

# BUSINESS INCENTIVES PRACTICE

## MAJOR INCENTIVE PROGRAMS COLORADO

A Cushman & Wakefield Global Business Consulting Publication



2015

### BUSINESS INCENTIVES PRACTICE

The Business Incentives Practice (“BIP”) strategically assists companies through the process of securing optimal incentive packages for projects considering an expansion, consolidation, or relocation. BIP leverages a project’s unique strengths and benefits to identify, negotiate, and implement all feasible economic development or government incentives (“Incentives”) opportunities. Moreover, BIP provides ongoing support and administration for a project to address any issues that may arise. By engaging BIP to work in parallel to the site selection team, businesses can have assurance that the optimal level of Incentives is secured and realized.

#### SERVICES

BIP’s mission is to develop a strategy that enhances business performance, while reducing a project’s up-front capital and ongoing operational costs through the procurement of Incentives. Many businesses are not aware they may be entitled to Incentives benefits for certain expansion, consolidation, and relocation activities. BIP identifies said opportunities through a multifaceted methodology that begins with careful analysis of project-specific data. The process continues with a detailed due diligence on all aspects of site-specific Incentives opportunities and concludes with the negotiation, implementation, and administration of Incentives.

#### RESULTS

BIP has successfully secured Incentives packages for a broad range of clients globally. The BIP team maintains a robust incentives database and along with its vast experience it facilitates the best possible results for a project. Since its inception, BIP professionals have negotiated in excess of \$3.0 billion in savings for its clients.



### KEY PROJECT TYPES

BIP enables its clients to identify, negotiate, and quantify the myriad of incentives available through the federal, state, and municipal governments, as well as utilities service providers. BIP clients represent all industry sectors, ranging in size from Fortune 100 corporations to private owners, occupiers and developers. Almost any type of corporate location initiative can benefit from the use of C&W’s Business Incentives Practice:

- Corporate Headquarters Facilities
- Manufacturing Facilities
- R&D Centers
- Warehouse and Distribution Facilities
- Call Centers
- Data Centers
- Back-Office Centers
- Mixed-Use Developments

### COLORADO’S RECENTLY AWARDED INCENTIVES (USD M)

COMPANY	INVESTMENT	JOB	INCENTIVES
Sierra Nevada Corporation	\$88.0	2,100	\$23.2
Diversified Innovative Products	\$0.3	3	\$0.0
Alberta Development Partners	\$180.0	0	\$7.2
Woodward	\$220.0	400	\$23.5
ADT Corporation	\$10.5	78	\$0.5
Digital Risk	\$0.4	100	\$1.0
Charles Schwab Corporation	\$230.0	480	\$3.7
Sierra Nevada Space Systems	\$2.2	80	\$0.0
Alfalfa's	\$3.4	100	\$0.8
Raymond James Financial	\$24.0	24	\$0.3
Comcast Corporation	\$2.5	28	\$0.5
Advanced Circuits	\$6.0	90	\$0.5

## OVERVIEW OF MAJOR COLORADO INCENTIVE PROGRAMS

### STRATEGIC FUND PROGRAM

The Strategic Fund provides a commitment to businesses that have met certain requirements under the Economic Development Commission's ("EDC") Strategic Fund.

A business may receive funding consideration if it proposes to create net new full-time permanent jobs in Colorado that are maintained for at least one year. In addition, a business must materially meet the circumstances noted below:

- Strong level of local matching commitments (\$1:\$1 requested);
- Potential for economic "spinoff" benefits, such as attracting suppliers, generating tourism/travel activity, high prestige, or a large expansion initiative;
- Capital Investment, relative to the number of jobs (significant capital investment is \$100,000 or > per employee);
- Responds to a special local economic event, such as replacing recent layoffs;
- Inter-state competitive factors;
- Headquarters in Colorado; and
- Other unique conditions.

