



SOUTHWEST ENTERPRISE ZONE – 2020 ANNUAL REPORT

Overview

The Southwest Enterprise Zone is administered by the Region 9 Economic Development District of Southwest Colorado Inc. (Region 9) and covers Archuleta, Dolores, La Plata, Montezuma and San Juan Counties plus the Ute Mountain Ute and Southern Ute Indian Tribes. Region 9 is a nonprofit, 501 (c) 6 public/private partnership that works to improve economic conditions and coordinate economic development efforts throughout the region. Incorporated in 1989, Region 9 is led by a 26-member board of directors; 17 from local governmental jurisdictions and 9 from the private sector. Programs include a business loan fund of over \$7 Million; producing the Comprehensive Economic Development Strategy (CEDS) as a federally designated economic development district; serving as a State Data Affiliate with the Colorado Demography Office; Southwest Enterprise Zone Administrator; grant research and economic development initiatives including special programs such as the Southwest Accelerator Program for Entrepreneurs (SCAPE).

The area is known for its scenic beauty, diverse landscapes, cultural resources, National Parks and Monuments, as well as its entrepreneurial business support. Tourism and outdoor recreation are the number one industry in the region with us having such well-known attractions as Mesa Verde National Park, Chimney Rock National Monument, Purgatory Ski area, and the Durango & Silverton Narrow Gauge Railroad. Agriculture and forestry remain significant sources of employment for Dolores and Montezuma Counties while Archuleta, La Plata and San Juan’s economies are based primarily on tourism and outdoor recreation. The declining energy industry is looking to be somewhat offset by the resurgence in timber, due to some large contracts on National Forest land to improve forest health and fire mitigation. The Southern Ute and the Ute Mountain Ute Indian Tribes are both major economic forces with their diversified enterprises and employment opportunities benefiting the regional economy.

Past year Observations and Data

Business participation in the EZ Program continues to be inconsistent as the number of tax credits, investments and jobs created vary widely each year. La Plata County, as the region’s workforce center has few areas that remain EZ eligible for businesses. Montezuma County continues to see the largest business participation in the program, a trend continuing over the past five years.

	Region 9		
	Tax	\$	Jobs
	Credits	Invested	Created
2011	\$ 673,131	\$ 22,501,542	268
2012	\$ 1,648,586	\$ 76,642,252	505
2013	\$ 4,199,768	\$ 183,347,978	(21)
2014	\$ 1,238,773	\$ 46,244,938	461
2015	\$ 2,699,282	\$ 66,073,593	89
2016	\$ 1,321,904	\$ 146,678,225	488
2017	\$ 618,920	\$ 12,568,831	140
2018	\$ 1,111,662	\$ 31,102,433	100
2019	\$ 1,185,896	\$ 34,402,991	(28)
2020	\$ 1,432,884	\$ 47,762,699	273

Region-wide, in 2020 there were 30 designated Enterprise Zone Contribution Projects (two new projects, 1 project approved for a new 5-year term, two extended due to COVID impacts and 4 that ended). These Projects generated about **\$2.35 million** in economic activity through direct and in-kind contributions. This is a significant decrease in donation activity in 2020, likely attributable to the COVID-19 pandemic. This compares to 30 Projects

County	Population Requirement	2013 - 2018 Pop. Growth	2018 Unemp. Rate	2018 PCI	EZ Qualify
Archuleta	Yes	No	No	Yes	Yes
Dolores	Yes	Yes	No	Yes	Yes
La Plata	Yes	No	No	No	No
Montezuma	Yes	No	Yes	Yes	Yes
San Juan	Yes	No	No	No	No
Data Source	DoLA	DoLA	CDLE-LMI	BEA	*

in 2019 with \$4.14 million; 28 Projects in 2018 at \$2.8 million; 28 Projects in 2017 at \$3.3 million, and 30 Projects with \$3.7 million in economic activity in 2016.

In the Southwest Enterprise Zone, three counties, Dolores, Montezuma, and San Juan meet the EZ economic distress criteria on a county level. In the 2016 redistricting, La Plata and Archuleta census tracts were evaluated individually on the economic distress criteria. There are two tracts out of ten that are NOT eligible in Archuleta, and thirteen tracts out of thirty-three in La Plata County that do not meet the distress criteria. Montezuma now joins Archuleta, Dolores and San Juan Counties as being designated as Enhanced Rural Enterprise Zones (EREZ) through 2022.

