

## Job Growth Incentive Tax Credit

### Purpose

The Job Growth Incentive Tax Credit provides a financial incentive to businesses undertaking job creation projects that would not occur in Colorado without this program and that have met certain requirements under the Economic Development Commission's (EDC) Job Growth Incentive Tax Credit Program.

### The State's Role

The Colorado Office of Economic Development and International Trade (OEDIT) provides administrative support for the EDC. The EDC has oversight authority for this program. The Business Finance Staff will facilitate the application review process, application presentation with structuring recommendations to the EDC, conditional approval implementation, issuing tax credits and monitoring process.

### Requirements

Businesses must bring to the state net job growth of at least 20 new jobs (full-time equivalents) during the credit period with average yearly wages of at least 110% of the county average wage rate (county source: QCEW Annual Tables provided by the Department of Labor and Employment - <http://www.coworkforce.com/lmi/es202/index.asp>).

A business located in an Enhanced Rural Enterprise Zone must bring to the state net job growth of at least 5 new jobs (full-time equivalents) during the credit period with average yearly wages of at least 110% of the county average wage rate (county source: QCEW Annual Tables provided by the Department of Labor and Employment - <http://www.coworkforce.com/lmi/es202/index.asp>). In addition, the local community must provide rationale outlining the project's economic importance to the community.

Net job growth is the number of full-time equivalent (FTE) employees at the end of each calendar year of the project (after netting out the number of FTE's at the beginning of the project).

The credit period is 60 consecutive months where the business may claim a tax credit.

All of the new jobs must be maintained for at least one year after the positions are hired.

A business must submit an application to the EDC *before* the proposed project starts in the state. Business decisions clearly moving forward without assistance from the EDC will not be considered for tax credits (which will include an announcement).

Businesses already receiving an incentive from the EDC may not receive an incentive from the Job Growth Incentive Tax Credit Program for the same net new full-time permanent jobs.

### Tax Credit Calculation

The maximum credit is calculated by first determining the estimated average yearly wages of the net job growth for each of the years in the credit period. Then take that number and multiply by 50% of the businesses total estimated FICA. This is the maximum tax credit allowed to the business for the project over the credit period and subject to EDC approval. The maximum tax credit may be less if deemed appropriate by the EDC.

The annual credit is calculated by first determining the average yearly wages for the net job growth for that year and then multiplying that number by 50% of the businesses total FICA. The annual credit may not exceed the maximum credit.

Additional statutory requirements are highlighted for this program in HB 09-1001.

### Process

Application guidelines are being developed. Businesses should review the state's website for specific requirements and application instructions beginning in August 2009 once the program becomes effective.