The business would need to demonstrate feasibility and financial capability along with the ability to create the number of jobs committed. Businesses already receiving an incentive from the EDC may not receive an incentive from the Strategic Fund for the same net new full-time permanent jobs.

The following tables reflect potential incentive levels based on the annual average wage rate of a businesses' committed creation of net new full-time permanent jobs compared to the county average wage rate<sup>1</sup>. The annual average wage rate calculation does not include fringe benefits.

ENTERPRISE ZONE ("EZ")	
ANNUAL AVERAGE WAGE RATE	INCENTIVE / ELIGIBLE JOB
100%	\$2,000
110%	\$3,000
120%	\$4,000
=> 130%	\$5,000

NON-ENTERPRISE ZONE ("EZ")	
ANNUAL AVERAGE WAGE RATE	INCENTIVE / ELIGIBLE JOB
110%	\$2,500
130%	\$3,500
=> 150%	\$5,000

<sup>1</sup> QCEW Annual Tables provided by the Department of Labor

# Colorado shows an average deal value of \$9.8 million with 191 new jobs created per deal

### JOB GROWTH INCENTIVE TAX CREDIT

The Job Growth Incentive Tax Credit provides a state income tax credit to businesses undertaking job creation projects that would not occur in Colorado without this program and that have met certain requirements.

Businesses have to create at least 20 net new jobs (full-time equivalents) in Colorado during the credit period (defined as 60 consecutive months where the business may qualify for an annual tax credit) with an average yearly wage of at least 110% of the county average wage rate based on where the business is located. A business located in an Enhanced Rural EZ has to create at least 5 net new jobs (full-time equivalents) in Colorado during the credit period (defined as 60 consecutive months where the business may qualify for an annual tax credit) with an average yearly wage of at least 110% of the county average wage based on where the business is located.

The maximum tax credit the EDC can authorize is calculated by taking 50% of the FICA paid by the business on the net job growth for each year in the credit period. The maximum tax credit authorized for a business may be less if deemed appropriate by the EDC. Although the maximum tax credit authorized by the EDC is calculated by projected information submitted by the business, the actual tax credits issued will be based on actual performance.

If the issued tax credits exceed the taxpayer's income tax for the income tax year in which the business is first authorized to use the credit, the amount of the tax credit not used 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 FIRST / EXISTING CUSTOMIZED JOB TRAINING PROGRAM

The Colorado FIRST and Existing Industry grants are jointly administered by OEDIT and the Colorado Community College System. Colorado FIRST grants are for companies that are relocating to or expanding in Colorado and provide funds only to net new hires. Existing Industry grants focus on providing assistance to established Colorado companies in order to remain competitive within their industry, adapt to new technology and prevent layoffs. The programs increase transferable job skills that support both the company's economic competitiveness and enhance worker's resumes and long-term employment opportunities.

Program eligibility includes:

- Companies must contribute a minimum of 40% to the total costs of grant-funded training
- All grant-funded training must be customized for the company's specific needs
- An on-site company visit by OEDIT and CCCS representatives is required
- Companies must pay an average hourly wage greater than \$11.96/hour in urban areas; in rural Colorado, a company's average wages must be at least \$9.79/hour

## OTHER COLORADO INCENTIVE PROGRAMS

- Enterprise Zone Tax Credit
- Public Infrastructure Grants
- Biotechnology Sales and Use Tax Refund
- Manufacturing Sales and Use Tax Exemption
- Aviation Development Zone Tax Credit
- Film Incentive Program
- Advanced Industries Accelerator Programs
- Colorado Capital Access (CCA) - SSBCI
- Cash Collateral Support (CCS) - SSBCI
- Colorado Credit Reserve
- Regional Tourism Act (RTA)
- Venture Capital Authority (VCA)
- CDBG Business Loan Funds
- CDBG-DR (Disaster Recovery)
- CDBG Planning and Feasibility Studies
- Certified Capital Companies (CAPCO) Program
- Private Activity Bonds
- Bioscience Discovery Evaluation Grants

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