

Economic Incentives

for businesses at the Colorado Springs Airport



Colorado Springs Airport provides tax credits and performance-based incentive programs through the City of Colorado Springs, El Paso County, Pikes Peak Rural Transportation Authority (PPRTA) and the State of Colorado.

- **Commercial Aeronautical Zone (CAZ)**
- **Aviation Development Zone (ADZ)**
- **Foreign Trade Zone (FTZ)**
- **Enterprise Zone (EZ)**
- **Incentives from the Colorado Office of Economic Development & International Trade (OEDIT)**
- **Opportunity Zone (Federal Tax Incentive)**
- **Sales and Use Tax Exemption**



COLORADO
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The Colorado Springs Airport and our regional partners are excited to provide this overview of the numerous incentives the City offers to support the business climate.

The City and regional leaders have taken an aggressive approach to revitalize the Colorado Springs Airport as an economic driver for the Pikes Peak Region. Through the creation of a Commercial Aeronautical Zone and designation as a Colorado Aviation Development Zone, we are able to offer tremendous tax abatements and credits to support business development, encourage job growth and enhance economic vitality.

This brochure provides a brief outline of the programs offered by City, County, Regional, State and Federal agencies. Our Airport Administration will assist you in every step of this development process. We look forward to doing business with you!

John Suthers
Mayor, City of Colorado Springs



About Us

The Colorado Springs Airport (COS) is a city-owned, public, civil-military airport located six miles southeast of the city center of Colorado Springs. Peterson Air Force Base is the largest tenant, co-located on the north end of the airfield.

The 3-runway airport is the second largest in the state with over 135,000 aircraft operations and over a million passengers annually. Seven airlines service the airport—American, Delta, FedEx Express, Frontier, Key Lime Air, Southwest, and United with scheduled air service to nonstop destinations, 4 of which are international airline hubs, making worldwide destinations easily accessible from COS.



Working With Us

Rapid Response Team

The City's Rapid Response Team program provides expedited development plan review and permitting to qualifying primary employers. The Rapid Response Team provides a connection between all the necessary reviewing agencies, the company representatives and their contractor. This program reduces the permitting and review time by roughly half of the typical processing time – all to help companies save time and money.

The team often suggests approaches to reduce the time involved in project approval and construction, including accelerating planning approvals.



Commercial Aeronautical Zone



The Colorado Springs Airport is located within a regionally created Commercial Aeronautical Zone (CAZ), which recognizes significant tax incentives for aeronautical businesses. For companies located within the CAZ, the City of Colorado Springs abates the majority sales and use taxes for those specifically engaged in a variety of aeronautical activities. Annually, El Paso County will provide a credit back to eligible businesses within the Airport CAZ for the county's 1% general sales tax collected on the items below; for businesses in the CAZ not on the Airport, the credit will be for one-half of that amount.



Our regional partners in the CAZ are:

- City of Colorado Springs
- El Paso County
- Pikes Peak Rural Transportation Authority

Exempt from sales and use tax under the City's tax code:

- The sale, purchase, lease, rental, use, storage, distribution or consumption any aircraft, aircraft parts or supplies, equipment, tooling, solvents and/or paints used or consumed in the manufacture, maintenance, repair or overhaul of aircraft within the Commercial Aeronautical Zone.
- Purchase of lease equipment directly and exclusively used or consumed in the manufacture, maintenance, repair or overhaul of aircraft within the Commercial Aeronautical Zone.

In addition to these local incentives, the State of Colorado and Pikes Peak Rural Transportation Authority have a similar program, abating all State sales and use tax on Aircraft parts.

Colorado Aviation Development Zone



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The Colorado Springs Airport is a registered Aviation Development Zone (ADZ) airport through the Colorado Office of Economic Development & International Trade. This program allows for a performance-based job creation incentive.

A business or any portion of a business that is involved in aircraft manufacturing or maintenance and repair, completion or modification of aircraft located within the boundaries of an ADZ may qualify for a state income tax credit of \$1,200 per new full-time employee. The facility must employ ten or more employees and the credit

is based on the increase in the average number of ADZ employees for the calendar year over the previous base number. Businesses must create new jobs within a recognized ADZ at an airport to claim credits.