Past year Efforts to Improve Conditions

Specific EZ activities included:

- Met with 4 organizations interested in applying as EZ Contribution Projects.
- Region 9 distributes press on each new EZ Project and had three new projects this year: Pagosa Festivals, Region 9’s COVID Project, and Habitat for Humanity- La Plata County.
- Provided EZ Annual Report and county specific EZ data to all Region 9’s government jurisdictions.
- Maintained a contact list of regional accountants that is continually updated. EZ information is distributed via email as needed. This included availability of Salesforce, tips, form updates, deadlines, and instructions.
- Supplied EZ information packets to the general public and area economic development groups for distribution to businesses.
- Tracked EZ inquiries which totaled 383 in 2020 (456 in 2019 and 216 in 2018). One of our goals was to increase the number of inquiries which did not happen, likely due to the COVID pandemic.
- Cited EZ information in Region 9 brochure and other materials, as well as in monthly updates distributed to our Board of Directors, funders, and governments.
- Participated in bi-monthly EZ Administrator phone calls as well as peer reviews, trainings and EZ Administrator meetings.
- Implemented marketing campaign highlighting each Contribution Project on social media.
- Produced e-newsletter of all Contribution Projects prior to Colorado Gives Day encouraging donations.
- Provide information about EZ tax credits to all Region 9 loan clients.
- Staff explored the possibility of class accreditation for accountants and CPAs taking EZ tax credit training.

Winning Story

KSUT Radio in Ignacio, Colorado is one of eight tribal radio stations in the county. When it first started broadcasting in 1976, its headquarters was once the nursing quarters during the Southern Ute Indian Tribes’ Boarding School era. In 2020, the Eddie Box Jr. Media Center was completed including offices for KSUT staff and state-of-the-art studios. The Tribe matched one million dollars of the amount needed and designation as an Enterprise Zone Infrastructure Project helped secure the remaining amount. The new Center opened in October 2019.

Objectives Report

We continue to refine our EZ goals in 2021.

2020	Region 9			
	# Businesses Filing	Tax Credits	\$ Invested	Jobs Created
Archuleta	48	\$ 44,957	\$ 1,498,589	30
Dolores	24	\$ 404,438	\$ 13,481,221	8
La Plata	33	\$ 113,622	\$ 3,787,425	55
Montezuma	148	\$ 404,438	\$ 28,533,709	165
San Juan	6	\$ 13,853	\$ 461,755	9
Total	259	\$ 981,308	\$ 47,762,699	267

Objective #1 - Increase the number of EZ inquiries to the Region 9 office which indicates either a direct referral or just interest in the program. In 2016, we began measuring the number of EZ inquiries received directly by our office. **Those inquiries totaled 383 in 2020, a decrease from 2019 that had 456 inquiries.**

Year	# Participating Businesses	% change from 2005	% change from Previous
2005	228		
2009	232	2%	
2010	247	8%	6%
2011	249	9%	1%
2012	419	84%	68%
2013	297	30%	-29%
2014	286	25%	-4%
2015	270	18%	-6%
2016	295	29%	9%
2017	227	-0.4%	-23%
2018	200	-12.3%	-12%
2019	219	-3.9%	10%
2020	259	13.6%	18%

Objective #2 - Increase the number of businesses that participate in the EZ in each county using 2005 as a base year (228 participating businesses).

Our numbers are finally on an upswing for the first time since 2016. This also matches our region’s overall job number trends which were down from the Great Recession and took 10 years to reach prerecession levels. We also successfully increased the number of businesses participating in four of our five counties.

Objective #3 - Target businesses involved in other Region 9 programs. Inform them about all EZ tax credits. Track how many utilize the credits.

This table lists the number of non-duplicative businesses utilizing EZ tax credits that Region 9 has documented that we worked with through our loan program or individual technical assistance. Businesses that claim EZ business tax credits are tracked annually and by county. (The supporting list of businesses is available by request.) We believe these

	Archuleta	Dolores	La Plata	Montezuma	San Juan
2009 (base yr.) 36 Businesses	<u>5</u>	<u>1</u>	<u>18</u>	<u>11</u>	<u>1</u>
2010 -13 55 Businesses	<u>10</u>	<u>3</u>	<u>25</u>	<u>16</u>	<u>1</u>
2014-17 41 businesses	<u>8</u>	<u>7</u>	<u>14</u>	<u>10</u>	<u>2</u>
2018 8 businesses	<u>2</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>1</u>
2019 10 businesses	<u>3</u>	<u>0</u>	<u>2</u>	<u>5</u>	<u>0</u>
2020 13 businesses	<u>0</u>	<u>0</u>	<u>2</u>	<u>8</u>	<u>3</u>

numbers should be higher because we consistently inform our loan clients about tax credits and track all inquiries to our office. There is also at least a 2-year lag of when we notify a business about tax credits to when they actually show up as utilizing the credits.

