



COLORADO

Office of Economic Development & International Trade

SUPPORT THE EXTENSION OF TRANSFERABLE TAX CREDITS

HB20-1298: Reps. Kraft-Tharp & Esgar; Sens. Garcia & Tate

HB20-1298 would extend the Office of Economic Development & International Trade's (OEDIT) performance-based Transferable Tax Credit (TTC) program for three years. The TTC program is an existing program that allows companies that make major capital investments to transfer certain OEDIT tax credits that are earned in the course of making that investment that they would not be able to use otherwise. HB20-1298 simply extends TTC for three years.

The Transferable Tax Credit Program: The Transferable Tax Credit program allows companies that make a capital investment of at least \$100 million to transfer -- or essentially sell -- certain OEDIT tax credits, including Colorado's Job Growth Incentive Tax Credit and the Enterprise Zone (EZ) investment tax, EZ new employee credit, and EZ R&D credit, which are earned in the course of making that investment. Credits are pre-certified by the Economic Development Commission (EDC) but are not issued until the company performs on the agreed-upon investment terms. The EDC can pre-certify up to \$10 million in credits a year. The EDC considers the following economic factors when reviewing program applications:

- ❖ Overall economic impact to the State
- ❖ Economic needs of the region/geographic equity
- ❖ Strategic impact of the project (*i.e.*, headquarters, supply chain, spillover benefits, skill-based workforce practices, including job training, apprenticeships, etc.)
- ❖ Number of jobs created and amount of capital invested
- ❖ Current market context

The Transferable Tax Credit Program Supports Unique Economic Development

Opportunities: Since inception, the Transferable Tax Credit program has only been used twice and in extremely unique economic development opportunities that are aimed at retaining and creating well-paying jobs and which stand to benefit Colorado's economy for decades:

1. **Retention of EVRAZ, Pueblo:** EVRAZ plans to spend over \$400M to build a steel mill that will be the center of a local manufacturing ecosystem in Pueblo.
2. **Attraction of VF Corp., Denver:** VF Corporation plans to create ~800 net new jobs in the relocation of their corporate headquarters from North Carolina to Denver.

Please support HB20-1298 to ensure the State can take advantage of unique economic development opportunities to attract/retain large Colorado employers. Should you have any questions, please contact Leslie Hylton, Legislative Liaison at the Office of Economic Development & International Trade, at 720-320-2395 or via email at leslie.hylton@state.co.us.



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March 10, 2020

Dear Representative Kraft-Tharp and members of the Business Affairs and Labor Committee,

The Colorado Springs Chamber of Commerce and Economic Development Corporation strongly supports HB20-1298.

Performance-based transferable tax credits give us an important tool to attract businesses that are able to invest significant capital in Colorado. These sorts of projects come along infrequently, and we typically compete with other states to attract them. This program allows companies flexibility to use or transfer the tax credit that they earn in a way they wouldn't otherwise be able to do, making the tax credit very attractive to companies making investments of this scale. It allows us to be competitive and often tips the scale in favor of Colorado when we are competing with other states.

Since its inception, the tax credit has been used judiciously and for very unique economic development opportunities that will enhance Colorado's economy for decades to come. We urge the committee to renew this program for an additional three years by supporting HB20-1298. Thank you for your ongoing support as we continue to position Colorado as a great place to do business.

Respectfully,

A handwritten signature in black ink, appearing to read "Dirk D. Draper", written in a cursive style.

Dirk D. Draper
President and CEO

Lockheed Martin Space
12257 S. Wadsworth Blvd.
Littleton, CO 80125
(720) 251-3346



March 10, 2020

TO WHOM IT MAY CONCERN

Dear Honorable Ladies and Gentlemen,

Lockheed Martin supports HB20-1298 and the efforts of the State of Colorado and the Office of Economic Development and International Trade (OEDIT) to maintain and improve an economic development environment conducive to maintaining and expanding business for the benefit of the state, it's citizens, businesses, and communities as a whole.

Lockheed Martin has approximately 10,461 employees in eight major locations in the state, mostly in the Denver and Colorado Springs Metro Areas, and also has additional locations and suppliers throughout the state including recent additions in Grand Junction and other locations. We build things people use every day such as GPS satellites, weather satellites, communications satellites, as well as national defense systems and exploration spacecraft that explore the universe and lead to technological advancements that improve all aspects of our economy and lead to medical and other breakthroughs that improve daily life. Additionally, our company and our employees contribute to education and community groups and volunteer efforts.

The aerospace industry operates in an extremely competitive environment where our costs and other factors are measured against competitors around the country and around the world. Colorado's economic development programs are modest but effective and enable Colorado companies to stay and expand in the state with direct benefits to the state and local communities and their citizens. Though the transfer of economic development incentives is rarely used, maintaining that ability is one of the key factors that enables Colorado to attract and retain quality jobs and businesses. Knowing that flexibility exists opens the door to additional possibilities and conversations that would not otherwise be possible. Without that flexibility, companies would often have to factor in "worst case" future economic conditions into their analysis of different states for expansion and that would make the business case that much more difficult to close when considering retention and expansion in Colorado.

I would be happy to elaborate further about this complex subject. Please contact me should you have any questions or want further information. joe.rice@lmco.com or 720-251-3346

Sincerely,

A handwritten signature in cursive script that reads "Joe Rice".

Joe Rice
Director, Government Relations