

\$42 Million Of Investment Tax Credits for Projects Over \$500,000 Were Approved in 2010

One Half Percent Of Projects Take 60% of Benefits

Business Name	Date Reported	Type of Business	Total Capital Investment Reported	Investment Qualifying for Credit	Investment Tax Credit	County
Williams Field Services Company	12/31/2010	Oil & Gas	\$345,874,618.00	\$329,491,718.00	\$9,884,752.00	Rio Blanco
Williams Production RMT Co.	12/31/2010	Oil & Gas	\$153,511,783.00	\$150,579,712.00	\$4,517,391.00	Garfield
Kerr-McGee Oil & Gas Onshore	12/31/2010	Oil & Gas	\$136,853,053.00	\$136,853,053.00	\$4,105,591.59	Weld
Xcel Energy	12/31/2010	Utility	\$104,956,941.00	\$104,956,941.00	\$3,148,708.00	Pueblo
Qwest Corporation	12/31/2010	Communication	\$92,392,476.56	\$92,392,476.56	\$2,771,774.30	Denver
Kerr-McGee Oil & Gas Onshore	12/31/2010	Oil & Gas	\$59,764,509.00	\$59,764,509.00	\$1,792,935.27	Weld
Kerr-McGee Oil & Gas Onshore	12/31/2010	Oil & Gas	\$50,378,575.00	\$50,378,575.00	\$1,511,357.25	Weld
Exxon Mobile Corporation	12/31/2010	Oil & Gas	\$745,478,157.00	\$45,126,104.00	\$1,445,903.00	Garfield
SuncorEnergyUSAInc	12/31/2010	Oil & Gas	\$47,461,426.00	\$45,860,292.00	\$1,375,809.00	Adams
Kerr-McGee Oil & Gas Onshore	12/31/2010	Oil & Gas	\$43,714,456.00	\$43,714,456.00	\$1,311,433.68	Weld
Wyoming Interstate Company	12/31/2010	Oil & Gas	\$43,628,994.00	\$43,515,341.00	\$1,305,460.00	Rio Blanco
Bill Barrett Corporation	12/31/2010	Oil & Gas	\$39,535,621.00	\$39,535,621.00	\$1,186,069.00	Garfield
EnCana Oil & Gas (USA) Inc.	12/31/2010	Oil & Gas	\$39,423,241.00	\$39,423,241.00	\$1,182,697.00	Garfield
Pioneer Natural Resources USA	12/31/2010	Oil & Gas	\$33,713,006.00	\$33,713,006.00	\$1,011,390.00	L Animas
Mountain Coal Co.	12/31/2010	Mining	\$27,280,700.00	\$26,531,746.00	\$795,952.00	Gunnison
Gunnison Energy Corp.	12/31/2010	Mining	\$24,579,807.00	\$24,579,807.00	\$737,394.00	Gunnison
Swedish Medical Center	12/31/2010	Medical	\$34,511,015.00	\$24,222,347.00	\$726,670.00	Arapahoe
Trapper Mining Inc.	12/31/2010	Mining	\$28,062,110.00	\$23,699,455.00	\$710,984.00	Moffat
Xcel Energy	12/31/2010	Utility	\$23,502,873.00	\$23,502,873.00	\$705,086.00	Pueblo
Berry Petroleum Company	12/31/2010	Oil & Gas	\$47,703,677.00	\$22,630,596.00	\$678,918.00	Garfield
Chevron	12/31/2010	Oil & Gas	\$58,778,398.00	\$21,857,897.00	\$655,737.00	Garfield
Oxy USA Inc.	12/31/2010	Oil & Gas	\$21,086,504.00	\$21,086,504.00	\$632,595.00	Garfield
Nestle Purina PetCare Company	12/31/2010	Pet Food	\$20,977,628.00	\$20,776,611.00	\$623,298.00	Denver
Wexpro Company	12/31/2010	Oil & Gas	\$19,495,336.00	\$19,495,336.00	\$584,860.00	Moffat
Xcel Energy	12/31/2010	Utility	\$18,106,937.00	\$18,106,937.00	\$543,208.00	Denver
					\$43,945,973.09	

HB 1251 Concerns Reforms to the Enterprise Zone Investment Income Tax Credit

The Enterprise Zone Investment Tax Credit (ITC) is one of 10 different tax credits offered through the Colorado Enterprise Zone Program.

Under current statute, this specific credit allows a business taxpayer within an Enterprise Zone to claim an ITC that is equal to 3% of the business taxpayer's total qualified investment during an income tax year.

Then, the business taxpayer is allowed to claim a qualified ITC for the first \$5,000 of income tax liability, plus an amount equal to 50% of the business taxpayer's tax liability in excess of \$5,000. These credits, ITCs, can be carried forward for 12 years.

This bill will limit the amount of Enterprise Zone ITC that a business taxpayer may claim to \$500,000 per year. Except, the bill will allow any business taxpayer eligible for an ITC to appeal to the Colorado Economic Development Commission for permission to claim a credit in excess of the \$500,000 limit. The Commission can grant an amount above the \$500,000 tax credit based on evidence that the additional income tax credit is a substantial factor to the start-up, expansion, or relocation of the taxpayer's business in the enterprise zone. The bill does not change the 12-year carry forward provision.

- **Four to five thousand business investments claim this credit each year. Important to note is the vast majority of credits are worth less than \$100,000, meaning that Colorado's small and agricultural business communities will not be impacted by this bill.**
- **And, the Colorado Enterprise Zone Program will remain the state's largest economic development program.**

Why is Enterprise Zone Income Investment Tax Credit Reform Necessary? *Recent Denver Post articles have pointed out some important facts:*

- **Enterprise Zones, created to spark economic development and job growth in the poorest areas of the Colorado, now cover around 70 % of the state.** (The business taxpayers in the remaining 30% of Colorado are the real losers here!)
- In 2010, companies filed requests for tax credits totaling \$75-million for making capital investments or training workers in enterprise zones. Those companies created 564 jobs – **a cost of nearly \$133,000 per job.**
- Since the end of 2004, **companies participating in the program cut jobs more than 4,000 times while claiming credits.**
- Additionally, an attached table shows that some of the largest corporations are now the biggest beneficiaries in Enterprise Zones. **In 2010, 27 projects (around one-half of one percent) were approved for about 60% of the total investment tax credit.**

In the tough economic times that Colorado has faced in the past few years - making necessary cuts to education and public safety, among other programs - the Enterprise Zone Program's apparent bad record in creating jobs, and very large tax expenditures have caught the attention of many who question its cost-effectiveness.

I strongly believe that we need to reform the Enterprise Zone Act now, or risk losing the program all together. I ask you for a YES vote on HB 1251! *State Rep. Dickey Lee Hullinghorst, Sponsor*