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**COLORADO ENTERPRISE ZONES**

Department of Local Affairs

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**COLORADO**  
**ENTERPRISE ZONE**  
**STATUS REPORT**

January, 1989

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## COLORADO ENTERPRISE ZONE ADMINISTRATORS

### Adams County Urban Enterprise Zone<sup>d</sup>

Jack Keever, President  
Adams County Economic Devel., Inc.  
11990 Grant St., #101  
Denver, CO 80233  
303-450-5106

### Denver Urban Enterprise Zone<sup>a</sup>

William Lysaught, Director  
Econ. Development Agency  
City & County of Denver  
303 W. Colfax, #1075  
Denver, CO 80204  
303-575-5540

### Greeley Urban Enterprise Zone<sup>b</sup>

James Kadlacek, Exec. Director  
Greeley/Weld Co. Economic Devel.  
P.O. Box CC  
Greeley, CO 80632  
303-350-9785

### Pueblo Urban Enterprise Zone<sup>a</sup>

James Spaccamonti  
Pueblo County Manager  
Courthouse  
Pueblo, CO 81003  
719-543-3550

### East Central Rural Enterprise Zone<sup>a</sup>

Maryjo Downey, Executive Director  
East Central COG  
P.O. Box 28  
Stratton, CO 80836  
719-348-5562

### Huerfano-Las Animas Rural Ent. Zone<sup>a</sup>

Jim Soltis, Executive Director  
Huerfano-Las Animas COG  
Courthouse, #210  
Trinidad, CO 81082  
719-846-4401

### Northeast Rural Enterprise Zone<sup>c</sup>

Jan Goedert  
NE Colo. Assoc. of Local Govts.  
231 Main St., #211  
Fort Morgan, CO 80701  
303-867-9409

### San Luis/Upper Arkansas Valley Rural EZ<sup>b</sup>

Brad Jones  
Saguache County Administrator  
P.O. Box 356  
Saguache, CO 81149  
719-655-2231

### Southeast Colorado Rural Enter. Zone<sup>a</sup>

Nancy Striebel  
SE Colo. Enterprise Zone Director  
Lamar Community College  
Lamar, CO 81052  
719-336-2248

### District 10 Rural Enterprise Zone<sup>a</sup>

Stan Broome, Executive Director  
Region 10 LEAP  
P.O. Drawer 849  
Montrose, CO 81402  
303-249-2436

### Mesa County Rural Enterprise Zone<sup>a</sup>

Barbara Creasman, Director  
Downtown Development Authority  
P.O. Box 296  
Grand Junction, CO 81502  
303-245-2926

### Northwest Rural Enterprise Zone<sup>c</sup>

Michael Daly, Economic Devel. Mgr.  
City of Steamboat Springs  
P.O. Box 775088  
Steamboat Springs, CO 80477  
303-879-2060

### Southwest Rural Enterprise Zone<sup>a</sup>

Gary Shaw  
Southwest Colo. Econ. Devel. Dist.  
P.O. Box FF  
Cortez, CO 81321  
303-565-2434

a. Designated 9/15/86.

