
Y. ECONOMIC DEVELOPMENT TOOLS

1. Revolving Loan Fund

The RLF is our most broadly applied tool for advancing projects which need financial assistance and are creating or retaining jobs. It is most commonly used to provide "gap financing" for the balance of project cost remaining after bank, private, and other sources of financing are committed. Interest rates are favorable to commercial lending rates, and real estate collateral is subordinated to private lenders. Federal sources of RLF capitalization require compliance with environmental and other regulations as a contingency for RLF loan clearance.

For most projects, the RLF loan limit is \$100,000, with no more than \$20,000 in RLF funds for each full-time equivalent (FTE) job. A \$2 private to \$1 RLF leveraging requirement is the usual standard. Loan limits can be increased to \$200,000-\$300,000 or more for projects with substantial job and economic benefits.

Micro Enterprise Program (MEP) loans up to \$25,000 are targeted on low or moderate income business owners with 5 or less employees (including owners), and do not have specific job requirements.

Ongoing administration of the RLF relies mainly on sources generated by the program and grant admin allowance. Efforts to re-capitalize the RLF may be funded by EDA, the Colorado OED, and other sources.

The RLF has proven its effectiveness for many different kinds of projects, and we are constantly seeking ways to apply the tool where it can generate job and economic benefits. More details and a preliminary assessment of project eligibility can be obtained at the DRG office.

2. RLF Performance (Table Y-1, Y-2)

Table Y-1 summarizes the cumulative record of fund capitalization and loans made by the RLF as it stood at the end of June 2002. RLF capitalization of \$6.430 million includes \$5.515 million received over its 17.5-year program history, \$494,290 in EDA recap funds recently awarded, and \$420,000 in loan funds from a pending CDBG recap grant.

A slightly larger share of the capital base was contributed by Nonfederal funds which include a \$1.457 million loan originating from the Colorado OED office being paid back to the RLF, and revolved funds from former CDBG loans. Percentages of capitalization contributed by each source are fairly close in size with Nonfederal (36.5%); CDBG grants (35.0%); and EDA grants (28.5%).

As of June 2002, a total of \$5.479 million was loaned from all sources including EDA (25.5%); CDBG (33.4%); and Nonfederal (41.1%). Non-loan uses of the capital base included \$16,300 to establish a loan guarantee pool in Conejos County, and \$119,800 to advance collateral position for loan recovery. About \$327,800 (5.1%) of the capital base was written off --- a very low percentage for RLF programs without first position real estate for collateral.

RLF loans were leveraged with \$17.533 million in bank loans and business investments, representing an overall ratio of 4.41:1. An estimated 515.4 FTE jobs were created or retained with RLF funds at a job cost ratio of \$7,805/job. An estimated 70.0% of these jobs were filled by low or moderate income persons. Payrolls in ongoing businesses which received RLF assistance are estimated at \$5.6 million.

Efforts were made wherever possible to identify eligible RLF projects in the most distressed counties, but success was limited in some areas due to the smaller number of business startups and expansions in these places. Because of the Center ag treatment project, Saguache County (42.6%) is shown to have the largest percentage of total amount loaned, followed by Alamosa (33.9%); and Rio Grande (13.1%).

Table Y-2 shows how loans were distributed by industry group, product, and service. The \$2.278 million (41.6%) for value-added ag processing is due to the large ag treatment facility loan and the emphasis placed on industry expansion. Loans for projects with a tourism rationale totaling \$770,410 (14.1%) represented the second largest concentration, followed by retail sales (13.9%); services (8.8%); and manufacturing (8.0%).

Assisted businesses in tourism provided 130.8 FTE jobs (25.4%); followed by value-added ag processing (20.9%); nursing homes and assisted living (15.7%); and retail sales (12.3%).

3. San Luis Valley Enterprise Zone (Table Y-3, Y-4, Y-5, Y-6)

DRG's administration of State tax credits for investments in business and community projects located within the Zone area provides another important tool for economic development. Tax credits enhance the incentive to make investments, and provide a mechanism for further investment in Valley projects by retaining a portion of what would otherwise be paid in taxes. All of the non-residential areas and business districts of the Valley are included within the Zone boundaries.