ADZ eligible businesses are involved in:

- Production of aircraft parts specifically used in the manufacture of aircraft
- Proof of concept, prototyping, test and evaluation, certification or production of aircraft
- Maintenance and repair, completion, or modification of aircraft
- Unmanned Aerial Vehicles (UAVs) are considered aircrafts

Enterprise Zone (EZ)

The Colorado Springs Airport is located within the Pikes Peak Enterprise Zone (EZ). The EZ program was created by the Colorado Legislature to promote a business-friendly environment and encourage businesses to locate in designated and economically distressed areas of the state. The program offers state income tax credits that incentivize businesses located in a designated EZ. Businesses can earn tax credits for job creation, investments in equipment and R&D expenditures, job training, and other qualified business activities.

BUSINESS INCOME TAX CREDITS	CREDIT AMOUNT
Investment Tax Credit (ITC)	3% of equipment purchases
Commercial Vehicle Investment Tax Credit (CVITC)	1.5% of commercial vehicle purchases
Job Training Tax Credit	12% of qualified training expenses
New Employee Credit	\$1,100 per new job
Agricultural Processor New Employee Credit	\$500 per new job
Employer Sponsored Health Insurance Credit	\$1,000 per covered employee
Research & Development Increase Tax Credit	3% of increased R&D expenditures
Vacant Building Rehabilitation Tax Credit	25% of rehab expenditures (hard costs)

ADDITIONAL EZ INCENTIVES	INCENTIVE AMOUNT
Manufacturing/Mining Sales and Use Tax Exemption	Expanded S&U tax exemption in EZ
Contribution Tax Credit	25% cash / 12.5% in-kind on contributions to EZ projects

Foreign Trade Zone



The Colorado Springs Airport has over 1000 acres of registered Foreign Trade Zone (FTZ) property. The key benefits of a FTZ are duty deferral, duty reduction and duty avoidance for the transfer, use and storage of imported materials. Import duties are deferred or reduced until the materials physically leave the FTZ if used in a product with a lower duty rate. No Customs duties are paid on merchandise exported from the zone. Companies do not pay Customs duties on the value of labor, overhead and profit attributed to production and operations in the zone.

Opportunity Zone (Federal Tax Incentive)

The Colorado Springs Airport is 1 of 8 total Opportunity Zones (OZ) designated by the U.S. Department of Treasury in the Pikes Peak Region. Interested investors will be able to defer and potentially reduce or eliminate their capital gains taxes by investing them in Opportunity Funds that provide needed long-term investments in the Colorado Springs Airport OZ.



Collaborators include El Paso County, the City of Fountain, the Office of Economic Development and International Trade (OEDIT), the Colorado Springs Downtown Partnership, local Economic Development partners, organizations, stakeholders, and interested individuals.

Possible investment opportunities could include:

- Real estate development and significant rehabilitation in the OZ
- Opening new businesses and startups in the OZ
- Expansions of businesses already within the OZ
- Acquire existing business and relocating it with expansion in an OZ

THE LAW ALLOWS FOR THE FOLLOWING CAPITAL GAINS INCENTIVES FOR INVESTMENT IN AN OPPORTUNITY FUND

1) Temporary deferral until 2026 of taxable capital gains invested into an Opportunity Fund.

2) Step-up in basis for capital gains invested in an Opportunity Fund:

- a. Basis is increased by 10% if investment held for at least 5 years
- b. Basis increased by an additional 5% if held for at least 7 years (15% total)

3) Permanent exclusion from taxable income of new capital gains from sale or ex-change of an investment in an Opportunity Fund if investment held for at least 10 years.

Skill Advance Colorado Job Training Grant

The Skill Advance Colorado Job Training Grant helps businesses and nonprofits create customized job training for employees. This training:

- Develops Colorado’s workforce
- Builds workers’ transferable skills
- Improves workers’ resumes and long-term employment opportunities

The program funds customized training for net new hires at companies relocating to or expanding in Colorado. Businesses and organizations may apply for up to \$150,000. Total training funds are capped at \$200,000 per organization per state fiscal year (July 1 to June 30). Grant maximums for each program are \$1,400 per full-time employee. The Colorado Office of Economic Development & International Trade alongside the Colorado Community College System jointly administer the program. Participating colleges manage the program.

