Location Neutral Employment Program
Hosted by:

COLORADO BUSINESS ROUNDTABLE

COLORADO
Office of Economic Development & International Trade
Agenda

• 2:00 PM – Welcome and Kickoff
  — Jeff Wasden, COBRT

• 2:05 PM – OEDIT Introductory Comments
  — Betsy Markey, OEDIT

• 2:10 PM – Introductions

• 2:20 PM – Location Neutral Employment Program Overview
  — Max Nathanson, Reid Aronstein, Sean Gould, OEDIT

• 2:40 PM – Discussion & Feedback on Location Neutral Employment Program
  — Max Nathanson, Reid Aronstein, OEDIT

• 2:50 PM – Open Discussion

• 3:30 PM - Adjourn
OEDIT Introductory Comments

Betsy Markey
Executive Director
State of Colorado
Office of Economic Development & International Trade (OEDIT)
The Location Neutral Employment Program

Reid Aronstein
Global Business Development Manager
OEDIT

Sean Gould
Deputy Director of Business Funding & Incentives
OEDIT

Max Nathanson
Global Business Development Manager
OEDIT
Where did the Location Neutral Employment Program come from?

• Feedback from local economic development partners

• Feedback from businesses interested in moving to or expanding within Colorado

• Governor Polis’ goal of enhancing rural economic development
What is the Location Neutral Employment Program?

• The Location Neutral Employment Program is a discretionary, performance-based incentive for companies interested in relocating to or expanding within Colorado. Every project must be approved by the Colorado Economic Development Commission.

• The relocation/expansion project must entail:
  • The creation of at least 20 Net New Jobs in the state with an average annual wage (AAW) of at least 100% of the AAW of the core employment base’s county
  • The consideration at least one other state/country for the project
What is the Location Neutral Employment Program?

- The purpose of the incentive is to:
  1. Expand the benefits of large, urban job creation projects to all regions of the state
  2. Make Colorado more competitive on a national/international level in winning large job creation projects

- The program will run for a one year trial period, with the potential for extension after evaluation by the EDC and OEDIT
What is the Location Neutral Employment Program?

Existing, mutually exclusive, State Economic Development tools to support Business relocation and expansion projects

1. A standard Job Growth Incentive for all Net New Jobs to the State (8 year term)
2. An additional Strategic Fund cash incentive layer for each Net New “remote rural job” to the state in an eligible county (5 year term)

- Job Growth Incentive Tax Credit
- Strategic Fund Cash Incentive
- Income Tax Credit for all Net New Jobs to state including rural jobs

Location Neutral Employment Program

$1:$1 Local Match
No Local Match Required
Cash incentive for remote rural jobs (ex $2,500/job)
Income Tax Credit for all Net New Jobs to state including rural jobs
Who is the Location Neutral Employment Program for?

• Who is the Location Neutral Employment Program for?
  1. Companies seeking to relocate from another state to anywhere in Colorado or another state
  2. Companies currently in Colorado pursuing an expansion project that could occur in either Colorado or another state

• Who ISN’T the Location Neutral Employment Program for?
  1. Existing Colorado companies looking to move some of their existing employees to remote positions/locations
  2. Companies with projects that entail the creation of fewer than 20 Net New Jobs
  3. Individuals/Governments/Non-Profits
Who is eligible for the Location Neutral Employment Program?

1. A company that has been approved for a Remote Rural Work Incentive and creates 20+ Net New Jobs in the state will be eligible to receive the JGITC portion of their incentive.

2. If the company is eligible to receive the JGITC portion of their credit, they are also eligible to receive a Strategic Fund cash incentive for every “remote rural job” they create in an eligible rural county (map of eligible counties on following slide).

- Eligible rural counties are based on eligibility under the Rural Jump Start Program.
Location Neutral Employment
Program Eligible Counties
How is the Incentive Paid?

1. JGITC Portion
   - The company reports annually and is issued a tax credit equal to 50% of the employer paid portion of FICA for each Net New Job created.