Table Y-6 summarizes the 10 points of the Zone, and shows that investment tax and private contribution credits are the most widely used. Zone provisions also allow a \$500 credit per job for new business facilities, an additional \$500 if the new facilities provide ag processing jobs, and a \$200 credit for every employee covered by an employer-sponsored health insurance program. Other inducements include a research and development tax credit; credits for rehab of vacant buildings; job training incentives; State Sales and Use Tax exemption; and further incentives which can be negotiated by local governments.

Table Y-3 illustrates the widespread use of investment tax and other credits by Valley businesses and agriculture. In 2001, 385 certifications were issued by the Zone Administrator covering \$44.3 million invested in the Zone. About \$33.9 million of this qualified for tax credit, which yielded \$1.017 million in credits. New business facility job credits totaled almost \$73,000. A total of 159 jobs created are reported, and 147 new business facility jobs.

Contributions to 35 eligible Zone projects over an 8-year period are summarized in Table Y-4, and the Valley has one of the most outstanding records in the State in this regard. Contributions over the entire period totaled \$5.9 million, and averaged about \$739,500/year. The largest contributions averaged over \$200,000 for Adams State College Foundation, followed by La Puente (\$105,940); Creede Repertory Theatre (\$74,100); Rio Grande Hospital (\$45,350); the San Luis Valley DRG (\$41,600); and the Cattails/Gateway golf course (\$38,725).

No fee has been charged by the DRG for certification, reporting, and other administrative work on behalf of tax filers and contributors.

Table Y-5 gives the historical record since 1994 on the amount of ITC investments and credits generated. The 8-year totals show \$417.2 million in new investment, qualifying investment of \$349.8 million, and almost \$10.5 million in tax credit results.

4. Leading Edge Classes (Table Y-7)

Co-sponsorship of Leading Edge classes with the Adams State College Small Business Development Center has been one of the most popular programs of its kind in the State, and the State's longest running. Course content covers planning, management, and other facets of business listed in the sample agenda.

The table shows a total of 236 business owners, prospective business people, and other persons who have enrolled since 1989. Over a 12-year period, Leading Edge produced 167 graduates, and a total of 145 businesses created by graduates were tracked. A new Agricultural Leading Edge class is also being introduced, along with regular sessions.

A much larger part of the SBDC role is the assistance provided in helping loan applicants and business prospects prepare business plans, and all RLF loan applicants needing this assistance are referred to the SBDC.

DRG also participated with SBDC and other agencies in designing a "Virtual Business Incubator" providing electronic access to information for business clients. Partnerships with SBDC to further develop this concept or pursue other types of assistance are also anticipated.

5. Other Financing (Table Y-8)

DRG's connections with funding sources such as EDA, Colorado OED, DOLA, USDA Rural Development, and other agencies could also be regarded as a tool. If needed, "summit" meetings can be arranged with government and private lenders to discuss prospective projects where extensive job and economic benefits are involved. New contacts and sources of funding are also being explored.

Table Y-8 summarizing EDA Distress Indicators is provided to show the factors involved in determining grant rates for EDA Public Works and Economic Adjustment grants. The share of EDA assistance for a given county is based on per capita income in the county compared with the Nation's per capita; and the county's 24-month unemployment rate in excess of the National average.

6. Recruitment and Incentives

Recruitment is aimed primarily at business and industry prospects offering diversity for the economy, and higher paying jobs. DRG prepares response packages to business leads from Colorado OED which are appropriate for the region. A Sangre de Cristo Marketing Partnership with Pueblo and southeastern Colorado counties is being formed to generate a larger number of business leads. Selected trade shows, such as the International Food trade show are also attended to generate business leads and connections.

Examples of other recruitment activities involve arranging for visits and participation on hosting teams; working with county-level development organizations to assist with leads and prospects; and preparation of impact analysis in conjunction with Colorado OED staff. Emphasis is placed on prospects which represent company expansions to additional locations, and not re-locations involving shutdowns and layoffs in other areas.

Incentives to attract industry or motivate business expansion include lower interest rates and subordinated RLF loans; various job training and recruitment assistance discussed in Chapter E; Enterprise Zone tax incentives; and potential participation of other State and Federal agencies through DRG initial contact. Alamosa County has indicated it will consider a discounted value on county-owned land for prospects offering significant job, wage, and economic benefits.

Properties designated or zoned for light industrial use and some existing industrial park space is available in Alamosa, Monte Vista, Center and other communities. South Fork is in the process of establishing a 50-acre industrial park at the former sawmill site.

