Illustration of Return on Investment to the State of Colorado from Job Growth Incentive Tax Credit

Scenario 1: Successful Job Expansion - Arrow Electronics

One successful 1,250 job company recruitment would cover substantially all of the Fiscal Note.

- 1,250 new jobs (X)
- \$ 80,000 average annual salary (Y)
- Total annual payroll: (X*Y) \$ 100,000,000
- State income tax rate: 4.63%
 - > State Income Tax generated per year: (\$ 100 M * 4.63%) \$ 4,630,000
- Sales tax:\$700 per person/year for \$100,000 annual salary
 - > State Sales Tax generated per year: (1,250 * \$700) \$875,000
- Total State Revenue generated per year \$ 5,505,000 (excludes impacts from new jobs generated by direct suppliers to company and from any multiplier impacts)

Scenario 2: Per Employee Cost and Revenues to State

1) Employee has an annual salary of \$100,000

2) State Income Tax generated

> (\$100 K * 4.63%)

\$ 4,630

3) State Sales Tax generated

> (\$700 * 1)

<u>\$ 700</u>

4) Total State Revenue

\$ 5,330

5) State Tax Credit: 50% of FICA (7.65%)

> (\$100 K *7.65% * 50%)

(\$ 3,825)

Since JGITC are performance-based, new positions must be held for one year before receiving credit

<u>To year Summary</u>									
	R	Revenue		Credit		Net		Accum.	
Yr 1	\$	5,330	\$	-	\$	5,330	\$	5,330	
Yr 2	\$	5,330	\$	(3,825)	\$	1,505	\$	6,835	
Yr 3	\$	5,330	\$	(3,825)	\$	1,505	\$	8,340	
Yr 4	\$	5,330	\$	(3,825)	\$	1,505	\$	9,845	
Yr 5	\$	5,330	\$	(3,825)	\$	1,505	\$	11,350	
Yr 6	\$	5,330	\$	(3,825)	\$	1,505	\$	12,855	
Yr 7	\$	5,330	\$	(3,825)	\$	1,505	\$	14,360	
Yr 8	\$	5,330	\$	(3,825)	\$	1,505	\$	15,865	
Yr 9	\$	5,330	\$	(3,825)	\$	1,505	\$	17,370	
Yr 10	\$	5,330	\$	-	\$	5,330	\$	22,700	

After 1 year, net revenue is \$ 5,330; Cost to the state is \$ 0.

[•] In year 2, net revenue remains at \$ 5,330; Cost to the state is (\$ 3,825)

After 10 years, net fiscal impact to the state is \$ 22,700