



SOUTHWEST ENTERPRISE ZONE – 2022 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 including the Ute Mountain Ute Tribe and Southern Ute Indian Tribe. 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. Region 9 integrated the Southwest Colorado Council of Governments (SWCCOG) under our organization in 2022 which expanded our programming. Programs include a business loan fund; broadband; housing; transportation and transit; 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 Administration; grant navigation; administering several programs including All Hazards and finally leading economic development initiatives including special programs such as the Southwest Accelerator Program for Entrepreneurs (SCAPE).

2022	Region 9			
	# Businesses Filing	Tax Credits	\$ Invested	Jobs Created
Archuleta	49	\$ 128,356	\$ 4,278,582	-15
Dolores	28	\$ 18,630	\$ 620,997	9
La Plata	33	\$ 161,211	\$ 5,373,759	6
Montezuma	165	\$ 351,249	\$ 11,708,209	34
San Juan	3	\$ 5,088	\$ 169,635	0
Total	278	\$ 664,534	\$ 22,151,181	34

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 well-known attractions: 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 Southern Ute and the Ute Mountain Ute Tribes are both major economic forces with their diversified enterprises and employment opportunities benefiting the regional economy.

Past year Observations and Data

	Region 9		
	Tax Credits	\$ Invested	Jobs 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	\$ 518,986,986	140
2018	\$ 1,111,662	\$ 31,102,433	100
2019	\$ 1,185,896	\$ 34,402,991	(28)
2020	\$ 981,308	\$ 47,762,699	267
2021	\$ 529,235	\$ 17,641,144	61
2022	\$ 664,534	\$ 22,151,181	34
% Change 21 - 22	26%	26%	-44%

In 2022, Region 9 received 649 inquiries about the Enterprise Zone Program (EZ), compared to 502 in 2021. Even with increased inquiries, business participation in the EZ Program continues to be inconsistent as the number of tax credits, investments and jobs created vary widely each year. The included charts show our trends by county and over the past decade.

Region-wide, in 2022 there were 25 designated Enterprise Zone Contribution Projects. There were five new projects added during the year, but seven projects ended, or were not renewed, including one COVID project. Projects generated \$1.343 million economic activity through direct and in-kind contributions. This continues our declining trend of

participation with last year's 25-Projects at \$1.46M; 2020's 30 projects at \$2.35M and 30 projects in 2019 at \$4.14M. We expected to see continued decline simply because our region is losing long-time projects due to the five-year term limit, the new Homeless Contribution Tax credit and many of our approved projects are just less active.

In the Southwest Enterprise Zone, Dolores, Montezuma, and San Juan meet the EZ economic distress criteria on a county level. In the 2016 most recent redistricting, La Plata and Archuleta census tracts did not meet distress criteria at the county level and were evaluated individually. 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. Archuleta, Dolores, Montezuma and San Juan Counties are designated as Enhanced Rural Enterprise Zones (EREZ) through 2024.

Past year Efforts to Improve Conditions

Specific EZ activities included:

- Hosted the State EZ Administrators meeting in Silverton in September 2022.
- Met with 10 organizations interested in applying as EZ Contribution Projects.
- Distributes press on each new EZ Project and had five new projects approved: Ute Mt Ute Grocery Store and Community Hub; Silverton Ski Joring; Pagosa Build; Mancos Common Press and Dancing Spirit.
- Three projects will be moving on as Contribution Projects to the new Homeless Contribution Tax Credit Program: Bridge Emergency Shelter; Manna Soup Kitchen and Volunteers of America Community Shelter and Safehouse.
- Provided EZ Annual Report and county specific EZ data to all Region 9 government jurisdictions.
- Maintained a contact list of regional accountants that is continually updated. EZ information is distributed via email as needed. This included Salesforce information, tips, form updates, deadlines, and instructions.
- Supplied EZ information packets and updated rack cards to the general public and area economic development groups for distribution to businesses.
- Cited EZ information in Region 9 brochure, e-newsletters social media as well as in monthly updates distributed to our Board of Directors, funders, and governments.
- Provided individual one-on-one training for any new EZ Projects or Projects with staff changes.
- Participated in bi-monthly EZ Administrator phone calls as well as peer reviews, trainings and EZ Administrator meetings.
- Continued a successful 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.
- Conducted a postcard campaign to market EZ to the outer reaches and less populated parts of our region.

Winning Story

Habitat for Humanity of Archuleta County began a new Project to increase the number of homes built. They partnered with a modular home provider that brought in the structures for five homes, placed on property donated by the County and with the majority of infrastructure in place. This increased their annual build from 2 homes a year to five and they have received additional lots to build another 10 over the next two years. Great strides for a town of about 2,000 residents.