Efforts are also being made to identify and provide more detail on other available or potential development sites. Additional work is needed to research our special location advantages, identify the best-fit industries for our area, and identify the problems facing these industries which we can help solve.

7. Other Ongoing Services and Tools

In addition to the more specific program tools mentioned above, other services and fields of expertise are being maintained to assist projects. Our involvement in a wide range of partnerships and connections throughout the Valley and State places the DRG in a regional coordination role for meetings, forums, workshops, and seminars. Grantwriting skills and assistance are available on a selected basis for projects involving significant job and economic benefits. DRG has also provided grant pass-through service on a selected basis.

Experience in planning and project design as exemplified in this document and other planning roles is a strong asset in partnerships, and is being applied to many projects and requests for assistance. We have also acquired extensive experience in grants management, with the ability to follow through on the entire scope of activities in a program or project ranging from planning, application work, organizing, implementing, monitoring performance and compliance, reporting, analyzing results, and presenting useful information.

Data collection, management, and research services are mentioned in several other sections. Briefly stated, these involve responding to requests for information from a wide public; maintaining State Data Center Affiliate status with the State Demography Section; maintaining and expanding data files and library; document preparation; and special reports.

Research, surveys, and in-depth analysis on various issues pertaining to economic and community development are also possible with additional funding sources.

Table Y-1
RLF Program History, 1985 - June 2002

	EDA Sec 209	%	CDBG	%	Nonfederal	%	Total	%
RLF capitalization	\$1,831,774	28.5	\$2,249,564	35.0	\$2,348,336	36.5	\$6,429,674	100.0
Grants	794,290 ¹⁾		2,340,679 ²⁾				3,134,969	
Match	170,100 ³⁾		-130,100		-40,000		-	
Revolved \$/program income	867,384 ⁴⁾		38,985 ⁵⁾		931,745 ⁶⁾		1,838,114	
Ag treatment project ⁷⁾					1,456,591		1,456,591	
RLF \$ loaned	\$1,397,484	25.5	\$1,829,564	33.4	\$2,252,236 ⁸⁾	41.1	\$5,479,284	100.0
MEP component			211,155		12,640		223,795	
Non-loan uses	\$30,000	24.2			\$106,100	85.8	\$136,100	100.0
Conejos guarantee pool ⁹⁾					16,300		16,300	
First D/T - loan recovery ¹⁰⁾	30,000				89,800		119,800	
Bank & business loan leveraging	\$7,839,740	44.7	\$8,854,251	50.5	\$839,224	4.8	\$17,533,215	100.0
Leverage ratio - other \$/RLF \$	5.6:1		4.8:1		1.05:1 ⁸⁾		4.4:1 ¹¹⁾	
FTE jobs created/retained	201.5	39.1	210.3 ¹²⁾	40.8	103.6 ¹²⁾	20.1	515.4	
% low/mod income							70.0	
Job cost - RLF \$/jobs	\$6,935		\$8,790		\$7,497 ⁸⁾		\$7,805 ¹¹⁾	
Payrolls in active projects							\$5,600,000 ¹³⁾	100.0
RLF \$ written off							\$327,786 ¹³⁾	100.0
% RLF \$ loaned							6.0	
RLF loans by county/% of Valley								
Alamosa	\$738,484	52.8	\$883,074	48.3	\$234,740	10.4	\$1,856,298	33.9
Conejos	126,060	9.0	110,000	6.0	59,000	2.6	295,060	5.4
Costilla	28,000	2.0	135,650	7.4		0.0	163,650	3.0
Mineral		0.0	93,000	5.1	20,000	0.9	113,000	2.1
Rio Grande	330,000	23.6	287,700	15.7	100,345	4.5	718,045	13.1
Saguache	174,940	12.5	320,140	17.5	1,838,151	81.6	2,333,231	42.6
San Luis Valley	\$1,397,484	100.0	\$1,829,564	100.0	\$2,252,236	100.0	\$5,479,284	100.0

Source: SLV Development Resources Group, 6/27/02.