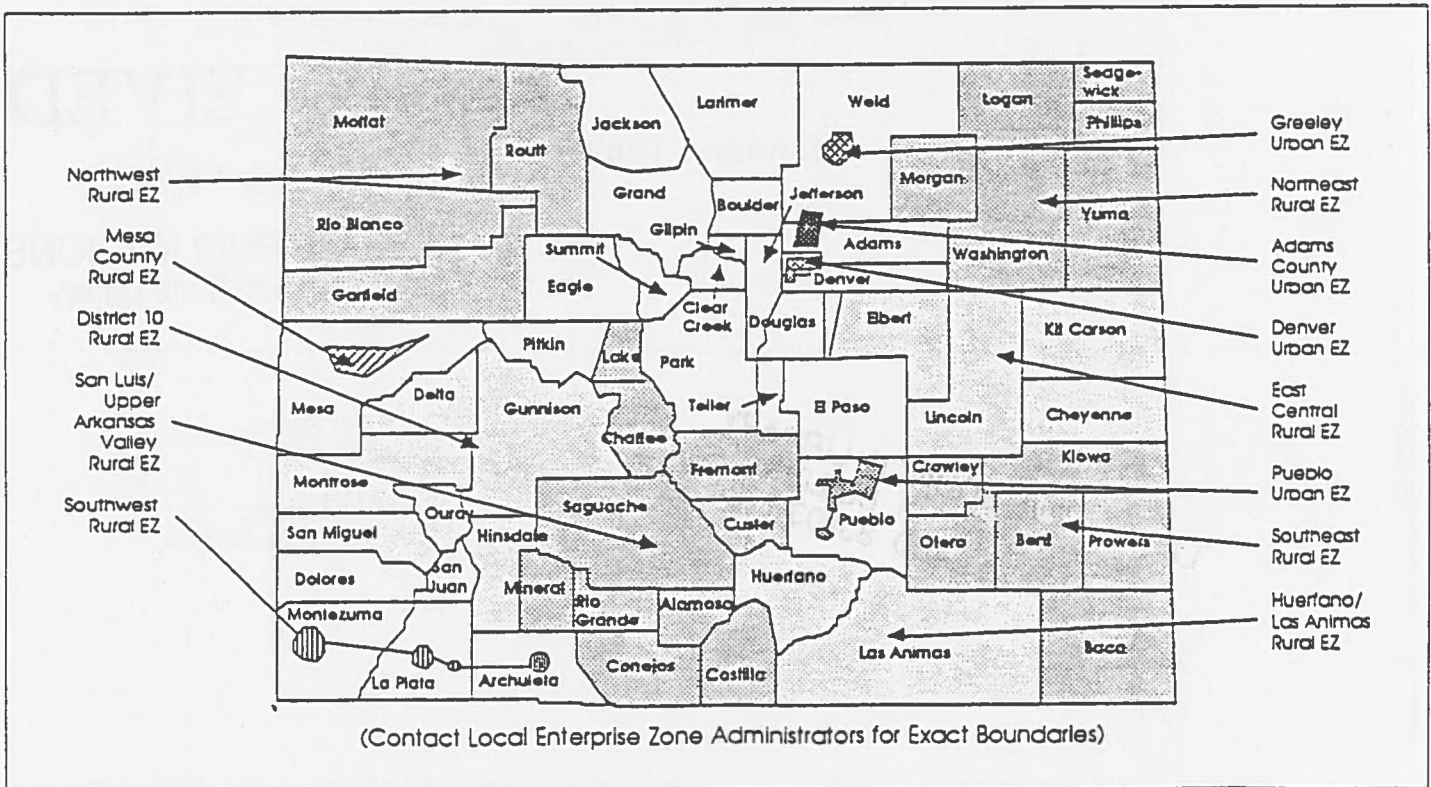
b. Designated 12/22/87.

c. Designated 1/1/88.

d. Designated 2/1/88.

1288

## STATE OF COLORADO Enterprise Zones



# STATE OF COLORADO

DEPARTMENT OF LOCAL AFFAIRS  
OFFICE OF THE EXECUTIVE DIRECTOR

1313 Sherman Street, Rm. 518  
Denver, Colorado 80203  
Phone (303) 866-2771



Roy Romer  
Governor  
Timothy W. Schultz  
Executive Director

January 3, 1988

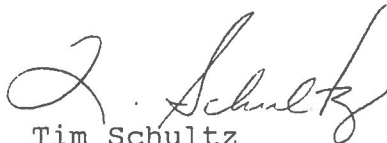
The Honorable Roy Romer  
Governor of Colorado  
and  
The General Assembly of the  
State of Colorado

Governor Romer and Members of the General Assembly:

The Urban and Rural Enterprise Zone Act is a significant component of Colorado's effort to revitalize the economies of distressed cities and rural communities. This report documents the implementation of Colorado's enterprise zone program and the initial results of the program. This information is reported to the Department of Local Affairs by the local governments responsible for the zones, as required by CRS 30-39-103(4).

As this report shows, Colorado moved aggressively to implement the state enterprise zone program following passage of the initial legislation. After a period of only one year or less in which businesses have been eligible to take advantage of the major tax incentives offered by Colorado's enterprise zones, over 600 businesses have made investments totalling over \$60 million in these distressed areas. The positive impacts of this program will increase in years to come.

Respectfully submitted,

  
Tim Schultz  
Executive Director

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## COLORADO ENTERPRISE ZONE STATUS REPORT

The Urban and Rural Enterprise Zone Act of 1986 (C.R.S. 30-39) was signed into law April 14, 1986. The Act calls for the submittal by designated enterprise zones of annual documentation to the Department of Local Affairs of efforts to improve conditions in the enterprise zones. This report summarizes the status and prospects of Colorado's zones during their first years of existence.

### Background

In adopting the original Act and subsequent amendments, the General Assembly recognized the existence of conditions of economic distress in Colorado, and established a pilot program to designate certain economically distressed areas of the state as enterprise zones. The Act established tax incentives to encourage businesses to locate and expand in the areas designated as enterprise zones.

