

TOWN OF NEW CASTLE BUSINESS INCENTIVE POLICY

First Draft: For discussion only

Incentives may be offered to businesses and industries which meet the Town's goal of developing a long-term, sustainable economic base. To that end, all incentives are considered on a case by case basis depending on the economic impact. Factors which will be utilized in evaluating incentive requests will include the following:

Capital investment

Job creation

New goods / services offered to the community

Employee wages

Sales Tax collections

Contributions toward the economic diversification of the Town

Contributions toward the enhancement of Main Street, the New Castle entrance, the industrial zone or a mixed-use area

Municipal Incentives

The types of incentives the Town will consider vary depending upon the type of the project. The following potential City incentives may be available to companies making major contributions to the Town's economy:

1. Waiver or Reduction of Permit Fees: Building Permit fees, plan review, street improvement and other Town fees may be considered.
2. Infrastructure Improvements: The Town may consider extending infrastructure to development sites.
3. Private / Activity Industrial Revenue Bonds: Manufacturers can apply for tax-exempt industrial revenue bonds to help finance construction or relocation of qualifying manufacturing activities.
4. Local Tax Rebates: The Town may consider partial rebate of sales taxes generated by business to assist with infrastructure. This rebate may also be awarded to businesses which are involved with projects that rehabilitate dilapidated structures.
5. Grant applications: The Town will assist qualifying businesses that apply for State/Federal grants, such as Community Development Block Grants.
6. Tap Fee payment plan: Three-year payment period if more than one tap required by business.
7. Public/Private partnerships: The Town will consider entering into a public/Private Partnership when the final product serves municipal needs as well as those of the business.
8. Colorado Main Street Program: Starting in 2014, the Town will be able to engage the services of Colorado Main Street in assisting new or expanding businesses in designated areas.

9. Rifle Regional Economic Development Corporation: New Castle is a member of RREDC. The RREDC can provide support for a new or expanding business.

County Incentives

Garfield County offers incentives that qualifying businesses or industry may obtain. These incentives include the following:

1. Up to 50% rebate on personal property taxes for equipment and machinery for 10 years.
2. Airport benefits may be available if hangar usage is required.
3. North West Revolving Loan Fund

State Incentives

The State of Colorado, through the Office of Business Development and Economic Development Commission, offers several incentives to qualifying businesses. The incentives offered by the State include the following:

1. Investment tax credits
2. Enterprise Zone Program
3. Job training credits
4. New jobs credit
5. Aircraft manufacturer tax credits
6. Biotechnology sales and use tax refund
7. Local infrastructure assistance
8. Local property tax incentives
9. Manufacturing Revenue Bonds

The Town of New Castle will assist new businesses and industrial prospects in applying for these incentives. Please see <http://www.colorado.gov/cs/Satellite/OEDIT/OEDIT/1167928016940> for more details.

Enterprise zone Tax Incentives:

Colorado's Enterprise Zone (EZ) program provides tax incentives to encourage businesses to locate and expand in designated economically distressed areas of the state (high unemployment rate, low per capita income, and/or slower population growth rate). New Castle is included in an enterprise zone.

Colorado's Urban and Rural Enterprise Zone Act of 1986 established a program for the designation of state enterprise zones. New Castle is part of the Northwest Colorado Enterprise Zone. The Enterprise Zone program provides specific incentives for private enterprise to expand and for new businesses to locate in the area.

To be eligible for a tax credit, *it is necessary to pre-certify with the Colorado Office of Economic Development and International Trade*. This pre-certification can be done online at <http://www.advancecolorado.com/funding-incentives/incentives/enterprise-zone-tax-credits>

1. Three Percent Investment Tax Credit:

Businesses making investments in equipment used exclusively in an enterprise zone which would have qualified for the pre-1986 federal investment tax credit may claim a credit against their Colorado income taxes equal to three percent of the amount of the investment, subject to limitations on the amount which can be claimed in any one year. Investment that results from an in-state relocation is not eligible for the credit unless the new location qualifies as an expansion. Excess credits may be carried back three years and forward twelve.

2. \$500 Job Tax Credit:

Businesses hiring new employees in connection with a “new business facility” located in an enterprise zone may claim a tax credit against state income taxes of \$500 for each such employee. An expansion of an existing facility may be considered a “new business facility” if the expansion adds at least 10 employees or a 10 percent increase over the previous annual average, if it is at least \$1 million in investment, or, if less, at least doubles the original investment in the facility. The credit may be taken in subsequent years of the enterprise zone for each additional employee above the maximum number employed in any prior tax year. Excess credits may be carried forward five years; seven years for EREZ credits (also applies to 3 and 4 below).

