State Economic Survey and Incentive Comparison

CONTACT INFORMATION

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US State Name: Colorado

State Abbreviation: CO

State Economic Development Web Address: http://choosecolorado.com/

State Economic Development Email Address: oedit.info@state.co.us

State Economic Development Phone Number: (303) 892-3840

Additional Relevant Links for Relocating Companies:

1) http://choosecolorado.com/doing-business/foreign-direct-investment/

2) http://choosecolorado.com/doing-business/incentives-financing/

INCOME AND OUTPUT

This section highlights your state's productivity and income to provide an understanding of the amount of business conducted and the rate of growth for businesses and individuals.[1]

Gross Domestic Product, in millions: $313.7 billion (2015)

Gross Domestic Product % Growth: 3.2% in 2015 over 2014 levels.

Per Capita Personal Income *(*GDP/Population) This is often used as a standard of living measurement*: $50,899 (2015)

Per Capita Personal Income % Change:.2.3% in 2015 over 2014 levels.

WORKFORCE

This section gives manufacturers an idea of the industry's environment in your state, including the makeup of the available workforce, the labor requirements, and recent trends.

Total Population: **5,540,545**[2]

Total Civilian Labor Force: **2,892,312**[3]

Total Number of Persons Employed: **2,795,915**[4]

Total Number of Persons Unemployed: **96,397**[5]

Unemployment Rate %: **3.3%**

Manufacturing Employment: Currently **142,519**[6]

Professional and Business Services Employment: Currently 210,254, growing at 3.45% yearly (LMI Gateway)

State Right-to-Work Law Y/N: **No**

Large Factory Openings during Previous year:

- McClane purchased 20 acres to open new plant providing 240 new jobs[7]
- Agilent Technologies purchased 20 acres to open a new facility providing 150-200 jobs[8]
- Viega decided to establish a global training center in Broomfield, CO, to bring manufacturers, distributors, and more in for education on the company's industrial products, and will also relocate its corporate headquarters to Colorado. The move will bring in about 200 jobs.[9]

Large Factory Closures during Previous year:
Tri-State Generation shutting down 2 coal plants in Montrose and Craig, estimated 83 jobs lost[10]

This section provides further insight into the potential workforce education levels, advanced areas of education, and partnerships between higher education and industry for insight into quality of labor force and growth sustainability.

% High School Diploma or More: 91.2% of Colorado residents have completed high school[11]

% Bachelor's Degree or Higher: 39.2% - 2nd highest in the nation[12]

Enrollment in Higher Education Institutions: 239,399 public enrollments, 29,854 private enrollments totalling 269,153[13]

Science and Engineering Graduate Students: 16.8 Science/Engineering Grad Students per 1,000 people aged 25-34 years old[14]. 9th highest ranking nationally. Total Grad Students - 38,822

List of High school, College, or University Manufacturing Partnership Programs *These are partnerships with manufacturers to help train future employees in certain skills:*

- Gov. John Hickenlooper announced in Sept. 2016 that Bloomberg Philanthropies and JPMorgan Chase & Co. have together committed $9.5 million to CareerWise Colorado, a new statewide apprenticeship system for high school students, and Denver Public Schools' (DPS) CareerConnect. The pilot program equips the district's high school students with high-demand skills for lucrative careers and postsecondary opportunities in Colorado's leading industries.[15]
    - For example, DPS CareerConnect serves more than 6,000 Denver students and helps them develop the skills and education for opportunities in Colorado's engineering, tech, biomedical, advanced manufacturing and finance industries, and with this grant, plans to reach 9,000 students over the next three years.
- Governor Hickenlooper established the (BEL) Commission, which works with the Colorado Workforce Development Council. This partnership is focused on building business-led experiential learning opportunities like youth apprenticeships.
    - In its first year, students will be placed in apprenticeships with leading Colorado companies working in one of four pathways including advanced manufacturing, business operations, financial services and information technology. As the program expands into more schools and communities and new businesses develop apprentices, additional pathways will be added.
- Several Colorado community colleges have partnered with businesses to train students in advanced manufacturing. For example:

    - Red Rocks Community College is working directly with local industry employers (Terumo BTC, MillerCoors, IBM, Lockheed Martin, Raytheon and more) to provide affordable, flexible training for high paying, in-demand careers.[16]
- **Innovative Industries**: The program awards matching grants up to $5,000 per intern for on-the-job training in the following industries: Advanced manufacturing, Aerospace, Bioscience, Construction, Electronics, Energy & Natural resources, Engineering, Information Technology.