Enterprise Zone Programs in Other States. Beginning with Connecticut in 1981, over 30 states have now adopted state enterprise zone programs. An examination of the various state programs, as well as federal proposals, reveals a diverse approach to the specifics of enterprise zones:

- The number of zones varies from a very few or even only one, to states with hundreds. Colorado's Enterprise Zone program limits the number to twelve zones.
- All programs have established statistical criteria for measuring economic distress, but the specific criteria vary widely. In Colorado, the Act set up a two-stage process for a proposed area to qualify for designation. First, the area had to have no more than 50,000 population and meet one of three statistical measures of economic distress. The statistical criteria for eligibility were (1) unemployment rate at least 25 percent above the state average; (2) per capita income at least 25 percent less than the state average; or (3) population growth rate less than 25 percent of the state average rate.
- Many states limit either the geographical or population size of zones, some to areas as small as a few census tracts. Colorado's Enterprise Zone Act limits the population within zone boundaries to 50,000, but sets no limit on the geographic scope of the zones.
- As in Colorado, the designation process in most states is competitive, with a state level authority selecting the areas to be designated as zones. In a few states, a very large number of zones have been identified by a non-competitive process, with all areas which meet the established criteria automatically receiving zone designation.
- There has been a trend in other states to amend their enterprise zone legislation to authorize additional zones in subsequent years. The Colorado General Assembly in 1987 authorized the designation of four more zones in addition to the original eight created in 1986.

State enterprise zone programs have created an equal variety of incentives and benefits associated with zone designation.

- There are a variety of credits, exemptions, and abatements of property taxes, income taxes, sales and use taxes, and other taxes, tailored to each state's tax system and economic situation.
- Most states, like Colorado, provide zone tax benefits to businesses operating within the designated enterprise zones. In some cases, tax incentives are targeted to zone residents or disadvantaged persons, or to investors, lenders, insurers, or others whose participation in zone economies is encouraged.
- Besides tax benefits, some states have created loan and investment funds for zone businesses, special training grant programs, and regulatory relief within their enterprise zones.

Federal Enterprise Zones. A proposal to establish enterprise zones under federal law was first introduced in Congress in 1981. Despite support from the Reagan administration, it was not until Title VII of the Housing and Community Development Act of 1987 that a weak federal EZ program was enacted. Several cities in Colorado state zones plan to apply to HUD for one of the 33 rural or 67 urban federal zone designations to be selected during 1989.

### Colorado's Enterprise Zone Program

Colorado's enterprise zone statute is unique among the states in the geographic scope of the areas which local governments were allowed to propose for zone designation. This reflected the General Assembly's desire to encourage economically distressed rural areas to join together in multi-jurisdictional cooperative economic development efforts through enterprise zones.

Tax Incentives. Colorado's enterprise zone legislation established a set of tax incentives which built on tax benefits established in existing state law, but increased their magnitude for eligible zone businesses. The tax incentives provided by the Act as amended are:

- (1) A 3 percent investment tax credit, subject to limits on the amount that can be claimed in any one year, against state income taxes.
- (2) A \$500 credit or refund for each New Business Facility employee. Existing law contains lengthy definitions of "New Business Facility employees," which target this benefit to employers who add employees in connection with the construction, acquisition, lease, or major expansion of a physical facility. An unusual feature of this tax incentive is its refundability in the event this credit exceeds the taxpayer's tax liability.
- (3) An additional \$500 credit or refund for each New Business Facility employee in an agricultural processing business.
- (4) An additional \$200 two-year non-refundable credit for each New Business Facility employee who is covered by an employer-sponsored health insurance plan.
- (5) A credit for research and experimental expenditures in an enterprise zone, beginning in 1989. This credit equals 3 percent of the amount of the increase in such expenditures over a base level, and must be spread over 4 years.
- (6) Municipalities and counties within enterprise zones are authorized to negotiate "incentive payments" which would partially stabilize property taxes or refund local sales taxes with businesses that meet the new business facility requirements. In addition, localities offer a variety of other local incentives as part of their enterprise zone development plans.
- (7) Until January 1, 1988, enterprise zone manufacturers could receive an exemption from the state sales and use tax on manufacturing machinery and machine tools up to \$10 million in each year. After January 1, 1988, this exemption was made available statewide without limit.

The Act and its tax incentives expire June 30, 1995, unless extended by legislative action.

### Designation Process

The Act originally provided that up to eight areas were to be designated as enterprise zones. Subsequently, four additional zones were authorized. The initiative in proposing an area for zone designation was specifically delegated to units of local government.

Then, the Executive Director of the Department of Local Affairs was charged with selecting from among the eligible areas based on development plans submitted by the applicant local governments.