- 1) Initial grant of \$300,000 in 1986 plus \$494,290 in recap funds recently awarded and partially loaned out.
- 2) Includes the business assistance portion of 5 grants from 1985-2001, and a \$420,000 recap currently pending release of funds.
- 3) CDBG funds were used to meet a 30% match requirement on the first EDA grant, and nonfederal funds revolved from former CDBG loans are being used to meet a 40% match requirement on the recap.
- 4) Funds acquired from the repayment of loan principal and fees subject to federal re-lending requirements.
- 5) Program income represented by payments received during the open grant period of the 3rd and 4th CDBG grants. After this period, revenues are no longer subject to federal re-lending requirements.
- 6) Revolved funds, from former CDBG and second generation loans from the Nonfederal portfolio.
- 7) Funds for the project originated from the Colorado Office of Economic Development as a CDBG loan and are being paid back to the DRG's RLF as Nonfederal.
- 8) RLF \$ loaned excluding ag treatment = \$795,645.
- 9) RLF funds are invested in a guarantee pool of \$65,200 including local and state investors. Based on this guarantee, a total of up to \$195,600 in bank loans can be generated for borrowers located in Conejos Co.
- 10) RLF funds are invested in a first Deed of Trust on additional property for loan recovery purposes.
- 11) Total RLF \$ loaned excluding ag treatment = \$4,022,693.
- 12) Includes Micro Enterprise Program (MEP) low and moderate income business owners.
- 13) Based on reports to SLV County Commissioners Association, 8/13/01.

Table Y-2

RLF Loans and Jobs by Industry Group, 1985 - June 2002

	<u>Projects</u>	<u>RLF \$ loaned</u>	<u>Percent</u>	<u>FTE jobs</u>	<u>Percent</u>
Value-added ag processing	7	\$2,278,291	41.6	107.6	20.9
Potatoes	2	442,700		36.6	
Carrots	1	225,000		63.0	
Canola	1	40,000		2.0	
Yarn & wool products	2	114,000		6.0	
Ag treatment facility in Center ¹⁾	1	1,456,591		-	
Other ag related	3	\$200,000	3.7	14.9	2.9
Steel propagation lab	1	25,000		2.9	
Fish farm	1	75,000		7.0	
Bottled water	1	100,000		5.0	
Manufacturing	11	\$436,690	8.0	56.0	10.9
Sheet metal parts	1	100,000		5.0	
Heat exchangers & large equip	1	65,000		6.5	
Salvaged auto engines	1	100,000		15.0	
Furniture & wood products	2	59,000		2.5	
Sawmills & logging	2	25,940		3.0	
Flagsand banners	1	18,750		1.0	
Publishing & graphic arts	2	20,000		7.0	
Tire retreading	1	48,000		16.0	
Telecommunications	1	\$40,000	0.7	3.5	0.7
Tourism	15	\$770,410	14.1	130.8	25.4
Alligator farm attraction	1	80,000		4.0	
Restaurants & convenience stores ²⁾	10	534,350		111.0	
Lodging, guest ranches & tourist services	4	156,060		15.8	
Nursing homes & assisted living	4	\$375,000	6.8	81.0	15.7
Child & adult day care	3	\$136,248	2.5	17.1	3.3
Retail sales	21	\$763,105	13.9	63.5	12.3
Lumber & hardware	4	265,000		27.1	
Grocery stores	3	223,000		18.5	
Clothing, gifts & sporting goods	9	200,605		13.5	
Misc retail	5	74,500		4.4	
Services	14	\$479,500	8.8	41.0	8.0
Plumbing & heating	1	70,000		7.5	
Auto repair	2	53,700		7.5	
Welding & small engine repair	4	108,000		5.5	
Personal service	2	110,000		6.0	
Transit services	1	25,000		4.0	
Misc services	4	112,840		10.5	
Total	79	\$5,479,284	100.0	515.4	100.0

Source: SLV Development Resources Group, RLF Loan History, 5/16/02.

1) Funds for the project originated from the Colorado Office of Economic Development and are being paid back to the DRG's RLF.

2) Approximately 50% or more of business sales in these projects are supported by tourists.

FTE = Full-time equivalent calculated on the basis of 40 hrs/wk, 2,080 hrs/yr.