3. Double Job Tax Credit for Agricultural Processing:

An additional credit of \$500 per new business facility employee may be claimed by businesses that add value to agricultural commodities through manufacturing or processing. Enhanced Rural EZ's: Beginning January 1, 2003, there is an additional credit of \$2,000 per new job, plus an additional credit of \$500 per new ag processing job, for New Business Facilities located in an Enhanced Rural Enterprise Zone.

4. \$200 Job Tax Credit for Employer Health Insurance:

In order to encourage employer-sponsored health insurance plans, a taxpayer with a qualifying new business facility is allowed a two-year \$200 tax credit for each new business facility employee who is insured under a qualifying employer-sponsored health insurance program.

5. R&D Tax Credit:

Taxpayers who make private expenditures on research and experimental activities conducted in an enterprise zone qualify for an income tax credit. This credit equals three percent of the amount of the increase in the taxpayer's R&D expenditures within the zone for the current tax year above the average of R&D expenditures within the zone area in the previous two years. No more than one 4th of the allowable credit may be taken in any one-tax year.

6. Credit to Rehabilitate Vacant Buildings:

Owners or tenants of commercial buildings in an enterprise zone which are at least 20 years old and which have been vacant for at least two years may claim a credit of 25 percent of the cost of rehabilitating each building. The credit is limited to \$50,000.

7. Credit for Contributions to Zones:

A taxpayer who makes a contribution to a local zone administrator for enterprise zone development projects, or assisting job training and placement for the homeless may claim a tax credit. The amount of the credit is 25 percent of the value of the contribution, up to \$100,000.

8. Ten Percent Job

Training Credit: Beginning with 1997 tax years, employers who carry out a qualified job training program for their enterprise zone employees may claim an income tax credit of 10 percent of their eligible training costs.

9. Exemption from State Sales and Use Tax for Manufacturing and Mining Equipment:

Purchases of manufacturing machinery, machine tools, and parts therefore are exempt from the 2.9 percent state sales and use tax statewide. In addition, when used solely within an enterprise zone this exemption may be claimed for purchases of: materials used to make eligible machinery. Eligible purchases used in an enterprise zone are exempt whether the purchases are capitalized or expensed for accounting purposes.

10. Local Government Tax Incentives:

Any city, county, or special district within an enterprise zone is authorized to negotiate with individual taxpayers who have qualifying new business facilities (a) an incentive payment equal to not more than the amount of the increase in property tax liability over pre-enterprise zone levels; and (b) a refund of local sales taxes on purchases of equipment, machinery, machine tools, or supplies used in the taxpayer's business in the enterprise zone.

REVIEW PROCESS

The Town will review applications for economic development assistance on a case by case basis. Criteria which may be considered in review of a project's merits may include the following:

1. Job Creation – The number of jobs created, type of job, and salaries will be reviewed. Business opportunities which provide employees a competitive “living wage” may receive greater consideration than businesses that pay minimum wages.
2. Sales Potential – Retail businesses that have potential to significantly increase the City's sales tax base may receive favorable consideration. However, the City will also

promote diversification of the business community, and to that end, will encourage development of small businesses as well as larger businesses.

3. Services and Products – The Town will promote and support businesses which offer unique goods and services not presently available to the community.

4. Capital Investment – In granting incentives, the Town will take into consideration the amount of capital investment a business brings into the local economy.

5. Enhancement to Main Street – The Town promotes development of new or expansion of existing businesses within the historic downtown area. To the extent possible, the City will consider special incentives for development in this area.

6. Compatibility with Long Range Plans – Business or industry requesting incentives should be in significant compliance with the Town's Comprehensive Plans, Strategic Plans, or other Master Plans.

This policy is intended to remain flexible and fluid. The Town may revise the policy as necessary, and may blend its application with other components of the development process.

Financing

There are a variety of local and state resources that can either supply capital or help a business find capital. Here are a few examples:

Roaring Fork Business Resource Center

The Roaring Fork Business Resource Center serves both as an incubator that nurtures start up enterprises and as a resource center that helps existing businesses grow and prosper. The RFBRC is located in Glenwood Springs and may be reached at (970) 945-5158.

RFBC's excellent list of capital resources was used to build this page. Check their list for updates here: <http://www.rfbrc.org/accesstocapital.html>

Colorado Enterprise Fund (CEF)

Colorado Enterprise Fund is a nonprofit community development business loan fund. Since 1976, their purpose has been to foster economic opportunity and create jobs through business ownership and expansion. CEF has provided over 850 loans totaling over \$17.2 million to Colorado businesses that are not able to obtain adequate bank financing. They support their borrowers with business counseling and technical assistance to ensure loan repayment and business success.