In order to assure maximum input from the affected public in the implementation of the Act's designation process, the Executive Director appointed an Advisory Committee to advise on the designation process and to assist in the review of applications. This Committee was composed of a member of the Senate, the House, and representatives of local governments and economic development interests from around the state. In the month following passage of the Act, the Department and members of the Advisory Committee also held public meetings in La Junta, Alamosa, Grand Junction, and Denver where information about the Act and the designation process was presented and questions and comments were received. The result of this process was a set of guidelines issued by the Department which explained in detail the application procedures and the expectations of the development plans.

Designation of Zones. Because of the limited time horizon for enterprise zones provided in the Act, the Department set an ambitious schedule for the designation process. Fourteen applications for the original 8 zones were received, and certified by the State Demographer for compliance with the statutory requirements. Representatives of each applicant made oral presentations to the Advisory Committee on September 3 and 4, 1986. After reviewing all the applications, the Committee voted to recommend eight applications, two in urban areas and six in rural areas, to the Executive Director. At a September 15, 1986, press conference, Executive Director Morgan Smith announced the designation of the first eight Colorado enterprise zones.

A similar process was followed to select the two additional rural and two additional urban zones authorized by H.B. 1274 for 1987 and 1988. In addition, after consultation with a bipartisan group of interested legislators, the boundaries of the East Central rural zone were amended to include an area of northeastern Colorado which is locally administered as a separate sub-zone. Governor Roy Romer and Executive Director Tim Schultz announced the new designations December 22, 1987, and in early 1988.

Colorado's Enterprise Zones

Colorado's enterprise zones and the local zone administrators are shown on the map and list inside the cover of this report. The following table provides additional information on the date of designation and size of each of the zones.

Table I - Colorado Enterprise Zones

<u>Zone</u>	<u>Date of Designation</u>	<u>Population</u>	<u>Area (sq.mi.)</u>
<u>Urban Zones</u>			
1. Denver	Sept. 15, 1986	39,510	26
2. Pueblo County	Sept. 15, 1986	7,171	130
3. Greeley/Weld County	Dec. 21, 1987	9,115	32
4. Adams County	Feb. 1, 1988	46,822	73
<u>Rural Zones</u>			
5. East Central	Sept. 15, 1986	18,250	8,130
Northeast Subzone	Jan. 1, 1988	25,642	9,210
6. Southeast	Sept. 15, 1986	49,464	9,490
7. Huerfano/Las Animas	Sept. 15, 1986	21,473	6,350
8. San Luis/Upper Ark. Valley	Dec. 21, 1987	47,125	11,850
9. Southwest	Sept. 15, 1986	5,900	13
10. West Central (Region 10)	Sept. 15, 1986	48,774	9,500
11. Mesa County	Sept. 15, 1986	2,263	10
12. Northwest	Jan. 1, 1988	39,949	10,120

## Zone Marketing

Key to successful development of an enterprise zone is letting prospective businesses know about the area's zone status. An evaluation of state enterprise zone programs conducted by the U.S. Department of Housing and Urban Development found that

Zone designation appears to produce a positive and tangible impact on business investments. However, it appears that zone designation itself, rather than any specific package of incentives, is the most important element generating investments. Enterprise Zone designation is frequently most effective as a marketing tool for a particular area and the city as a whole. In some zones visited, zone designation was seen as a visible symbol of a 'pro-business' atmosphere.

In order to assist Colorado's new zones capitalize on this marketing opportunity, the General Assembly earmarked approximately \$600,000 of funds appropriated to the state Economic Development Commission for marketing of enterprise zones on a matching basis with local funds. This continued a pilot program to match local marketing funds initiated by the Department of Local Affairs when the original 8 zones were designated. In addition, Heintz-Barton, Inc., advertising and public relations firm was engaged to assist the six rural zones in preparing marketing plans and "how-to" manuals so that their marketing resources could be effectively targeted.

## Results of Colorado Enterprise Zones

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*The tax benefits associated with the EZ have been an added incentive that we've found really means something when talking with prospective companies looking at locating in the area, as well as existing industry.*

*- Greeley/Weld Economic Development*

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Even at this early date in the life of Colorado's enterprise zones, local enterprise zones are reporting positive results, increased inquiries from business prospects specifically interested in enterprise zones, and an additional tool to sell their communities. A number of companies have contacted state and local economic developers and local governments in the zones and are working on potential location and expansion projects. Existing companies have taken advantage of the investment tax credit to modernize their equipment. In Colorado's distressed areas,

stabilizing existing businesses and jobs — including farm and ranch businesses — is a critical element in economic revitalization.

