

## Business Costs

In Montezuma County land used for agricultural purposes is valued at \$500 per acre. Taxes on the land are presently at 29%. Since this operation would be considered agricultural, equipment is considered personal property and is not taxed.

Sales Tax	
City of Cortez	4.05%
Montezuma County	.45%
State of Colorado	2.90%

## Tax and Cash incentives

Because Montezuma County is an Enterprise Zone, many benefits exist to assist the company in relocating here. The following programs are available:

- 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.
- \$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. 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.
- Double job tax credit for agricultural processing. An additional credit of \$500 per new business facility employee may be claimed by businesses which add value to agricultural commodities through manufacturing or processing.
- \$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.
- R & D tax credit. Taxpayers who make private expenditures on research and experimental activities (as defined in federal tax law) conducted in an enterprise zone qualify for an income tax credit. This credit equals 3 percent of the amount of the increase in the taxpayer’s R & DE expenditures within the zone for the current year above the average of R & D expenditures within the zone area in the previous two years. No more than one fourth of the allowable credit may be taken in any one tax year.
- 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.
- 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.

- 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.
- Exemption for state sales and use tax for manufacturing and mining equipment. Purchases of manufacturing machinery, machine tools, and parts therefore are except from the 3 percent state sales and use tax statewide. In addition when used solely within an enterprise zone this exemption may be claimed for purchases of mining equipment and materials used to make eligible machinery. Eligible purchases used in an enterprise zone are exempt whether the purchases are capitalized or expenses for accounting purposes.
- Local government tax incentives. Any city or county 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 purchase of equipment, machinery, machine tools, or supplies used in the taxpayer's business in the enterprise zones.