



The Colorado Economic Development Commission

By Louis Pino and Erin Reynolds

The Economic Development Commission (EDC) works jointly with the Office of Economic Development and International Trade (OEDIT) to promote economic development in the state. This *issue brief* discusses the work of the EDC. For more detailed information about the state's economic development programs, see LCS' Overview of the State's Economic Development Incentives [here](#).

Commission Overview

Statutorily created in 1987, the EDC is charged with implementing marketing programs to support business activities and approving certain grants or loans to private and public entities.¹ The EDC is made up of 11 members representing specific industries and geographic areas, who are appointed by the Governor, Senate President, and House Speaker.

Economic Development Fund

The Economic Development Fund is used for general economic incentives, marketing, and administration. Money from the fund cannot be spent without the EDC's recommendation. The fund receives an annual appropriation from the General Fund; \$5.7 million was appropriated in FY 2020-21.

Strategic Fund Incentive Program

The Strategic Fund Incentive Program encourages business development, expansion, and relocation in Colorado, and supports initiatives led by nonprofits or community groups for regional and new business development. Eligible applicants must meet certain requirements, such as providing local matching funds,

specifying job creation and wage targets, and demonstrating that other states are competing for a business or project. The EDC sets guidelines for the program and approves incentive and initiative applications. In FY 2019-20, the EDC approved six projects, all of which had either an interstate or international competitive element requiring a dollar-for-dollar match of state funds. In total, approved projects received up to \$2.4 million in performance-based incentives. The EDC also approved five strategic initiatives that provided total cash incentives of up to \$6.2 million.

Regional Tourism Act

Under the Regional Tourism Act, local governments can apply for state sales tax increment financing for large-scale tourism-related capital improvement projects. The improvements are paid from bond proceeds that are repaid from the growth in sales tax revenue, or the tax increment generated from the project. The EDC approves applications and determines what percentage of the sales tax increment is necessary for the project to be completed. Five tourism improvement districts totaling \$445.2 million were approved between 2012 and 2015, including the National Western Center, City for Champions, Aurora Gaylord Hotel and Convention Center, Heritage of Heroes, and Go NoCo. Per statute, no new applications can be submitted, and no applications were approved if FY 2020-21.

Enterprise Zone Program

The Enterprise Zone Program provides state income tax credits to businesses and individuals that invest in economically distressed areas in the state known as

¹Section 24-46-101, *et seq.*, C.R.S.

enterprise zones. The EDC is required to review enterprise zone designations at least once every ten years and every two years for enhanced rural enterprise zones. Once the EDC approves enterprise zone boundaries, businesses and taxpayers are eligible for the tax credits provided by the program. For the Enterprise Zone Investment Tax Credit (ITC), the EDC has authority to waive the tax credit limit. For more information, see LCS' Enterprise Zone Program issue brief [here](#).

Job Growth Incentive Tax Credit

The Job Growth Incentive Tax Credit provides an income tax credit to firms that create new jobs. The credit is equal to one-half of the amount that the employer is required to pay in federal social security and Medicare taxes on the newly created jobs. Businesses must meet certain eligibility requirements and pre-certify with the EDC and outline the number of jobs they expect to create. The EDC then certifies the income tax credit once the firm has provided the required annual documentation. In FY 2019-20, 26 projects were approved for up to \$131.7 million in tax credits over eight years.

Transferable income tax credits. House Bill 17-1356 authorized the EDC to allow certain businesses to treat the following credits as transferable—meaning they can be sold or given to another taxpayer: ITC, the Enterprise Zone New Business Facility Employee Tax Credit, and the Job Growth Incentive Tax Credit. The EDC may pre-certify \$10 million in transferrable credits in each fiscal year from FY 2017-18 to FY 2019-20, totaling \$30 million. As of June 30, 2020 the program has pre-certified for transferability the entire allotment of \$30 million in tax credits.

Rural Jump-Start Program

The Rural Jump-Start Program is a tax relief program for new businesses and new hires who locate into certain designated areas called jump-start zones. Qualified businesses may receive income tax credits and refunds of sales and use taxes for eligible personal property in these areas. Employees are entitled to receive an income tax credit equal to 100 percent of their wages. The EDC oversees the creation of new zones and reviews applications for participation and

benefits. As of June 30, 2020, 21 companies have been approved for program participation, and 15 counties have formed zones.

Film Incentives

The Film Incentives Program offers a 20 percent cash rebate for eligible production costs for feature films, television shows, commercials, music videos, video game design, and other creative content. To qualify, production companies must meet local expenditure requirements and hire a workforce comprised of at least 50 percent Colorado residents, among other requirements. The EDC conditionally approves applications. Once the project is completed, the recipient must document its qualified costs in order to receive the incentive. In FY 2019-20, \$1.45 million was awarded for 14 projects. No funding for film incentives was provided in the FY 2020-21 budget.

Advanced Industries Accelerated Grants

The Advanced Industries Accelerated Grant Program consists of four grants targeting Colorado's seven advanced industries (advanced manufacturing, aerospace, bioscience, electronics, energy and natural resources, infrastructure engineering and technology). Grant awards and eligibility requirements vary by program. OEDIT reviews and approves applications, in consultation with the EDC and industry-specific committees. In FY 2019-20, 85 grants were awarded, totaling \$15.1 million.

Opportunity Zone Program

The federal government provides various sources of funding that states and local governments may use for economic development incentives. The federal Opportunity Zone program is a federal tax incentive for investors to invest in low-income urban and rural communities through the favorable treatment of reinvested capital gains and forgiveness of tax on new capital gains. As of 2020, Colorado has 126 Opportunity Zones.