Table II - Enterprise Zone Indicators

Number of businesses claiming EZ tax benefits:	633
Investment Tax Credit	377
New Business Facilities Jobs Credit	36
Ag Processing NBF Credit	4
Health Insurance NBF Credit	12
Mfg. Equipment Sales Tax Exemption	63
Type of Credit Not Specified	166
Number of new jobs created by EZ beneficiaries:	1413
Number of existing jobs stabilized:	3274
New capital investment (\$ mil.):	\$64.1

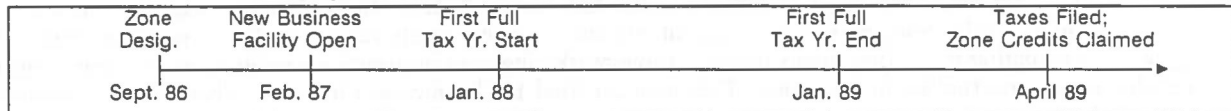
As of October 31, 1988 - Results based on start-up tax year. Source: Taxpayer certifications submitted to zone administrators.



As shown in Table II, over 630 businesses took advantage of the Colorado enterprise zone tax benefits during the first two years of the program. These companies invested over \$60 million in the zones, creating over 1,400 new jobs. These companies employed over 3,200 in existing positions.

**Timing Issues.** The enterprise zone statute requires a new business facility to be in existence in an enterprise zone for one full tax year before it is eligible to claim any of the three new business facility employee tax credits. Depending on an individual taxpayer's tax year, this requirement has typically meant that most qualifying businesses cannot claim these credits until 16 to 30 months after the designation of a zone. Businesses

**Timing of New Business Facility Tax Credits - Sample Taxpayer**



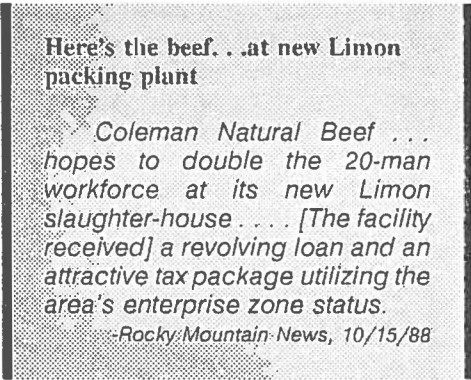
are, however, allowed to claim the investment tax credit in the year in which eligible equipment is purchased and put into use. This provision, together with the ability of existing businesses to qualify for the investment tax credit more easily than for the new business facility credits, meant that the majority of credits claimed were for the investment tax credit.

**Activity in Colorado's Enterprise Zones**

1. **East Central.** The East Central Rural Enterprise Zone includes the four eastern plains counties of Cheyenne, Kit Carson, Lincoln, and eastern Elbert County. It is administered by the East Central Council of Governments. Its economic development and marketing activities are carried out in cooperation with the Prairie Development Corporation, a public-private economic development partnership covering the same four-county region.

This zone's marketing efforts are targeted at agricultural processing businesses, assembly and component branch expansions of Front Range manufacturers, and capturing more of the tourism potential of Interstate Highway 70, which traverses the region. Through its enterprise zone marketing program, the region has focussed its efforts around the theme of "Colorado's Outback" and "The Other Colorado," trademarked taglines identifying the area's openness, untapped resources, and development potential. A series of enterprise zone brochures feature this central concept.

Since the East Central Enterprise Zone was designated, two major manufacturers have made new facility investments which will create some 50 new jobs, based in part on the zone incentives: Coleman Natural Beef, in Limon, and Warner Engineering, near Kiowa. This region, despite its sparse population, has also shown the potential of the EZ investment tax credit to assist existing businesses to expand and modernize their equipment: over 300 existing businesses, including farm and ranch businesses, have taken advantage of the EZ investment tax credit. Total new capital investment in this rural region totalled over \$12 million.



2. **Huerfano-Las Animas.** The Huerfano-Las Animas Enterprise Zone covers Huerfano and Las Animas Counties in south-central Colorado, including the cities of Trinidad and Walsenburg. It is administered by the Huerfano-Las Animas Area Council of Governments, in coordination with the Trinidad/Las Animas Economic Development and Huerfano County Economic Development corporations.

This zone's development plan has targeted enhancing its tourism industry as well as light manufacturing to diversify its economic base away from dependence on agriculture and coal mining. Zone marketing, within the constraints of limited local matching funds, has included publication of a high-quality bi-county magazine, *Spirit of Southern Colorado*, featuring the two zone's tourist attractions and also marketing business development opportunities to its readers. Over 25,000 copies of the first issue were distributed to visitors. The zone is also

participating with other zones in trade shows to contact industry executives in the food processing and other key industries about expansion opportunities in the zone.