2. Strategic Fund cash incentive for remote rural jobs portion
   - The company reports annually for 5 years and is paid once at the end of the 5 year term based on the annual average number of remote rural jobs created/maintained. Payment is made based on the following scale:

<table>
<thead>
<tr>
<th>Simple Annual Average # of Rural Jobs</th>
<th>$ Incentive / Eligible Net New Rural Job</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 10 rural NNJs</td>
<td>$2,500</td>
</tr>
<tr>
<td>11 - 15 rural NNJs</td>
<td>$3,000</td>
</tr>
<tr>
<td>16+ rural NNJs</td>
<td>$5,000</td>
</tr>
<tr>
<td>All rural jobs located on Southern Ute Indian or the Ute Mountain Ute Reservation lands</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

Payment tier determined at EDC approval based on employment plan submitted by company.
Incentive Application Process

**Step**: OEDIT receives project/incentive inquiry
- **Stakeholders involved**: OEDIT, “Core Employment Community”, Company/Project Representative

**Step**: OEDIT evaluates project and determines eligibility
- **Stakeholders involved**: OEDIT, Company/Project Representative

**Step**: If eligible, OEDIT informs company about Rural Remote Work Incentive
- **Stakeholders involved**: OEDIT, Company/Project Representative

**Step**: If interested, OEDIT helps company complete employment plan with rural & urban employment
- **Stakeholders involved**: OEDIT, Company/Project Representative

Company/Prospect is Confidential
## Incentive Application Process

<table>
<thead>
<tr>
<th>Step</th>
<th>Stakeholders involved</th>
</tr>
</thead>
</table>
| OEDIT guides company through incentive application process | • OEDIT  
• Company/Project Representative |
| OEDIT presents project to the EDC for approval at monthly meeting | • OEDIT  
• Potentially the “Core Employment Community”  
• Company/Project Representative  
• Colorado Economic Development Commission (EDC) |
| If approved, OEDIT waits for company’s location decision | • OEDIT  
• Company/Project Representative |
| If company selects CO, OEDIT begins contracting | • OEDIT  
• Company/Project Representative |
| OEDIT/Core Employment Community/Company begin rural community outreach | • OEDIT  
• Potentially the “Core Employment Community”  
• Company/Project Representative  
• Potentially Rural Community |
Rural Community Outreach/Engagement

• The Rural Community outreach/engagement process will be driven entirely by the client, and OEDIT will operate at the request of the client

• OEDIT will initially take the lead on facilitating interaction between companies and rural communities and will not facilitate any interaction with rural communities before a company has publicly announced that it will be moving forward with its project in Colorado.

• OEDIT will (at the request of the client):
  • Provide information about specific counties/communities based on criteria established by the company
  • Connect companies with specific rural communities

• While OEDIT will initially take the lead, we encourage urban communities to take a proactive role in facilitating interaction between their own community, clients, regional workforce centers, other partners, and rural communities when the client requests information.
  • All interactions should be grounded in the “Code of Ethics & Principles of Engagement”.
Spirit of the Program: Collaboration in Good Faith

• Code of Ethics & Principles of Engagement

• Every eligible community must sign and submit the “Code of Ethics & Principles of Engagement” document (will be listed on website in the coming weeks) to OEDIT.

• Once a community signs/submits this document, it can submit 2 pages of marketing materials for the entire county to OEDIT, which can be given to clients upon request. Suggested information may include in materials:
  • Website URL
  • Contact Information
  • Broadband capabilities
  • Workforce information
  • Demographic information
  • Co-working spaces
  • Housing information
  • Lifestyle information
  • Other unique community attributes
Additional Marketing Funds for Rural Communities

• DOLA and OEDIT have set aside a combined $300k for rural communities to market themselves to companies/urban communities utilizing the Location Neutral Employment Program

• Applications for Marketing Grants will be open starting in September, 2019, with more information to come.

• Each Eligible County, Tribe, or Regional EDO can apply for up to $5,000 in marketing funds
  – Funds can be used for:
    • In state travel to visit company or urban EDO
    • Holding an event for a company or urban EDI
    • Marketing materials (ie pamphlets, flyers, website, etc)
Thank You!