Though Region 9 is fielding an increasing number of enterprise zone related inquiries, we cannot tie those numbers to our direct outreach to our own clients. It appears that businesses that we can help pre-certify continue to inconsistently utilize tax credits.

Objectives for Coming Year

Our 2020 outcomes and refined 2021 regional EZ goals are summarized below.

- 1. Build the capacities of organizations that are directly cultivating entrepreneurship through the creation of jobs, business supports and economic development activities.** - Our rural region has a strong entrepreneurial ecosystem including the SW Small Business Development Center (SBDC), and the Southwest Colorado Accelerator Program for Entrepreneurs (SCAPE) - both are EZ Contribution Projects. Region 9 supports “business support” infrastructure because job creation rather than job recruitment has been more successful in our region. We track the number of jobs created through SBDC, SCAPE, EZ businesses, and our own regional loan program and make sure all these businesses are aware of EZ tax credits. **Our measurable goal is to double the number of businesses (from 10 to 20) in which we directly work with through our loan program and partner organizations (SCAPE & SBDC) to claim tax credits (measured by looking at the annual EZ certification list).**

2020 Outcomes - We only increased our number by three businesses from 10 to 13 and did not meet our goal for 2020 and will strive to meet this goal in 2021.

2. **Ensure that southwest Colorado has the physical infrastructure and job training needed to plan for, compete, and meet economic challenges and workforce needs.** – More than half of our 30 EZ Contribution projects focus on job creation and physical infrastructure. Region 9 will outreach all nonprofits that are looking at capital campaigns to see if they might be appropriate EZ projects. As the job training guidelines are refined, we will look at possible projects around job training that might be a fit. **Our measurable objective is to recruit two more EZ Contribution Projects that focus on job training or infrastructure in 2020.**

2020 Outcomes – Two organizations, Montezuma Land Alliance and Mancos Valley Resources were interested in applying as job training projects. However, due to COVID one organization decided to wait before applying and the other did not have an eligible EZ job training project. **We did not meet this goal in 2020 and will strive to meet this goal in 2021.**

3. **Meet the diverse Housing needs (affordable and workforce) in the five counties of Southwest Colorado.** Eight of our Contribution projects focus on housing programs and service covers all five counties. With the newly adopted EZ policies around homelessness and job training, **our measurable objective is that a Region 9 staff person will serve on a regional housing Board to stay involved and figure out ways to make an impact.**

2020 Outcomes – **This objective was achieved** as our Executive Director serves on the Homes Fund Board of directors which serves our five-county region with mortgage assistance to first-time home buyers and is a current EZ Contribution Project. We also extended the project term for one housing organization dramatically impacted by COVID and renewed another. **This will continue in 2021.**

4. **Support and assist key industry sectors in southwest Colorado that bring in new money to strengthen the local economy (agriculture, tourism & healthcare).** Region 9 will seek to increase the number of our key industry sector businesses (ag, tourism, and healthcare). **Our measurable objectives will be to, a) increase the total number of participating businesses, in each county, particularly in our enhanced counties of Archuleta, Dolores and San Juan over the previous year and, b) Make sure our eligible top 20 employers know about EZ credits.**

2020 Outcomes – We did approve one new project in the tourism sector and increased the number of participating businesses in four of our five counties. We also informed our top employers about EZ tax credits. Due to COVID and the demand on first responders, we **did not meet** our measurable objectives to outreach our regional clinics, medical providers, and related businesses through a direct marketing effort about EZ tax credits. **This will be a goal in 2021.**

5. **Facilitate the creation, enhancement or expansion of community amenities or attractions which make southwest Colorado an attractive place to live and visit.** With the updated EZ policies we have outreached our tourist attractions about their possible fit as EZ Contribution Projects. **Our measurable goal will be to provide an Enterprise Zone information session in each county.**

2020 Outcomes – The SW Enterprise Zone has five visitor attraction projects. They were all dramatically impacted by COVID and retaining them as projects became our focus. **We provided information sessions in three counties: two in La Plata County to the Ignacio Chamber and in Montezuma to Mancos businesses. We also trained two new economic developers in Pagosa Springs and Mancos and this goal will continue in 2021.**