Table Y-3

San Luis Valley Enterprise Zone - Certifications and State Tax Credits, 2001

	Alamosa	Conejos	Costilla	Mineral	Rio Grande	Saguache	San Luis Valley
Certifications issued							
Agriculture	54	42	13	0	84	43	236
Retail	25	4	1	2	18	1	51
Manufacturing	18	2	3	2	10	2	37
Other	28	3	4	2	19	5	61
Certification Total	125	51	21	6	131	51	385
\$ invested in Zone							
Agriculture	\$4,253,436	\$2,851,019	\$2,424,090	\$0	\$9,364,963	\$8,563,097	\$27,456,605
Retail	2,914,659	134,759	8,900	32,375	2,473,514	21,842	5,586,049
Manufacturing	2,271,778	86,538	246,026	122,965	3,283,857	332,914	6,344,078
Other	2,687,688	138,867	465,397	324,602	976,368	349,838	4,942,760
Invested Total	\$12,127,561	\$3,211,183	\$3,144,413	\$479,942	\$16,098,702	\$9,267,691	\$44,329,492
\$ qualifying for tax credit							
Agriculture	\$3,611,502	\$2,116,689	\$1,883,575	\$0	\$6,962,858	\$5,612,607	\$20,187,231
Retail	2,270,059	130,618	8,900	47,600	2,064,113	21,842	4,543,132
Manufacturing	1,986,355	69,647	224,687	82,965	2,944,408	78,180	5,386,242
Other	2,139,263	138,864	280,881	269,002	682,040	257,616	3,767,666
Qualifying Total	\$10,007,179	\$2,455,818	\$2,398,043	\$399,567	\$12,653,419	\$5,970,245	\$33,884,271
Investment tax credit							
Agriculture	\$109,994	\$63,442	\$56,508	\$0	\$209,025	\$167,476	\$606,445
Retail	68,146	3,919	267	1,428	61,923	655	136,338
Manufacturing	59,591	2,089	6,741	2,489	88,332	2,346	161,588
Other	64,177	4,166	8,426	8,070	20,460	7,727	113,026
Credit Total	\$301,908	\$73,616	\$71,942	\$11,987	\$379,740	\$178,204	\$1,017,397
Other Credits							
Jobs created	68	4	29	6	46	6	159
New Business Facility Jobs	56	0	7	0	73	11	147
New Business Facility Jobs Credit	\$27,792	\$0	\$3,167	\$0	\$36,500	\$5,500	\$72,959
Ag Production Credit	0	0	0	0	0	4,500	4,500
Health Care Credit	\$4,517	\$0	\$0	\$0	\$1,600	\$400	\$6,517
Job Training Credit	\$3,041	\$0	\$0	\$0	\$0	\$0	\$3,041
Employees trained	256	0	0	0	0	0	256

Source: San Luis Valley Development Resources Group, *Annual Enterprise Zone Report, 2001*.

Table Y-4

San Luis Valley Enterprise Zone - Contributions to Eligible Zone Projects, 1994-2001