List of Additional Manufacturing Training Programs:

- **CAMA Workforce Development**: the Colorado Advanced Manufacturing Alliance offers several programs for students from kindergarten through high school. Hands-on activities engage the students and motivate them to pursue manufacturing careers.[17]
- **Skillful**: training program for young adults and adults.[18]
- **Project DIY**: Project "Do it Yourself" (DIY) is an Advanced Manufacturing Camp for Denver high school females funded by The Women's Foundation of Colorado and hosted by Community College of Denver.[19]
- **Colorado Career Action Tools**: a collection of resources for young adults, adults, and veterans, including education and training options to prepare individuals for a career in manufacturing.[20]
- **Peyton's Wood Manufacturing Program:** Peyton School District opened its Career Technical Facility with our Woods Manufacturing Program. This is not a shop class, but a program that teaches students cutting edge skills needed in the Woods Manufacturing industry.[21]
- For additional training programs (both manufacturing and non-manufacturing specific), see: http://coloradomanufacturing.org/workforce-programs-finder/

List of Future Planned Manufacturing Training Programs *If known please include expected implementation date:*

COST OF DOING BUSINESS

This section highlights the costs associated with doing business in your state including taxes, wages, insurance, and energy expenses.

State Corporate Income Tax %: 4.63%[22]

State Individual Income Tax %: 4.63%[23]

State Level Sales Tax %: 2.9%

Local Average Sales Tax Rate %: 4.62%[24]

Unemployment Insurance Tax % (estimate): For the majority of employers, the beginning base tax rate is 0.017 plus principle bond rate of 0.0041 for the combined rate of 0.0211 on the first $12,500 of each employee's annual earnings. Those employers in construction-related businesses may be subject to a different tax base. Here is the breakdown for each:

- Wage Base is $12,500 for 2017. Rates Range from 2.11% to 9.57%;
- New non-construction employers use 1.7% Base Rate plus 0.41% Bond Principal Rate for a Combined Rate of 2.11% for 2017;
- General construction employers use 3.48% Base Rate plus 0.83% Bond Principal Rate for a Combined Rate of 4.31% for 2017;
- Heavy construction employers use 7.72% Base Rate plus 1.85% Bond Principal Rate for a Combined Rate of 9.57% for 2017; and
- Trade employers use 3.48% Base Rate plus 0.83% Bond Principal Rate for a Combined Rate of 4.31% for 2017.

Additional Relevant Taxes: Depends on local jurisdiction

Workers' Compensation Employer Insurance Costs per $100 of Payroll: $1.04

Average Industrial Electric Rate: 9.39¢/kWh

Average Price of Natural Gas Delivered to Industrial Consumers: $5.74 Mcf

Average Hourly Earnings of Production Workers in Manufacturing: $29.41/hr not seasonally adjusted

Minimum Wage (current): $9.30

ENTREPRENEURSHIP AND INNOVATION

This section underscores the successes of your state in terms of business innovation through awards, venture capital, and intellectual property attainment.

Venture Capital

- Of the 50 states, CO also has brought in the 6th most VC investment dollars over the past 20 years[25]
- CO ranks #6 by the number of venture capital deals in Q3 2016.[26]
- CO ranked 12th in the nation in 2016 with $118m in VC funding. Colorado startups also attracted $780m in total funding in 2016, breaking the previous 2014 record[27]
- According to the Annual 2016 Report by Built in Colorado, 2016 was a successful year for Colorado startups, where total funding raised in this year was 14% higher than 2015 and was distributed across 129 different tech companies. The B2B and Fintech industries dominated funding, bringing in $173m and $143m respectively[28]
- The Kauffman Foundation took a look at data from the largest fifty metropolitan statistical areas (MSAs) to see how entrepreneurs have performed in terms of securing money from venture capitalists, angel investors, and crowdfunding. While Silicon Valley is a venture capitalism hotbed, Denver is one of the top metro locations for angel investment (a greater percentage of firms received the full amount of angel investment).[29]

Entrepreneurship & Innovation

- Total Small Business Innovation Research (SBIR) Awards:[30]
    - Total awards: 6,531, Total Obligation: $1,793,918,616.95

- Total Small Business Technology Transfer (STTR) Awards:[31]
    - Total awards: 476, Total Obligation: $1,27,817,097