Strategic Fund Job Growth Incentive

The Strategic Fund provides a cash incentive commitment to businesses that have met certain requirements under the Economic Development Commission’s (EDC) Strategic Fund. Businesses must create and maintain permanent net new jobs for one year before receiving an incentive. Incentive requires securing a local commitment for a 1 to 1 match of monetary value. Requires an application and approval by the EDC prior to an announcement or location decision.

LOCATED IN AN ENTERPRISE ZONE	
Annual Average Wage Rate %	\$ Incentive / Eligible Job
100%	\$3,000
120%	\$4,000
140%	\$6,500

Job Growth Incentive Tax Credit (JGITC)

The performance-based Job Growth Incentive Tax Credit provides a state income tax credit to businesses equal to 50% of FICA paid by the business on the net job growth for each calendar year in the credit period (96 months). A business must undertake a job creation project for which Colorado is competing with at least one other state. Requires an application and approval by the EDC prior to an announcement or location decision.

Location Neutral Employment (LONE)

Provides companies that will be approved for a Job Growth Incentive Tax Credit (JGITC) with an additional Strategic Fund cash incentive for each remote worker employed in an eligible rural county outside the county where the JGITC project is based. An application is required.

Sales and Use Tax Exemption on Aircraft and Aircraft Parts

Aircraft used in interstate commerce by a commercial airline and parts permanently affixed to aircraft are exempt from state sales and use tax. This includes, but is not limited to, fuselage parts, parts for the aircraft’s engine(s), seats permanently affixed to the aircraft, and aircraft paint.

Sales and Use Tax Exemption on Manufacturing Equipment

Colorado provides an exemption from state sales and use tax on purchases of manufacturing machinery, machine tools and parts. Purchases of machinery in excess of \$500 to be used in Colorado directly and predominately to manufacture tangible personal property for sale or profit qualifies for the exemption.

Business Personal Property Tax Credit

Colorado assesses a business personal property tax levied against personal property assets of a business or organization. As a business incentive, both El Paso County and the City of Colorado Springs no longer collect their portions of the business personal property tax from any business.



Top Ten Reasons

To start or grow your business in Colorado Springs and the Pikes Peak region:

10 Low Utility Rates

Colorado Springs Utilities, a public utility, offers some of the lowest rates West of the Mississippi.

9 Excellent schools

Colorado Springs school districts are among the best in Colorado and in the nation.

8 Excellent colleges

The University of Colorado at Colorado Springs is one of the best master's degree institutions in the country. Colorado College is one of the top liberal arts schools in the nation. Pikes Peak Community College has more than 125 programs of study, offering associate's degrees and various certifications in career and technical fields. Colorado Technical University offers technology-driven degrees for every stage of a career. The United States Air Force Academy is one of the most demanding and rigorous institutions in the country.

7 Low TAXES

Colorado Springs and El Paso County offer the lowest tax burden in Colorado. Lower taxes than most of the country.

6 Exceptional talent

Thousands of electrical engineers, software engineers, aeronautical engineers, systems administrators, executives, creative artists, business consultants – we have it all.

5 Educated workforce

As a metro area we have one of the most highly educated workforces in the country.

4 Strong corporate environment

31 Fortune 500 companies have a presence in Colorado Springs.

3 Low cost of living

It's affordable to live here. Housing is moderately priced. Lower cost of living than other metropolitan areas in Colorado and across the country.

2 Dry, sunny mountain climate

No extreme temperatures. Average high in February is around 47 degrees, average high in July is around 91 degrees. Little precipitation. More than 300 days of sunshine per year.

1 Quality of life!

Outdoor, healthy lifestyle- Fittest city in America. Restaurants, nightlife, recreation. Garden of the Gods, Pikes Peak, trails, open space, wildlife. It doesn't get better

Helpful Connections



Colorado Springs Airport
flycos.com

City of Colorado Springs
coloradosprings.gov

Colorado Springs Chamber & EDC
coloradospringschamberedc.com

U.S. Foreign-Trade Zones Board
enforcement.trade.gov

Pikes Peak Rural Transportation
Authority
pprta.com

El Paso County
elpasoco.com

Colorado Office of Economic
Development and International
Trade
choosecolorado.com

Pikes Peak Workforce Center
ppwfc.org