Project Name	Location	1994	1995	1996	1997	1998	1999	2000	2001
A. E. Staley	Monte Vista	\$ 155,000	\$ -	\$ 185,000		\$ 171,000	\$ 150,000	\$ -	\$ 175,000
Adams State College Foundation	Alamosa	202,954	192,048	43,128	270,292	213,496	312,004	263,884	103,272
Alamosa Chamber of Commerce	Alamosa	29,431	1,340	-	1,000	1,000	20,000	2,000	2,500
Carnegie Library	Monte Vista	-	3,850	-	10,010	30,800	5,800	7,450	-
Carrot Processing Facility	Center	-	-	-	-	-	-	-	-
Cattails/Gateway	Alamosa	-	1,000	-	63,350	83,950	126,450	28,050	7,000
Conejos Museum	La Jara	-	-	-	4,800	4,091	3,250	2,500	-
Creede Repertory Theatre	Creede	67,160	72,650	31,361	74,850	117,107	119,485	110,050	74,225
Del Norte Old Town	Del Norte	-	-	-	100	1,500	-	-	-
Friends of the Dunes	Mosca	4,900	6,200	1,100	4,200	4,000	4,100	3,100	-
La Puente	Alamosa	28,073	43,037	43,821	185,505	117,969	127,156	156,191	145,775
La Puente Thrift Store	Alamosa	1,000	6,000	-	-	2,000	2,000	2,000	2,000
M.V.Urban Renewal/Fassett Bldg.	Monte Vista	8,250	8,516	-	100	1,500	-	25,000	-
Monte Vista Chamber/Commerce	Monte Vista	10,585	-	-	-	600	8,300	300	-
Noah's Ark Child Care - Del Norte	Del Norte	-	-	-	-	-	-	-	-
Potato Administrative Committee	Monte Vista	1,000	5,787	-	-	6,250	3,125	3,125	-
Potato Processing Facility	Center	-	-	-	-	-	-	-	-
RC & D Aquaculture Project	Alamosa	7,050	1,500	-	-	-	-	-	-
Rio Grande Hospital/Del Norte	Del Norte	-	8,900	32,910	89,050	101,700	65,200	57,000	8,050
Saguache County Credit Union	Saguache	-	3,240	140	200	-	-	-	-
San Luis Valley Development Resources Group	Alamosa	3,500	23,751	1,000	45,120	44,550	53,950	120,600	40,700
San Luis Valley Housing Coalition	Alamosa	3,830	4,994	-	2,200	-	-	-	-
Sargent School Foundation	Sargent	-	-	-	22,170	27,898	20,090	29,158	-
Ski Hi Park Commission	Monte Vista	-	6,500	-	-	-	-	-	-
SLV Airport Improvements	Alamosa	1,000	-	-	1	500	500	600	-
SLV Education Cnter Endowment	Alamosa	-	-	-	-	35,516	22,500	20,000	5,000
SLV Historical Society	Alamosa	4,700	3,900	100	3,200	3,310	4,000	4,300	100
SLV Information Center	Monte Vista	8,250	5,600	1,000	4,150	12,650	9,525	10,525	-
SLV Transit	Alamosa	500	200	-	500	-	-	-	-
St. Peter's Preschool & Child Care - Monte Vista	Monte Vista	-	-	-	-	200	400	-	-
Upper Rio Grande Health Clinic	Del Norte	-	86,372	5,500	7,450	4,300	4,000	19,900	-
Valley Wide Health Serivces	Alamosa	-	19,607	1,000	-	-	-	-	-
Wastewater Treatment Facility	Center	-	-	-	-	-	-	-	-
Wee Care Center - Alamosa	Alamosa	4,750	8,500	1,000	6,250	8,160	61,180	22,281	500
Windsor Restoration/Historical	Del Norte	25,522	25,800	300	36,000	33,530	4,979	19,900	-
Total Contributions		\$ 567,455	\$ 539,292	\$ 347,360	\$ 830,499	\$ 1,027,577	\$ 1,127,993	\$ 909,914	\$ 566,123

Source: San Luis Valley Development Resources Group, *Annual Enterprize Zone Reports, 1994 - 2001*.

Table Y-5

San Luis Valley Enterprise Zone - ITC Credits and Investments Generated, 1994-2001

	<u>New Investment</u>	<u>Qualifying Investment</u>	<u>Investment Tax Credit</u>
1994	\$ 51,561,784	\$ 42,952,400	\$ 1,288,572
1995	68,471,273	51,264,933	1,537,948
1996	117,013,871	48,490,000	1,454,700
1997	6,135,200	47,007,933	1,410,238
1998	4,982,200	37,054,800	1,111,644
1999	65,456,104	48,259,067	1,447,772
2000	59,238,079	40,891,233	1,226,737
2001	44,329,493	33,884,272	1,017,396
Total	\$ 417,188,004	\$ 349,804,638	\$ 10,495,007
1994-2000 ave	\$ 52,148,501	\$ 43,725,580	\$ 1,311,876

Source: San Luis Valley Development Resources Group, *Annual Enterprise Zone Reports, 1994 - 2001*.