- Colorado is ranked #4 by the Kauffman Index in Main Street Entrepreneurship (Larger States), #5 in Startup Activity (Larger States), and #7 in Growth Entrepreneurship (Larger States) in 2016.[32]
- United States Patent and Trademark Offices: CO was 14th in the nation for new patents issued in 2015 with approximately 3.5 patents issued.[33]
- As of June 30th, 2014, Denver is now home to one of the five U.S. Patent and Trademark Offices in the US[34]
    - The Rocky Mountain Regional Office in Denver is responsible for Idaho, Montana, Wyoming, Utah, Colorado, North Dakota, South Dakota, Nebraska, and Kansas
- Colorado is ranked #5 in terms of Clean Energy Patents, with 40+ patents in 2015[35]
- Denver is ranked #2 for Best Place to Do Business by Forbes.[36]

FOREIGN DIRECT INVESTMENT

This section provides insight into the amount of current investment overseas and the potential state market for manufacturers to reshore.

Data for companies investing in Colorado between January 2003 and October 2016.

Year	Projects	Cape	Avg Capex	Jobs Created	Avg Jobs	Companies
2016	98	2,085.8	21.3	5,506	56	87
2015	99	2,735.7	27.6	8,007	80	96
2014	127	3,864.6	30.4	9,342	73	115
2013	110	4,072.9	37.0	10,532	95	101
2012	129	3,375.6	26.2	9,662	74	118
2011	125	3,886.0	31.1	8,212	65	117
2010	94	3,419.1	36.4	8,670	92	79
2009	93	5,786.4	62.2	10,360	111	85
2008	59	3,447.4	58.4	5,511	93	54
2007	39	3,158.0	81.0	6,210	159	37
2006	4	65.7	16.4	294	73	4
2005	6	410.0	68.3	903	150	6
2004	3	368.8	122.9	341	113	3
2003	8	153.0	19.1	541	67	8
Total	994	36,829.0	37.1	84,091	84	814

1) © fDi Intelligence, from the Financial Times Ltd 2016. Data subject to terms and conditions of use

2) All Capex figures shown in the table are in USD - United States Dollar millions

TRANSPORTATION AND INFRASTRUCTURE

This section sheds light on the basic infrastructure of your state and what a company can expect in terms of the logistics of shipping their product.

Number of major 2 or 4-Lane Highways running through state: 195 (5 interstate + 25 US highways + 165 state highways)

Number of major railways going through state: 4 [2 freight lines (BNSF & UP), 2 passenger lines (Amtrak's California Zephyr through Union Station, and the Southwest Chief through southern Colorado)]

Number of major ports connected to state: 0

Number of airports throughout state: 80

Number of International airports throughout state: 1

Number of distribution centers: N/A

Number of foreign trade zones: 3

INCENTIVES

Pending Legislation

Proposed Incentives Currently Pending Approval (Y/N): No

Cash Incentives

Does your state provide any CASH incentives? (Y/N): Yes

If you answered YES above, Please provide details of this incentive including the contact information and website if applicable:

Details:

Strategic Fund

The Strategic Fund Incentive program supports and encourages new business development, business expansions and relocation that have generated new jobs throughout the state over a five year period. A business may receive funding if it proposes to create new jobs in Colorado that are maintained for at least one year. A business must also meet the requirements below:

- Inter-state competitive factors
- The average annual wage of the job creation project must be at least 100% of the county average annual wage where the company locates
- Strong level of local matching commitments ($1:$1 required)
- The Colorado Office of Economic Development and International Trade will work with local economic development organizations to identify the $1:$1 local match on behalf of the company.
    - See this link for further details and fact sheet: http://choosecolorado.com/doing-business/incentives-financing/strategic-fund-incentive/
    - Contact: Rebecca Gillis; Manager, Global Business Development; Colorado Office of Economic Development and International Trade (OEDIT); rebecca.gillis@state.co.us

State Tax Credits

Does your state provide any Tax Credit incentives? (Y/N): Yes

If you answered YES above, Please describe the available tax credits:

Colorado Enterprise Zone Program

The Colorado Enterprise Zone (EZ) Program was created by the Colorado Legislature to promote a business friendly environment in economically distressed areas by offering state income tax credits that incentivize businesses to locate and develop and non-profit organizations to assist with the needs of these communities.

