220	\$182,542	\$1,643,762
South Central	144	\$3,640,067	\$214,231	\$4,000	\$6,017	\$60,000	\$44,846		\$125,000	\$4,094,160		\$4,094,160
Southeast	237	\$6,389,131	\$11,929			\$0	\$3,496			\$6,404,556	\$20,811	\$6,425,367
Southwest	259	\$1,211,527	\$116,487	\$3,250	\$13,433	\$16,472	\$54,964	\$1,846		\$1,417,979	\$223,382	\$1,641,360
Upper Ark	198	\$562,869	\$48,784			\$59,006	\$6,047	\$298		\$677,004	\$184,862	\$861,866
Subtotal	3,109	\$21,514,145	\$686,629	\$11,750	\$67,782	\$157,978	\$293,300	\$16,611	\$392,799	\$23,140,994	\$1,392,374	\$24,533,368
% of total:	64.5	45.9%	21.4%	3.3%	17.7%	100.0%	6.7%	2.9%	60.9%	40.9%	28.3%	39.9%
URBAN												
Adams County	194	\$1,671,755	\$236,071		\$58,180	\$0	\$74,312	\$25,982	\$0	\$2,066,300	\$342,787	\$2,409,087
Arapahoe County	148	\$856,725	\$148,573		\$48,733	\$0	\$63,335	\$103,326		\$1,220,692	\$1,464	\$1,222,156
Denver	619	\$10,901,541	\$823,614	\$5,000	\$85,962	\$0	\$3,420,889	\$30,105	\$100,000	\$15,367,112	\$1,807,230	\$17,174,341
El Paso County	357	\$8,298,100	\$500,319		\$60,157	\$0	\$318,436	\$382,549	\$50,000	\$9,609,561	\$422,846	\$10,032,407
Greeley/Weld County	100	\$1,177,528	\$447,439	\$340,539	\$15,900	\$0	\$117,152	\$5,990	\$4,610	\$2,109,159	\$389,559	\$2,498,718
Jefferson County	119	\$829,545	\$175,621	\$1,600	\$13,234	\$0	\$9,601	\$0	\$47,679	\$1,077,280	\$158,283	\$1,235,563
Larimer County	79	\$493,446	\$37,111		\$5,250	\$0	\$5,389	\$332		\$541,528	\$308,362	\$849,890
Pueblo	98	\$1,078,214	\$145,892	\$500	\$28,234	\$0	\$83,882	\$7,319	\$50,000	\$1,394,041	\$98,741	\$1,492,782
Subtotal	1,714	\$25,306,854	\$2,514,641	\$347,639	\$315,650	\$0	\$4,092,997	\$555,603	\$252,289	\$33,385,672	\$3,529,272	\$36,914,944
% of total:	35.5	54.1%	78.6%	96.7%	82.3%	0.0%	93.3%	97.1%	39.1%	59.1%	71.7%	60.1%
Year Total	4,823	\$46,820,999	\$3,201,270	\$359,389	\$383,432	\$157,978	\$4,386,296	\$572,214	\$645,088	\$56,526,666	\$4,921,646	\$61,448,312
Credits by Type as percent of:												
% of total business credit		82.8%	5.7%	0.6%	0.7%	0.3%	7.8%	1.0%	1.1%	100.0%		
% of total credit		76.2%	5.2%	0.6%	0.6%	0.3%	7.1%	0.9%	1.0%	92.0%	8.0%	100.0%

