



LONGMONT, COLORADO INCENTIVES & BUSINESS ASSISTANCE PROGRAMS

Tax Credits & Exemptions

One-Percent Investment Tax Credit - State

All companies statewide can take advantage of a **1%** investment tax credit available.

Sales & Use Tax Exemption on Manufacturing Machinery & Equipment - City

The City of Longmont offers a sales and use tax exemption for manufacturing machinery equipment. Purchases of machinery and machine tools to be used “exclusively” in the manufacturing process with a separate item cost in excess of one thousand dollars are exempt from taxation. Parent corporations and their subsidiaries are taxed as one entity for the purpose of this exemption. This incentive is an unlimited term exemption.

Manufacturing Equipment Sales and Use Tax Exemption - State

Machinery or machine tools (Section 38 Property as defined by the Internal Revenue Service) over **\$500** are exempt from state sales and use tax when the equipment will be used in **manufacturing** process. Component parts, ink and newsprint, and packaging materials are also exempt for the state sales and use tax. All other local sales and use tax still applies to equipment purchases unless negotiated otherwise. For businesses located outside a state enterprise zone, the purchase must be capitalized. For more information see www.state.co.us/gov_dir/revenue_dir/fyi/html/sales10.html.

R&D Sales & Use Tax Exemption for “New” Primary Employers - City

This exemption applies to equipment used by primary employers for research and development purposes. Machinery and machine tools, measurement and inspection equipment or research and development equipment are included in the exemption. **The exemption applies for an initial, consecutive two years of operation. After the initial two year exemption, there is a one-time, performance based option to extend the exemption for an additional 3 years at any time during the company’s operation in Longmont.**

Research and Development Sales Tax Refund - State

During fiscal years in which the state has excess revenues, a qualified taxpayer may claim a refund of 100% of all state sales and use tax paid on qualified purchases, including machinery used in Colorado for research and development.

School-to-Career State Income Tax Credit - State

Colorado businesses can claim a state income tax credit of **10%** of their current year investment in a qualified school-to-work program. Eligible expenses include the following: wages, workers' compensation insurance, unemployment insurance, and training expenses to employ a student. For additional information on this program, call the Colorado Department of Revenue at 303-232-2446. *FYI Income 32:*
www.revenue.state.co.us/fyi/html/income32.html

Work Opportunity Tax Credit (WOTC) - Federal

The Work Opportunity Tax Credit (WOTC) is a federal income tax credit that encourages employers to hire twelve targeted groups of job seekers. WOTC can reduce employer federal tax liability by as much as \$9,000 per new hire. WOTC is one tool in a diverse toolbox of flexible strategies designed to help job seekers most in need of employment gain on-the-job experience and move towards economic self-sufficiency. This employer tax incentive joins other employment program and targeted tax credit initiatives aimed at helping American workers and increasing American productivity and economic growth. For more information contact: the Colorado Department of Colorado Labor and Employment at 303-318-8829 or website at:
<http://www.coworkforce.com/Emp/taxcredits.asp>.

Sales and Use Tax Exemption for Electric and Gas - City

Electricity and gas used exclusively in the manufacturing process is exempt from taxation in addition to utilities consumed by nonprofit entities. Application for this incentive is through the City of Longmont and three pieces of information are required for review.

Rebates and Grants

Rebate Programs

Companies can choose either the Permit Fee **OR Business Personal Property Tax Rebate program, whichever program is most advantageous for the company.**

Permit Fee Rebate Program - City

Upon meeting specific criteria, primary employers may qualify for a fee rebate of up to 30% administratively on new construction and tenant improvement in the City of Longmont. Criteria include job creation, hiring of local residents, diversification of local economic base, compliance with Longmont Area Comprehensive Plan goals, and higher wages.

OR

Business Personal Property Tax Rebate Program – City

Upon meeting specific criteria, primary employers may qualify for a rebate of the City's portion of business personal property tax of up to 50% administratively on the increase of its business personal property taxes. Criteria include job creation, hiring of local residents, diversification of local economic base, compliance with Longmont Area Comprehensive Plan goals, and higher wages.

Grants

Job Creation Performance Incentive Fund (Funds Obligated through 2010)

This is for both new and existing for profit businesses in Colorado. Companies must pay annual wages at least 110% above the County average and at least 10 jobs in urban areas must be created within one calendar month. In addition, eligible employees are those hired above the previous 3 year average for the company. The company may submit an application for the funds once the jobs have been created and maintained for one year. Wage paid is based on the average wage paid to the new hires over one year.

Businesses with multiple locations within Colorado may combine locations to meet the minimum creation requirements as long as all jobs are hired within the same month. All employees must be legal to work in Colorado. Incentives range from \$1,000 per job for those paying 110% of the county average to 1,500 for those jobs paying 120% above the county average.

Colorado First and Existing Industry Job Training Program - State

This program helps employers with short-term and fast-track training for new or existing employees. Training can be implemented in the company's own facilities or in special higher education training labs. Direct training costs that are eligible for reimbursement through this program include: instructor wages, travel and per diem allowance, development of curriculum and instructional materials, purchase of consumable training supplies, and lease of training equipment and space. The program amount awarded is determined on a case-by-case basis by the Colorado Office of Economic Development, the Colorado Community College and Occupational Education System, and the Colorado Economic Development Commission (maximum for urban areas is \$800 per employee).