- List of potential tax credits
    - Job Training
    - New Employee Credit - tax credit offering businesses $1,100 per new job
    - EZ-Agricultural Processing - tax credit of $500 per new business facility employee may be claimed by business adding value to agricultural commodities through manufacturing or processing
    - EZ-Enhanced Rural Enterprise Zone New Employee - $2,000 total per new job for new businesses located within an EZ
    - EZ-Health Insurance - Offers businesses $1,000 per insured job available for the first two years in state EZ
    - EZ-Research and Development Tax Credit - tax credit up to three percent, based on the increase of a

company's research and development expenditures within an EZ during the previous two income tax years

- EZ-Vacant Building Rehab - allows owners or tenants of a building in an EZ that is at least 20 years old and that has been completely vacant for at least two years to claim a tax credit of 25 percent of the cost of rehabilitating the building for commercial use, up to $50,000
- EZ-Commercial Vehicle Investment Tax Credit - Offers a state income tax credit up to 1.5 percent on commercial trucks, tractors, semitrailers, and associated parts
- EZ-Contribution Projects - These projects encourage community participation and public-private partnerships to revitalize EZs. EZ administrators may propose projects for EZ project status to implement the economic development plan of that specific region. They work with their communities to bring forward proposals that meet the economic development needs, result in job creation/retention, and business expansion, and have the support of the community
    - See this link for more details, a fact sheet, and an Enterprise Zone map: http://choosecolorado.com/doing-business/incentives-financing/ez/
    - Contact: Rebecca Gillis; Manager, Global Business Development; Colorado Office of Economic Development and International Trade (OEDIT); rebecca.gillis@state.co.us

Job Growth Incentive Tax Credit

The Job Growth Incentive Tax Credit provides a state income tax credit to businesses undertaking job creation projects that would not occur in Colorado without this program and that have met certain requirements under the Economic Development Commission's (EDC) Job Growth Incentive Tax Credit Program. A business may receive funding if it proposes to create new jobs in Colorado that are maintained for at least one year. Program may operate as a pass-through tax credit and has a 10 year carry-forward. A business must also meet the requirements below:

- Inter-state competitive factors
- Company must create a minimum of 20 net new full-time jobs over an 8-year period
- The average annual wage of the job creation project must be at least 100% of the county average annual wage where the company locates
- The Job Growth Incentive Tax Credit cannot be converted to a cash outlay if the company does not have adequate tax liabilities to offset against the incentive.
    - See this link for more details and a fact sheet: http://choosecolorado.com/doing-business/incentives-financing/job-growth-incentive-tax-credit/
    - Contact: Rebecca Gillis; Manager, Global Business Development; Colorado Office of Economic Development and International Trade (OEDIT); rebecca.gillis@state.co.us

Job Growth Incentive Tax Credit-Higher Education Partnership

The performance-based JGITC Higher Education Partnership (HEP) provides a state income tax credit to businesses partnering with State Higher Education Institutions (HEI) to support job growth, academic development, and economic expansion.

- Businesses need to create at least five net new jobs in Colorado with an average annual wage of 100% of the state average wage rate
- Companies must have a written and signed Qualified Partnership Agreement with an HEI
- All new jobs must be maintained for at least one year after the positions are hired to qualify
    - See this link for more details and a fact sheet: http://choosecolorado.com/doing-business/incentives-financing/job-growth-incentive-tax-credit/jgitc-higher-education-partnership-hep/
    - Contact: Rebecca Gillis; Manager, Global Business Development; Colorado Office of Economic Development and International Trade (OEDIT); rebecca.gillis@state.co.us

State Tax Exemptions

Does your state provide any Tax Exemptions? (Y/N): No

AMERICAN MADE LABEL REQUIREMENTS

Federal Trade Commission oversees “Truth in Advertising” regulations including promotion or disclosure of products displaying “Made in USA” labeling. FTC requires products advertised as “Made in USA” be "all or virtually all" made in the U.S. “all or virtually all” means the product should contain no – or negligible – foreign content.

Made In USA Requirements

Does your state have any specific requirements for labeling products "Made in USA"? (Y/N): No

If you answered YES to the question above, What are the requirements for labeling products "Made in USA":

Is there pending legislation regarding these requirements? (Y/N): No

If you answered YES to the question above, Please describe the proposed legislation including the bill number:

Made In YOUR STATE Requirements

Does your state have any specific requirements for labeling products "Made in YOUR STATE"? (Y/N): Yes

If you answered YES to the question above, What are the requirements for labeling products "Made in YOUR STATE": They are not required but companies can opt into the program. See below.