Objectives Report

Objective #1 – Continue to increase the number of EZ inquiries to the Region 9 office year over year. In 2016, we began measuring the number of EZ inquiries received directly by our office. Those inquiries totaled 649 in 2022, 502 in 2021, 383 in 2020, 456 in 2019 and 216 in 2018. The number has increased, with the exception of 2020, which could be attributed to the COVID-19 pandemic.

Year	# Participating Businesses	% change from '05	% 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	261	14.5%	19%
2021	272	19%	4%
2022	279	22%	3%

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 appear to show slight increases after the ‘Great Recession’ which impacted business participation even more so than the COVID pandemic.

Objective #3 - Target businesses involved in other Region 9 programs and inform them about 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 directly 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 numbers should be higher because we consistently inform our loan clients about tax credits and see a growing number of EZ inquiries to our office. We also know that there is at least a 2-year lag of when we notify a business about tax credits to when they show up as utilizing the credits.

	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>
2018-2020 31 businesses	<u>5</u>	<u>1</u>	<u>6</u>	<u>15</u>	<u>4</u>
2021 15 businesses	<u>3</u>	<u>2</u>	<u>5</u>	<u>4</u>	<u>1</u>
2022 8 businesses	<u>0</u>	<u>3</u>	<u>1</u>	<u>4</u>	<u>0</u>

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. Most pre-certifications are done by area accounting firms, rather than individual businesses.

Objectives for Coming Year

- 1. Build the capacities of southwest Colorado organizations directly cultivating entrepreneurship through the job creation, 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) – however both are ending EZ Contribution Projects. Region 9’s partnerships with these organizations help cultivate the region’s “business support” infrastructure. 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 annually (from 10 to 20).**

2022 Outcomes - We only increased our number by 8 businesses in 2022 and 15 businesses in 2021. We remain short of our goal but still believe this is an important measure of our impact.

2. **Ensure that southwest Colorado has the physical infrastructure and job training needed to plan for, compete, and meet economic development and workforce needs.** – More than half of our EZ Contribution projects focus on job creation and physical infrastructure. Region 9 outreaches all nonprofits that are looking at capital campaigns to see if they might be appropriate EZ projects. **Our measurable objective was to recruit two more EZ Contribution Projects that focus on job training or infrastructure.**

2022 Outcomes –Four organizations, (Pagosa Build, Dancing Spirit, Mancos Common Press and the Ute Mt Ute Grocery store Community Hub) are new job training and infrastructure projects, thus **we met this goal in 2022.**

3. **Meet the diverse Housing needs (affordable and workforce) in the five counties of Southwest Colorado.** Eight Contribution projects on our 2022 list focus on housing and their combined services cover all five counties.

2022 Outcomes – **This objective was achieved** as Region 9 has dedicated staff working to address housing needs in our region and administered the La Plata County Regional Housing Alliance in 2022. Though this goal is critical to the region, the new Contribution Tax Credit that resulted from HB13-22 will make it harder to serve homeless housing initiatives through the Enterprise Zone. **This goal will be refined in 2023 to housing construction and programing.**

4. **Support and assist key industry sectors in southwest Colorado that diversify the local economy (agriculture, tourism & manufacturing).** 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, Montezuma, and San Juan over the previous year and, b) Make sure our eligible top 20 employers know about EZ credits.

2022 Outcomes – We have two agricultural EZ projects. **We did in increase the number of businesses that participated overall in two Enhanced Counties (Dolores and San Juan) over 2021 numbers.** We also attempt to get our eligible top 20 employers in each county, that are eligible to participate, in the EZ, but have not been successful...this year there was only one business that precertified, and in Dolores County. Most of the large employers are nonprofit (health care, school districts) or government jurisdictions.

5. **Facilitate the creation, enhancement or expansion of community amenities and attractions which make southwest Colorado a desirable place to live and relocate.** For 2022, our goal was to increase the overall marketing of EZ Projects via social media campaign and radio advertising.

2022 Outcomes – We distributed an e-newsletter for the 3rd year that highlights all our EZ Projects for Colorado Gives Day. We also profile our EZ Projects and encourage donations on our Region 9 social media. **We met this goal in 2022 and this goal will continue in 2023.**

6. **Ensure that diverse and quality health care services are available and accessible.** The Southwest Enterprise Zone has 3 healthcare projects which are critical to our rural region.

2022 Outcomes – Region 9 tracks data on healthcare and currently coordinates the region's governments around the opioid settlement dollars and resources to combat substance misuse. **We received inquiry for a potential capital campaign for our regional behavioral health provider and expect to add them as a project in 2023.**