Colorado Economic Development Commission - State

The Colorado Economic Development Commission (EDC) was legislatively created in 1987 to encourage, promote, and stimulate economic development in Colorado through the use of incentive and marketing funds. Proposals are considered based on project merit, quality of jobs, and economic impact to the state. The Colorado Office of Economic Development takes proposals to the Commission after staff approval. The program amount allocated is determined on a case-by-case basis.

Colorado Innovation Investment Tax Credit - State

The Colorado Innovation Investment Tax Credit provides a state income tax credit for qualified investors that make investments during calendar year 2010 in small qualified Colorado businesses involved primarily in research & development or manufacturing of new technologies, products, or processes.

Job Growth Incentive Tax Credit – State

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 under the Economic Development Commission's (EDC) Job Growth Incentive Tax Credit Program. Businesses have to create at least 20 net new jobs (full-time equivalents) in Colorado during the credit period with an average yearly wage of at least 110% of the county average wage rate based on where the business is located (county source: QCEW Annual Tables provided by the Department of Labor and Employment - <http://www.coworkforce.com/lmi/es202/index.asp>).

The Rocky Mountain Trade Adjustment Center - Federal

The Rocky Mountain Trade Adjustment Center (RMTAAC) is an independent, non-profit organization offering technical and professional assistance to small and medium-sized manufacturers adversely affected by import competition. Sponsored by the U.S. Department of Commerce, this cost sharing federal assistance program pays up to **50%** of the total cost of consultants or industry-specific experts for projects that improve a

manufacturer's competitiveness. For more information contact Rocky Mountain TAAC.
Toll Free: 800-677-3791 – 303-499-8222 – www.taacenters.org.

Small Business Innovation Research Program (SBIR) - Federal

Since its enactment in 1982, as part of the Small Business Innovation Development Act, SBIR has helped thousands of small businesses to compete for federal research and development awards.

SBIR is a highly competitive program that encourages small business to explore their technological potential and provides the incentive to profit from its commercialization. For more information, contact the Colorado Small Business Association - 303-844-2607 – www.sba.gov/SBIR/indexsbir-sttr.html#sbir.

Small Business Technology Transfer Program (STTR) - Federal

STTR is an important small business program that expands funding opportunities in the federal innovation research and development arena. STTR is a highly competitive program that reserves a specific percentage of federal R&D funding for small business and non-profit research institution partners. STTR combines the strength of both small businesses and non-profit research laboratories by introducing entrepreneurial skills to high-tech research efforts. The technologies and products are transferred from the laboratory to the marketplace. For more information, visit: www.sba.gov/SBIR/indexsbir-sttr.html#sttr.

Financing

Private Activity Bonds (PAB) - City

Manufacturers can apply for tax-exempt private activity bonds allocated to the County to help finance construction of relocation and/or expansion projects under **\$10 million**. The benefits of using the bonds are:

- *Low interest rates
- *Long-term (20+ years) fully amortized structure of the bonds.

Bond allocations can be used for the following: building, equipment, land, project “soft” costs (architects, engineers, attorneys, etc.) landscaping, fixtures and furnishings, and cost to issue bonds. There is an application fee for the program. For additional information, call LAEC – 303-651-0128 – www.longmont.org.

Colorado Venture Capital Authority - State

The Colorado General Assembly in 2004 passed legislation that established a Colorado Venture Capital Authority (VCA). The VCA was allocated \$50 million in premium tax credits, which it subsequently sold to insurance companies. In 2005, the VCA selected a fund manager (High Country Venture, LLC) and established an initial fund of approximately \$25 million (Colorado Fund I). The VCA and High Country Venture, LLC have now established a second fund (Colorado Fund II) which will make up to \$25 million in seed- and early-stage investment capital available to businesses. High Country Venture, LLC is independently operated and generally makes funding decisions. State approval is limited to ensuring that businesses receiving funding meet minimum specified requirements. The minimum and maximum investment size may generally range from \$250,000 - \$3.3 million. To discuss a venture capital funding request, please contact High Country Venture, LLC.

For more information on Colorado State incentives visit www.Colorado.gov.

Revised 1/19/10

OTHER BENEFITS OF LOCATING IN LONGMONT

Low Business Costs

Longmont building lease rates and land costs are generally lower in Boulder County as are wage rates.

Property and sales taxes levied by the City of Longmont (2.75%) fall on the low end of those levied by other cities in the region. Finally, the City-owned electric utility delivers electric power at rates 3-5% lower than those charged in Colorado and, in most cases, the nation.

Skilled Labor Force

Longmont area firms access within a 30-minute commute a population base of 1,000,000 persons. This labor market area produces more than 300,000 workers whose educational attainment level are among the highest in the U.S. Entry level labor for many occupations in Boulder County are drawn from within the County and the Northern Denver region resulting in access to lower labor costs for those positions and a large reserve pool.

Diverse Educational and Training Resources

Longmont is situated at the center of Colorado's higher education basin. The University of Colorado at Boulder is 20 minutes to the southwest. Colorado State University and the University of Northern Colorado are less than a 60 minute drive to the north, while the University of Colorado at Denver and the Colorado School of Mines are less than 30 minutes to the south. Over 100,000 students reside on these four campuses.

Workforce training programs, including subsidized training designed to meet a company's needs are offered by the Boulder County Private Industry Partnership, Front Range Community College, and the St. Vrain Valley Career Development Center.

The Longmont area is served by the St. Vrain Valley School District, who graduates students, whose test scores consistently rank above State and national norms.