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## LARIMER COUNTY POLICIES BOARD OF COUNTY COMMISSIONERS

**SUBJECT:** BCC Policy #09032013P001

**ECONOMIC DEVELOPMENT INCENTIVE POLICY FOR LARIMER COUNTY**

**REVISION DATE:** August 15, 2013

**REVIEW:** Annually - August

**CANCELLATION:** Economic Development Policy, dated January 21, 2003, BCC  
P#01212003P001

**CONTACT:** Economic Development Manager/Enterprise Zone Administrator/Workforce  
Investment Board Liaison

**ATTACHMENTS:** None

**REFERENCE:**

- A. Governing Policies Manual; 4.3 – Jobs and Economic Vitality
- B. Board of Commissioners Policy BCC P#18 – A Right to Farm and Ranch Policy

**REVISION LOCATOR:**

- 1. All Sections

**PURPOSE:** To articulate the Policy of the Board of County Commissioners regarding response to economic development issues and incentives.

**POLICY:**

**I. ECONOMIC DEVELOPMENT INCENTIVE POLICY**

- A. Larimer County supports the development of a sustainable, self-reliant local economy that meets present needs while addressing possible needs of future generations (reference A). Achieving this goal will deliver the following benefits:
  - 1. Availability of productive, rewarding job opportunities for residents of Larimer County.

2. Preservation and enhancement of a diversified, vital local economy.
  3. Stabilization of economic cycles.
  4. Generation of adequate public and private resources to support essential services and infrastructure for County residents.
- B. Such economic development would support existing businesses and retain existing employment, as well as foster new employment opportunities for Larimer County.
- C. The role of County government is to support and facilitate other public and private economic development efforts when appropriate and requested. Potential tools include:
1. Tax Incentives
  2. Right to Farm Policy (reference B)
  3. Workforce Development
  4. Demographic, Economic, and Labor Market Information
  5. Larimer / Weld Business Loan Fund
  6. Larimer County Enterprise Zone Program
- D. The Larimer County Board of Commissioners has the ability to offer business incentives that help to achieve its economic development goals (reference A). According to Colorado State Statute, the Larimer County Board of Commissioners may negotiate corporate property tax rebates. Larimer County's policy for qualifying companies is to rebate up to 50% of personal property taxes for up to five years. Business Incentive proposals are evaluated on the overall economic impact to Larimer County-including the amount of capital investment, employment growth, and wage levels for jobs being created.

Factors that influence a company's consideration for business personal property tax rebates include:

1. The company's average wage at a level above the Larimer County average annual wage as reported by Colorado LMI Gateway<sup>1</sup>.
2. Capital investment of at least \$1 million.
3. The creation of at least 10 new jobs, or the addition of 10% of the current workforce at the company, or the retention of the company in Larimer County.
4. The company falls into one of the State of Colorado's 14 Key Industries.

Advanced Manufacturing	Financial Services
Aerospace	Food & Agriculture
Bioscience	Health & Wellness
Creative Industries	Infrastructure Engineering
Defense & Homeland Security	Technology & Information
Electronics	Tourism & Outdoor Recreation
Energy and Natural Resources	Transportation & Logistics

<sup>1</sup> www.colmigateway.com

5. The company is in active negotiation stages of a relocation or expansion process.
6. The company agrees to work with the Workforce Center and/or other Larimer County organizations.
7. The company is aligned with the environmental values of the Larimer County Board of Commissioners.
8. If the proposed site for the business is located within a municipality that has established significant property tax increment financing districts, significant review share-back agreements are in place consistent with the County's philosophy regarding Tax Increment Financing as enumerated on page 4 of this Policy.

All incentives are considered on a case by case basis; however, the aforementioned factors will play a critical role in the Larimer County Board of Commissioners' decision. Incentives will only be considered prior to a company making a final site location decision.

- E. Larimer County will work with regional economic development organizations and municipal partners to bring any other relevant economic development assistance to the company's attention. Larimer County is committed to partnerships that meet the needs of the current and future Larimer County citizens.

## **II. ABOUT THE LARIMER / WELD BUSINESS LOAN FUND**

The Larimer/Weld Business Loan Fund (BLF) was established to assist with the financial needs of companies expanding or locating in Larimer or Weld County.

The BLF can provide short-term financing for up to 45% of project costs, and may assume a second or third collateral position in order to leverage other lender involvement. The minimum loan amount is \$25,000. Based on the financial needs of the applicant, the use of the borrowed funds and the borrower's credit history, typical terms will be for a term of 5-7 years and interest rates are based on the prime rate.

Find more information at the link below:

<http://www.upstatecolorado.org/business/weld-larimer-fund-page.php>

## **III. ABOUT THE LARIMER COUNTY ENTERPRISE ZONE PROGRAM**

- A. Colorado's Enterprise Zone (EZ) program provides tax incentives to encourage businesses to locate and expand in designated economically distressed areas of the state. The program encourages job creation and capital investment by providing tax credits to businesses and projects which promote and encourage economic development activities within the Enterprise Zone. Larimer County actively encourages businesses to use the EZ program to facilitate economic development and business growth, and job creation (reference A).



## Existing options Local Governments have to eliminate or reduce the business personal property tax (BPPT)

The sky is the limit in terms of what a local government may choose to do with its business personal property tax. **TABOR states (Art X, Sec 20 (8)(b) “Each district may enact cumulative uniform exemptions and credits to reduce or end business personal property taxes.”** This is where local government authority resides to do as they wish with the BPPT.

There are many options local governments have in regards to the bppt:

- 1.) Thanks to TABOR, Counties and other local governments can eliminate their BPPT tax. Only one county – El Paso County – has chosen to eliminate the county portion of the bppt tax.
- 2.) CRS 30-11-123 allows counties to provide an ‘annual incentive payment’ (it’s a rebate of the county’s bppt) to a taxpayer. This is a pretty cool tool because it allows counties to specify the conditions (and the duration!) whereby they MIGHT consider providing an annual incentive payment to a business. This annual incentive payment option also exists for cities.
- 3.) CRS 39-3-120 sets an exemption amount whereby bppt taxes are simply **not** collected for any property tax reliant entity (county, school, special district and city) . The current amount is \$7,300 and it changes each year based on inflation.

Again, Counties and other local governments can choose to increase their exemption amount ABOVE what is set in statute. Arapahoe County has chosen to increase their exemption amount to \$25,000 in actual value.

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HB19-1165 mandates local governments to exempt component parts of mobile wind turbines from business personal property tax.

This potential, future loss in revenue will impact all levels of local government. A hit that occurs at the **same time we’re experiencing a reductions in the residential assessment rate.**

Additionally, mandated exemptions put downward pressure on the residential assessment rate contributing to further reductions over time.

Property taxes are the **OPERATING REVENUES** for counties, schools and special districts. The impact may be considered ‘insignificant’ at the state level but it is significant for property tax dependent local governments.