3. Southeastern. The Southeastern Colorado Enterprise Zone includes the six lower Arkansas valley counties of Baca, Bent, Crowley, Kiowa, Otero, and Prowers. Residential sections of La Junta and Lamar are excluded from the zone boundaries. In the southeast, the enterprise zone has been the catalyst for the creation of a region-wide economic development organization. It is administered by a board representing the public and private sectors of all six counties, and has recently incorporated as an independent non-profit organization. Prior to staffing an EZ office located at Lamar Community College in 1988, the City of La Junta provided staff services for the zone.

The zone has raised local awareness of the EZ and its benefits through such techniques as a contest to adopt a logo for the zone, mailings to accountants and attorneys in the region, and local press coverage. The zone is participating with other zones in trade show marketing, and in preparing radio spots featuring business development opportunities in the zones. This zone certified 134 businesses for zone tax benefits during the first year, with 65 new jobs created.

4. West Central. The West Central Enterprise Zone includes the six counties of Delta, Gunnison, Hinsdale, Montrose, Ouray, and San Miguel. It is administered by the Region 10 League for Economic Assistance and Planning, the area's regional local government council. The Region 10 LEAP implements region-wide zone activities while active local economic development organizations, particularly in the region's larger communities, take the lead in local business and economic development.

Like other rural enterprise zones, Region 10's EZ development plan reflects a mix of tourism development and business development activities, and seeks to convert familiarity with the area as a result of tourism contacts into business location prospects. The zone has conducted meetings with businesses and tax advisors throughout the region. In conjunction with local organization, it has prepared 14 collateral pieces aimed at the tourism and visitor market. It has placed an EZ message in the winter direct mail publications of the two destination ski resorts in the region, with a distribution of approximately 500,000, and has also placed a message identifying the availability of special enterprise zone incentives for business development in the Four Corners Tourism Council's regional map/brochure. The zone is participating with other zones in trade show marketing, and in preparing radio spots featuring business development opportunities in the zones. During the first year of zone operation, 31 new and existing businesses were certified for zone tax benefits, with 132 existing jobs and 63 new jobs. Over \$2.5 million of capital investments were made by these firms.

**Newmont to hire 75 locals**

*"... one of the determining factors for Newmont was a tax break - part of the state's Enterprise Zone program - for each of the 75 jobs created here."  
- Rocky Mountain News 9/7/88*

5. Denver. The Denver Urban Enterprise Zone covers industrial and commercial property in Denver's major industrial rail and highway corridors, the South Platte Valley and the I-70 corridor. It also includes commercial areas targeted by the city's Neighborhood Business Revitalization program, as well as the city's central business district, reflecting the city's (and the EZ statute's) emphasis on maintaining and enhancing the economic vitality of the downtown area as well as economically declining neighborhoods. Denver's zone is administered by the City's Economic Development Agency.

Denver's EZ marketing activities have been a mix of internal public relations activities to increase the awareness of the zone benefits on the part of existing businesses and potential local entrepreneurs, and outside recruitment targeted to Denver's unique economic development opportunities. It has placed articles in the Colorado Society of CPA's publication and other media, and published its own newsletter. The Denver EZ has participated in the marketing efforts of the Metro Denver Network and the Denver Partnership aimed at attracting administrative and financial services office employers to those parts of the zone with high vacancy rates. In the first year of the zone program, Denver certified 97 businesses for EZ tax benefits. These firms created 463 new jobs; existing employment by these companies totalled another 2,299. They made over \$18 million in new capital investments, including \$8 million of purchases of manufacturing equipment under the EZ's expanded state sales and use tax exemption.

6. Mesa County. The Mesa County Enterprise Zone includes various parcels of industrial property which were selected based on their conformance with locally adopted criteria defining suitability for industrial uses. These sites are generally linked by the I-70 corridor and other major transportation arteries, and extend from Fruita through Grand Junction, Clifton, and Palisade to DeBeque in eastern Mesa County. The Grand Junction Downtown Development Authority serves as zone administrator on behalf of Mesa County.

Mesa County's EZ development plan targets industrial recruitment, revitalization of the light industrial and commercial areas adjoining Grand Junction's central business district, and small business development. The zone's marketing efforts have been shared by the Mesa County Economic Development Council, the Grand Junction Downtown Development Authority, and the county's small business incubator, the Western Colorado Business Development Corporation. Publicity, local media, and mailings were used to inform local businesses and business advisors of the zone benefits. With zone matching funds, MCEDC has conducted extensive print media advertising to recruit new business to the Mesa County zone, and has attended trade shows. During the first year, Mesa County certified 15 firms for zone tax benefits, creating 195 new jobs and retaining 496.