COLORADO CERTIFICATION MARKS	REQUIREMENTS
	Licensee is a local business providing goods or services with its headquarters located within the State of Colorado. The mark may not be used in connection with a franchised brand or by independent representatives of a brand unless the franchisor or the product company has its headquarters located in Colorado and the franchisor or product company has applied for use of the mark.
	The product(s) are made, manufactured, or substantially transformed within the State of Colorado.
	The product(s) are created, designed or engineered within the State of Colorado.
	Licensee sells or produces agricultural crop product(s) grown within the State of Colorado.
	Licensee sells or produces livestock product(s) raised within the State of Colorado.
	Licensee is a Not-For-Profit organization providing goods or services and is registered and headquartered within the State of Colorado and is not a franchisee.
	Licensee is a company that meets any of the criteria above for COLORADO COMPANY, COLORADO MADE, COLORADO DESIGNED, COLORADO GROWN or COLORADO RAISED, or is a company hosting events that are located in the State of Colorado with expected participants or spectators to meet or exceed 2,000, whose content complies with local, state, and federal law, and is not of a nature to incite or give rise to criminal or civil liability or danger to other persons or property private or public.
	Licensee is an employer providing goods or services, that is not headquartered within the State of Colorado, but employs 100 - 250 (one star), 251 - 750 (two star) or over 750 (three star) Colorado state residents.

Is there pending legislation regarding these requirements? (Y/N): No

If you answered YES to the question above, Please describe the proposed legislation including the bill number:

Is there an organization or entity that monitors state labeling? (Y/N): Yes. For those, companies that opt into the program they work with brandColorado for the license to use the Colorado brand.

If you answered YES to the question above, Please provide the name and contact information for the the organization or entity:

brandCOLORADO
Email: ids.customerservice@state.co.us

Date of Submission: January 31, 2017

Thank you for your time. Please email your responses to alevy@reshoringinstitute.org and your responses will be recorded and available online for review at www.reshoringinstitute.org.

[1] The Bureau of Economic Analysis
[2] US Census Bureau Estimates https://www.census.gov/data/tables/2016/demo/popest/state-total.html
[3] BLS 2016 Annual Average estimates
[4] BLS 2016 Annual Average estimates
[5] BLS 2016 Annual Average estimates
[6] Colorado Department of Labor and Employment, 2016 annual average
[7] http://www.bizjournals.com/denver/blog/real_deals/2016/09/texas-food-service-company-bringing-240-jobs-to.html
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[9] http://contractormag.com/management/viega-llc-move-us-headquarters-broomfield-colorado
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[11] Metro Denver http://www.metrodenver.org/do-business/demographics/educational-attainment/
[12] Toward a More Competitive Colorado http://www.metrodenver.org/media/704218/TMCC_XII.pd
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[14] Toward a More Competitive Colorado http://www.metrodenver.org/media/704218/TMCC_XII.pdf
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[16] http://www.rrcc.edu/advanced-manufacturing
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[20] https://cocareeractiontools.com/education-training
[21] http://www.peyton.k12.co.us/woods-manufacturing/
[22] *https://www.colorado.gov/pacific/cga-legislativecouncil/corporate-income-tax*
[23] *https://www.colorado.gov/pacific/cga-legislativecouncil/individual-income-tax*
[24] *In Colorado, sales tax is also collected for counties, cities and special districts. The exact sales tax rate is determined by adding the various rates that apply at the location where a sales transaction is completed. The state collects the majority of all sales taxes. However, there are 71 "home rule" cities that require separate licensing and directly collect their city's portion of the sales tax on all sales made within their jurisdiction. For more information, click here.The average sales tax rate was calculated by the Tax Foundation: https://taxfoundation.org/state-and-local-sales-tax-rates-2016/*
[25] PwC MoneyTree Report 2016 https://www.pwc.com/us/en/moneytree-report/assets/PwC%20&%20CB%20Insights%20MoneyTree%20Report%20-%20Q4%2716_Final%20V1.pdf
[26] http://www.denverpost.com/2016/10/13/colorado-venture-capital-deals/
[27] PwC MoneyTree Report 2016 https://www.pwc.com/us/en/moneytree-report/assets/PwC%20&%20CB%20Insights%20MoneyTree%20Report%20-%20Q4%2716_Final%20V1.pdf
[28] Built In Coliorado http://www.builtincolorado.com/2017/01/24/2016-colorado-startup-report
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[33] US Patent and Trademark Office, 2015 https://www.uspto.gov/web/offices/ac/ido/oeip/taf/st_co_15.htm
[34] US Patent and Trademark Office https://www.uspto.gov/about-us/uspto-locations/rocky-mountain-regional-office-colorado
[35] CleanEdge, 2016 U.S. Clean Tech Leadership Index, http://www.eenews.net/assets/2016/05/16/document_gw_05.pdf
[36] http://www.forbes.com/pictures/mli45fgjeh/best-places-1-denver/#3847bfd44d96