



Purpose

JGITC is a performance-based job creation incentive program – businesses must create and maintain permanent net new jobs for one year before receiving credit. 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 Job Growth Incentive Tax Credit (JGITC) provides a state income tax credit equal to up to 50% of FICA paid by the business on the net job growth for each calendar year in the credit period up to the maximum amount approved by the EDC.
- For the calculation of net new jobs, the lesser of project job growth or statewide job growth will be incentivized.
- Taxpayer shall document in the application, per statute, the following:
 - The taxpayer could reasonably and efficiently locate the project outside of this state;
 - At least one other state or international market is being considered for the project;
 - Receipt of the credit allowed in this section is a major factor in the taxpayer's decision; and
 - Without the credit allowed in this section, the taxpayer has a reduced probability of commencing the project in the state.
- A business may not start or announce the proposed project in Colorado (including locating or expanding in the state, hiring employees related to this project, executing a lease agreement, or making material expenditures for this project) until a final application has been submitted and approved by the EDC.

Requirements/Eligibility Rules

- The incentive request must be approved by the EDC. Any State incentive offering must be directly provided by OEDIT. The Global Business Development division at OEDIT has sole authority to quote and finalize incentive offerings.
- Businesses have to create at least 20 net new jobs (full-time equivalents) in Colorado during the credit period with an average annual wage of at least 100% of the county's average annual wage where the project will be located. The minimum average annual wage (AAW) is set when the project is approved and does not change for the term of the incentive and credit period.
- A business located in an Enhanced Rural Enterprise Zone has to create at least 5 net new jobs (full-time equivalents) in Colorado during the credit period with an average yearly wage of at least 100% of the county's average annual wage where the project will be located.
- The credit period is 96 consecutive months during which the business may claim an annual tax credit. The company has 18 months from EDC project approval to commence the project.
- All net new jobs must be maintained for at least one year after the positions are hired.
- Businesses already receiving an incentive from the EDC's Strategic Fund may not receive an incentive from the EDC's JGITC program for the same net new full-time permanent jobs.

Other Program Elements

If the issued tax credits exceed the taxpayer's income tax liability for the income tax year in which the credit is being claimed, the amount of the unused tax credit shall not be allowed as a refund, but may be carried forward and applied in each of the 10 succeeding income tax years (must be applied to the earliest tax return possible). Colorado Revised Statutes: 39-22-531.

Application Process

Business interested in requesting a JGITC commitment should work with their local economic development representative and contact OEDIT Global Business Development Staff to preliminarily determine if the business meets the requirements. (303-892-3840 or michelle.hadwiger@state.co.us)

The fact that an application meets all of the program's general policy guidelines does not mean that the project will necessarily be approved. The Colorado Economic Development Commission reserves the right to approve, deny or vary from these guidelines as necessary and appropriate and/or delay any decision due to budgetary constraints or any other reason.



Contracting and Reporting

Once a business has received an approval from the EDC and made the decision to move forward with their project in Colorado, notify your OEDIT GBD contact who will introduce you to a OEDIT Business Funding & Incentive Staff who will take your business through the contracting and reporting phase. (303-892-3840 or sean.gould@state.co.us)

Additional procedural information regarding approval with the Colorado Economic Development Commission (EDC)

Incentive projects being presented to the EDC are viewed through the lens of 4 main factors as mandated by the State legislature:

- (I) The economic health of the state
- (II) The economic viability of the proposed new jobs
- (III) The economic benefits to the state of the new jobs
- (IV) The maximum amount of the credit needed to attract the new jobs to the state

Some companies seeking incentive approval may have the option to use the company's real name or a code name for the project during public EDC meetings if there is a valid reason for keeping the company name confidential. It is necessary for certain information to be presented to the EDC in order to provide enough context regarding the project to make an informed decision regarding approvals. The following information will be shared at the public meeting when a company seeks approval:

- Projected net new job creation over several years
- The projected average salary of occupations to be created
- Other states/cities/countries, etc. under consideration for the project
- Locations within Colorado under consideration for the project
- Qualitative information regarding the nature of the project

Additional information that further informs the EDC about the potential impact of the project includes:

- CAPEX associated with the project
- Incentives being offered by other states and/or local governments, which demonstrates the competitive nature of the project

The financial information provided by candidate companies will be kept confidential and will not be disclosed in public during the EDC meeting, except referred to in general terms to convey the strength of the business to the EDC commissioners.

If you have any questions or concerns, please contact your OEDIT representative.