7. Southwest. The Southwest Colorado Enterprise Zone, like Mesa County's, includes only targeted industrial and commercial areas that have been locally determined to be ready and willing to take full advantage of the zone incentives to promote economic development. These areas originally included industrial and some commercial areas around Durango, Cortez, and Bayfield. As additional areas in the southwest region meet the criteria set forth in the local zone development plan, the zone may request the Department of Local Affairs to amend the zone boundaries. This has been done to add additional industrial sites to the Durango section of the zone, and in late 1988, areas in Pagosa Springs, unincorporated Archuleta County, and the Town of Mancos were added. The zone is administered by the Southwest Colorado Economic Development District, a five-county inter-governmental agency. Individual communities in the zone have recently begun to implement a marketing plan which is targeted at business development, enhancing the region as a retirement destination, and capitalizing on the region's tourism resources to encourage business location and expansion.

8. Pueblo. The Pueblo County Urban Enterprise Zone includes the major industrial sites in the City of Pueblo and outlying areas of the county. It is administered by the County Planning and Development Department.

Pueblo's enterprise zone status has been used effectively by the county-wide public-private economic development organization, Pueblo Economic Development Corporation (PEDCo), in recruiting new companies to the Pueblo area. The zone administrator has prepared detailed estimates of the potential zone benefits for PEDCo clients. These companies include some of Pueblo's major corporate success stories — Trane, Kaiser-Aerotech, B.F. Goodrich, and McDonnell Douglas. Within the first full year after designation of the Pueblo EZ, 27 businesses had claimed zone benefits, with 317 new jobs and 96 retained jobs. These companies invested over \$26 million. The major corporate facilities, most of which were not included in the first year tax figures, are expected to create an additional 900 to 1,100 new jobs in Pueblo, with approximately \$100 million of new capital investment. Pueblo has used matching marketing funds to incorporate EZ information into its brochures and data books, and has supported PEDCo's advertising campaign in a number of airline in-flight magazines. Pueblo has also marketed the zone incentives internally to new and existing local businesses and tax advisors through mailings and workshops.

**Trane chooses Pueblo**

*Pueblo's job training program's workforce and enterprise zone made the Company choose Pueblo.*

*Don Frank, Vice President, Trane Company*

9. Greeley/Weld County. The Greeley/Weld County Enterprise Zone was designated December 21, 1987, under the provision of H.B. 1274 allowing four additional zones to be designated. This zone includes commercial and industrial areas in Greeley's older north and east side neighborhoods, where the enterprise zone incentives are paired with local redevelopment incentives. It also includes industrial-commercial areas in the neighboring city of Evans and areas in surrounding unincorporated Weld County which are slated for industrial uses in Greeley's long-term growth plans. The City of Greeley's Planning and Community Development Department served as the original zone administrator. In October, 1988, zone administration was transferred to the Greeley/Weld Economic Development Action Partnership (EDAP), a public-private economic development organization,

to facilitate consideration of expanding the zone boundaries to include other Weld County cities which meet the statutory and local zone criteria.

The Greeley zone's marketing plan targets recruitment and development of local industry, particularly in the food processing industries where an EDAP targeted industry study has identified a comparative advantage for the Greeley area. The zone is participating with other zones in trade show marketing directed at food processing industries. EZ marketing funds have supported EDAP magazine advertisements for business location in the zone. Zone incentives have also been marketed to local industry through mailings, brochures, some 30 public presentations and seminars, and personal calls on over 200 existing employers. Greeley certified 11 companies for EZ tax benefits during its partial first year, and has used the zone incentives in negotiations with several large facilities which will claim the tax benefits in the future.

10. San Luis/Upper Arkansas Valley. The San Luis/Upper Arkansas Valley Enterprise Zone, designated December, 1987, as a new rural zone, covers a vast 10-county region of south central Colorado. Residential areas of the region's municipalities are excluded from the zone boundaries. This region includes counties with some of the highest unemployment rates and lowest incomes in the state. Saguache County serves as the zone administrator, working closely with the San Luis Valley Economic Development Council and the Upper Arkansas Area Council of Governments, which came together to sponsor the region's zone application.

Despite its geographical scope, the region shares common economic problems of relative isolation, dislocation of traditional resource-based industries, and common opportunities for enhancing tourism-based economic activity and quality-of-life based light industry. It has developed a marketing plan, with the assistance of state matching funds and Adams State College resources, which targets these opportunities. The zone is participating with other zones in trade show marketing, and in preparing radio spots featuring business development opportunities in the zones.

11. Adams County. The Adams County Urban Enterprise Zone is the second urban zone authorized by H.B. 1274, designated February 1, 1988. It includes areas in the cities of Brighton, Commerce City, and northwestern Aurora, as well as adjacent portions of unincorporated Adams County. The Adams County Economic Council, Inc., the county-wide public-private economic development organization, is the zone administrator.