Table 1, cont., EZ Tax Credits Certified by Zone, Fiscal Year 2005

Zone	Total # Certs	\$ ITC	\$ NBF	\$ Ag Proc	\$ Hlth Ins	\$ EREZ NBF	\$ Training	\$ R and D	\$ Rehab	Total Bus	\$ Contribution Credit	Total Credits
Fiscal Year 2004-2005												
RURAL												
East Central	59	\$303,892	\$7,729			\$4,000			\$14,107	\$329,728	\$31,550	\$361,278
Mesa County	108	\$513,672	\$121,653		\$12,540	\$0	\$25,157	\$11,212		\$684,234	\$425,317	\$1,109,552
Northeast	898	\$2,520,973	\$148,939		\$46,033	\$2,000	\$82,478		\$12,500	\$2,812,923	\$124,894	\$2,937,817
Northwest	244	\$2,403,836	\$71,946		\$7,288	\$2,000	\$2,849		\$4,598	\$2,492,517	\$262,995	\$2,755,512
Region 10	332	\$1,663,802	\$206,087		\$105,040	\$461,844	\$542		\$8,667	\$2,445,982	\$70,591	\$2,516,573
San Luis Valley	440	\$1,256,674	\$82,470	\$35,500	\$20,000	\$3,000			\$50,000	\$1,447,644	\$268,160	\$1,715,804
South Central	124	\$2,168,406	\$69,417		\$4,092	\$170,000	\$9,535	\$0		\$2,421,450	\$1,563	\$2,423,013
Southeast	298	\$822,685				\$0	\$7,453			\$830,138	\$22,875	\$853,013
Southwest	401	\$1,189,765	\$268,665		\$49,816	\$125,980	\$91,057	\$1,734		\$1,727,016	\$460,000	\$2,187,016
Upper Ark	186	\$367,226	\$85,477		\$2,446	\$138,003	\$261	\$855	\$50,000	\$644,268	\$101,320	\$745,587
Subtotal	3,090	\$13,210,931	\$1,062,383	\$35,500	\$247,255	\$906,827	\$219,331	\$13,801	\$139,872	\$15,835,900	\$1,769,264	\$17,605,164
% of total:	64.2	50.7%	37.9%	72.1%	35.0%	100.0%	8.5%	0.8%	28.4%	44.8%	27.9%	42.2%
URBAN												
Adams County	280	\$1,381,147	\$229,772		\$40,904	\$0	\$132,108	\$319		\$1,784,249	\$252,181	\$2,036,430
Arapahoe County	104	\$513,855	\$26,958		\$8,350	\$0	\$15,638	\$26,863		\$591,664	\$7,710	\$599,374
Denver	581	\$4,499,744	\$513,312	\$2,000	\$133,869	\$0	\$1,733,385		\$53,227	\$6,935,537	\$1,820,862	\$8,756,399
El Paso County	342	\$3,384,281	\$603,137		\$169,775	\$0	\$298,547	\$1,576,882		\$6,032,623	\$786,016	\$6,818,639
Greeley/Weld County	96	\$422,947	\$87,453	\$4,209	\$46,800	\$0	\$69,071	\$49,239	\$50,000	\$729,719	\$169,716	\$899,436
Jefferson County	119	\$561,028	\$96,972		\$7,416	\$0	\$24,396	\$6,400	\$47,679	\$743,890	\$932,490	\$1,676,380
Larimer County	89	\$452,539	\$71,875	\$1,000	\$9,484	\$0	\$13,684	\$47,567	\$73,857	\$670,007	\$431,858	\$1,102,125
Pueblo	114	\$1,654,484	\$108,530	\$6,500	\$41,825	\$0	\$71,154	\$440	\$127,186	\$2,010,119	\$174,793	\$2,184,912
Subtotal	1,725	\$12,870,025	\$1,738,010	\$13,709	\$458,422	\$0	\$2,357,983	\$1,707,710	\$351,949	\$19,497,808	\$4,575,877	\$24,073,684
% of total:	35.8	49.3%	62.1%	27.9%	65.0%	0.0%	91.5%	99.2%	71.6%	55.2%	72.1%	57.8%
Year Total	4,815	\$26,080,956	\$2,800,393	\$49,209	\$705,677	\$906,827	\$2,577,314	\$1,721,511	\$491,821	\$35,333,708	\$6,345,141	\$41,678,849
Credits by Type as percent of:												
% of total business credit		73.8%	7.9%	0.1%	2.0%	2.6%	7.3%	4.9%	1.4%	100.0%		
% of total credit		63.2%	6.8%	0.1%	1.7%	2.2%	6.2%	4.2%	1.2%	85.6%	14.4%	100.0%

**Table 2, Total Enterprise Zone Tax Credits Certified by EZ's and Claimed with DOR,
FY1998 - FY 2005**

(\$ mil.)	Claimed with Department of Revenue							Certified by EZ Adminis- trator	DOR as % Certif.
	Fiscal Year	Total	Total Corpo- rate	Corp. ITC	Corp. NBF Jobs	Corp. Contribs	Corp. Other		
1998	\$47.1	\$29.0	\$22.9	\$2.4	\$1.8	\$1.9	\$18.1	\$82.9	57%
1999	52.6	32.9	24.6	4.1	1.7	2.5	19.8	73.1	72%
2000	63.0	43.7	27.5	3.9	1.8	10.6	19.2	78.6	80%
2001	62.1	44.2	34.4	5.0	1.2	3.6	17.9	68.7	89%
2002	32.4	18.6	12.3	3.4	0.9	1.9	13.8	56.2	57%
2003	29.2	17.9	13.5	2.3	0.4	1.7	11.3	92.3	32%
2004	22.1	11.4	7.2	2.3	0.6	1.4	10.7	61.4	36%
2005	25.7	13.7	8.3	3.2	0.6	1.6	12.0	41.7	68%

* Business credits for proprietors and partnerships, and individual EZ contribution credits.