Colorado Enterprise Fund

1888 Sherman Street #530, Denver, CO 80203

T: (303) 860-0242; F: (303) 860-0409

Colorado Housing and Financing Authority (CHFA)

The mission of CHFA is to finance the places where people live and work throughout Colorado. CHFA provides fixed rate financing to homebuyers, small to medium sized businesses, and multifamily rental housing developers. CHFA also provides education and technical assistance about affordable housing and economic development.

Colorado Lending Source (CLS)

The SBA 504 loan program is usually the BEST financing option around for owners who are buying, improving or constructing commercial facilities primarily occupied by their small businesses. The 504 loan program can also be used to finance long term capital equipment. Colorado Lending Source is primarily involved with packaging, closing, funding, servicing and liquidating SBA 504 loans , working directly with small business owners and lenders. In addition, they can also assist banks and lenders with packaging and processing SBA 7(a) loans too.

Colorado Lending Source

Attn: Tod Cecil

2520 South Grand Avenue, Glenwood Springs, CO 81601

T: (970) 947-1400

Northwest Loan Fund

The Northwest Loan Fund is a quasi-governmental agency that specializes in financing for start-up and young, expanding small businesses that are unable to obtain conventional funding due to the high risk associated with such businesses. The Fund focuses on projects which diversify the economy, create new jobs, and provide lasting community benefits.

Northwest Loan Fund

Attn: June Walters

P.O. Box 2308, Silverthorne, CO 80498

T: (800) 332-3669

Small Business Administration (SBA) Loan Programs

All SBA loan programs lend to small businesses unable to secure financing on reasonable terms through normal lending channels. The loan programs are operated through private-sector lenders that provide loans which are, in turn, guaranteed by the SBA -- the Agency has no funds for direct lending or grants. Most private lenders (banks, credit unions, etc.) are familiar with SBA loan programs so interested applicants should contact their local lender for further information and assistance in the SBA loan application process.

ARC Loan Program

If your small business is stressed meeting expenses during these economic times, the U.S. Small Business Administration has a new loan program designed just for you. SBA's America's Recovery Capital Loan Program can provide up to \$35,000 in short-term relief

for viable small businesses facing immediate financial hardship to help ride out the current uncertain economic times and return to profitability. Each small business is limited to one ARC loan. [Click here for more information.](#)

State of Colorado Business Financial Assistance Options

Colorado Office of Economic Development and International Trade (OEDIT) Business Finance Programs The Business Finance Division brings together several financing tools, including debt and equity financing, cash incentives, grants and tax credits to support economic development activities that improve and support employment opportunities in Colorado. Explore their website to learn more.

State of Colorado Venture Capital Authority (VCA)

In 2005, the VCA selected a fund manager (High Country Venture, LLC) and established its first fund of approximately \$25 million (Colorado Fund 1). Colorado Fund 1 will make seed- and early-stage capital investments in business. The VCA anticipates the establishment of a second fund of approximately \$25 million in 2010. State approval is limited to ensuring that businesses receiving funding meet specific requirements. The minimum and maximum investment size may generally range from \$250,000 - \$3.375 million.

For more information or an application, contact Roland Erickson, Manager, Venture Capital Authority.

U.S. Department of Agriculture (USDA)

The USDA's Rural Development Division has designed loan and grant programs to spur business lending and commercial growth for small businesses in rural areas. These programs can help small businesses and entrepreneurs by loaning money for building and capital purchases.

Associated Governments of Northwest Colorado (AGNC)

Northwest Colorado Enterprise Zone

The Enterprise Zone program provides incentives for private enterprise to expand and for new businesses to locate in economically distressed areas of the state. Businesses located in an NW Colorado Enterprise Zone may qualify for up to nine Enterprise Zone Tax Credits that encourage job creation and investment. In Garfield County, the area extends from the western border of the county to New Castle.

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jane.whitt@agnc.org

Accion USA

ACCION USA helps qualified small businesses grow with affordable small business and start-up loans. They help you take a step towards building your credit, too, because they report to all three credit bureaus.

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RREDC revolving loan

The Rifle Regional Economic Development Corporation has a revolving loan fund providing small short-term loans at a low rate for businesses in New Castle and Rifle.

Possible: House Bill 02-1399 allows local governments to provide property tax credits or incentive payments based on the amount of increased property taxes for qualifying new business activity in their jurisdictions (if part of an enterprise zone). See <http://www.advancecolorado.com/funding-incentives/incentives/local-government-incentives>