This area, like the Denver enterprise zone, has historically suffered higher unemployment than elsewhere in the Denver metro area, has a high concentration of relatively unattractive land uses, and has suffered from the economic difficulties of agriculture and oil and gas extraction which the region has traditionally served. It plans to use the enterprise zone incentives to encourage diversification of its light industrial base, absorption of its abundant industrial land, and to help prepare the area to take advantage of future developments such as the new international airport, scheduled to be built in the 1990s. Zone marketing activities have included preparation of brochures and maps describing the enterprise zone, seminars in communities within the zone, and support for national advertising campaigns of zone economic development agencies, Adams County Economic Council, Inc., and ECO Aurora.

12. Northwest. The Northwest Rural Enterprise Zone, the fourth new zone authorized for 1987-88, covers parts of the counties of Routt, Moffat, Rio Blanco, and Garfield. It is administered by the City of Steamboat Springs' Economic Development Department, which coordinates the implementation activities of county and municipal economic development organizations within the region.

This enterprise zone continues to be affected by the declines in oil shale, oil and gas, and coal mining, as well as the difficulties of ranching. Of the traditional agriculture-mining-tourism triad, only tourism remains strong. This zone has targeted its efforts to encourage diversified light industry, to help stabilize existing industry, as well as to strengthen the tourist sector of the economy. It has planned regional radio advertising explaining the zone's benefits, regional zone brochures, and trade shows in industries of special interest to the region. During its partial first year, this zone certified 5 businesses for zone tax benefits.

13. Northeast Subzone. The Northeastern Colorado Subzone was created by expansion of the boundaries of the East Central Enterprise Zone, effective January 1, 1988. It includes the six counties of Logan, Morgan, Phillips, Sedgwick, Washington, and Yuma. Residential sections of municipalities are excluded from the zone. The subzone is administered independently of the original East Central Zone by the Northeast Colorado Association of Local Governments.

Like the other eastern plains enterprise zones, the Northeast region is highly dependent on an unstable agricultural sector, and has suffered from the decline in oil and gas extraction. Its zone development plan has targeted developing value-added agribusiness, as well as taking advantage of its excellent highway and rail transportation infrastructure to encourage light industry, and to expand its relatively undeveloped opportunities for tourism-related activity.

#### Department of Local Affairs Enterprise Zone Activities

The Department of Local Affairs is charged by the Enterprise Zone statute with designating areas as enterprise zones in accordance with the statute, and with monitoring their progress. As staff to the Economic Development Commission, the department also implements the process for disbursing matching funds for enterprise zone marketing. In keeping with the more general mandate of the Enterprise Zone statute that the department "place special emphasis on providing assistance to designated enterprise zones," the department has assigned staff to develop expertise on the enterprise zone program and act as state enterprise zone coordinator.

The department offers assistance on a daily basis to local government officials, state and local economic developers, and private businesses and tax advisors in understanding the details of the enterprise zone program. The department has prepared and distributes, directly and through local zones, up-to-date fact sheets describing the state enterprise zones, more detailed explanations of the zone tax benefits, and a periodic newsletter on EZ developments. Department staff, together with staff from the Department of Revenue's Taxpayer Service Division, have presented seminars on the enterprise zone program on site in most of the state's zones. The department also serves as a source of information on trends in enterprise zone programs in other states and in the federal government, and will provide the required state endorsement for cities which decide to pursue federal zone designation under the new HUD program. The department also staffs a working group of zones which has developed joint zone marketing projects, as well as working on other items of mutual interest. The department coordinates these multi-zone marketing activities with the activities of the Office of Economic Development.

#### Summary and Outlook

The years 1987 and 1988 were start-up years for the Colorado enterprise zone program. Local economic developers learned to incorporate the zone incentives into their overall development efforts, and local businesses and their tax advisors became more aware of the potential benefits. Because of the timing lags built into the zone tax credits, 1989 should see an even greater use of the zone benefits by eligible businesses and a correspondingly larger impact on investment and job creation. The zones and the department will be responding to increased demands for information and technical assistance to assure that eligible taxpayers are aware of the zone benefits.

Colorado's zones were able to begin several promising marketing initiatives, both individually and jointly. The state matching funds appropriated for enterprise zone marketing have been used by the zones as a unique opportunity to develop marketing programs suited to their local economic development goals and opportunities, while still coordinating those efforts with other zones and, where appropriate, with statewide marketing programs. The future of enterprise zone marketing will depend on the availability of additional matching funds, and several zones have already committed additional local funds in anticipation of continued aggressive enterprise zone marketing.