Table Y-6

Colorado Enterprise Zone Tax Incentives, April 2002

- 1. Investment Tax Credit** – 3% of qualified investment in Section 38 property acquired and placed in service or constructed in the Zone during the tax year, and used exclusively in a Colorado Enterprise Zone for the first year of its ownership by the taxpayer.
- 2. New Business Facility Jobs Credit** – \$500 per each new business facility employee working in the Zone prorated according to the number of months of employment during the tax year. For subsequent years, the \$500 is allowed for any increase in the average number of employees.
- 3. Agricultural Processing Job Credit** – Agricultural credit of \$500 per new business facility employee for businesses which add value to ag commodities through manufacturing or processing.
- 4. Employer Health Insurance Tax Credit** – Two-year \$200 tax credit per each new business facility employee who is insured under employer-sponsored health insurance.
- 5. Research and Development Tax Credit** – 3% of the amount of increase in R&D expenditures within the Zone for the current tax year above the average R&D expenditures in the previous two years. No more than one-fourth of this credit can be taken in any one tax year.
- 6. Tax Credits to Rehabilitate Vacant Buildings** – 25% of the cost of rehabbing Zone buildings for commercial use to owners or tenants when the building is at least 20 years old, and has been completely vacant for at least 2 years.
- 7. Tax Credit for Private Contributors** – 25% of the value of the contribution up to a maximum of \$100,000 for monetary or in-kind contributions for qualified projects as determined by the Enterprise Zone Administrator.
- 8. Qualified Job Training Program Investment Credit** – 10% of eligible training credits for Zone employers who carry out a qualified job training program.
- 9. State Sales and Use Tax Exemption** – Exemption from 3% state sales and use tax for businesses purchasing machinery, machine tools, and parts for manufacturing purposes within the Zone. Purchase of mining equipment and materials used to make eligible machinery are also included.
- 10. Local Government Tax Incentives** – a) Incentive payment equal to not more than the amount of increase in property tax liability over pre-Zone levels; and b) a refund of local sales taxes on equipment, machinery, machine tools, or supplies used by the business in the Zone. Cities or counties within the Zone are authorized to negotiate these incentives for qualifying new business facilities.

Source: Colorado Department of Revenue, *General Information About Colorado Enterprise Zones, 2002*, and *EZ Facts, a Summary of Colorado's Enterprise Zone Tax Benefits*. Information summarized by the San Luis Valley Development Resources Group, April 2002.

Table Y-7

Leading Edge Classes, 1989-2002

2002 Course Content

<u>Week</u>	<u>Topic</u>
1	Introduction: Overview & Entrepreneurship
2	Planning & Research
3	Developing a Management Team
4	Marketing - Analysis
5	" - Strategies & tactics
6	Financial overview - Importance of Accounting
7	Managing Your Money - Financial planning, budgets & assumptions
8	" " - Cash Flow Projections
9	Understanding & Using Financial Statements
10	Financing Your Business - Alternative funding sources
11	Negotiations - Lessons learned on the road to success
12	Managing Growth & Plan Completion

Enrollment and Outcomes

<u>Year</u>	<u>Enrollment</u>	<u>Graduates</u>	<u>Businesses Created</u>
1989-1993	105	87	86
1996-1997	23	10	17
1998	19	19	10
1999	35	23	9
2000	22	15	13
2001	16	13	10
2002	16	In session	In session
Total	<u>236</u>	<u>167</u>	<u>145</u>

Source: Adams State College Small Business Development Center, July 2002. Classes are sponsored jointly by the SBDC and SLV Development Resources Group.

Table Y-8

EDA Area Distress Indicators, June 2002

	Population	Per capita income (PCI)	Civilian labor force	Ave 24-month unemp	24-month unemp rate	Grant rate %	Grant rate factor
Alamosa	14,958	\$21,232	8,138	416	5.1%	50%	PCI
Conejos	8,411	15,089	3,691	269	7.3	70	PCI
Costilla	3,679	17,778	1,346	123	9.1	70	Unemployment
Mineral	835	20,880	459	10	2.2	50	PCI
Rio Grande	12,449	20,326	4,907	348	7.1	60	Both
Saguache	<u>5,990</u>	<u>14,738</u>	<u>2,684</u>	<u>207</u>	<u>7.7</u>	70	PCI
San Luis Valley	46,322	\$18,753	21,225	1,373	6.5%		
National average		\$29,469			4.6%		

Source: Economic Development Administration, Denver Regional Office, 6/4/02. Report was based on 2000 BEA estimates for per capita income and BLS data ending 3/31/02 for unemployment. Grant rates are based on degree of variability from National averages.

Note: A 50% grant rate is standard. Higher portions of grant share are based on PCI below, and 24-month unemployment rates above the National averages. Counties and cities with membership in the District program are eligible for an additional 10% grant share. The following PCI and 24-month unemployment criteria thresholds are as follows:

PCI	Grant rate		
	60%	70%	80%
not more than -			
70% National ave	X		
60% "		X	
50% "			X
24-month unemp rate -			
not less than -			
150% National ave	X		
180% "		X	
225% "			X
Presidentially-declared disaster areas			X