



SOUTHWEST ENTERPRISE ZONE – 2023 ANNUAL REPORT

Overview

The Southwest Enterprise Zone is administered by the Region 9 Economic Development District of Southwest Colorado Inc. (Region 9) and covers five counties (Archuleta, Dolores, La Plata, Montezuma, and San Juan) and 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 southwest Colorado. 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 with the Southwest Colorado Council of Governments (SWCCOG) in 2022. 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; and leading economic development initiatives including special programs such as the SouthWEST Opioid Response District (SWORD) and the Southwest Accelerator Program for Entrepreneurs (SCAPE).

Tourism and outdoor recreation are the region’s number one industry with many well-known attractions such 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 visitors and outdoor recreation. The Southern Ute and the Ute Mountain Ute Tribes are both major economic forces with their diversified enterprises and employment opportunities.

2023	Region 9			
	# Businesses Filing	Tax Credits	\$ Invested	Jobs Created
Archuleta	54	\$ 73,872	\$ 2,462,332	17
Dolores	22	\$ 28,353	\$ 945,123	4
La Plata	33	\$ 141,593	\$ 4,719,709	-1
Montezuma	163	\$ 310,416	\$ 10,347,262	-14
San Juan	2	\$ 1,985	\$ 66,176	0
Total	274	\$ 556,219	\$ 18,540,602	6

Past year Observations and Data

In 2023, Region 9 received 792 inquiries about the Enterprise Zone Program (EZ), compared to 649 in 2022, and 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 the trends by county and over the past decade.

Region-wide, there were 26 designated Enterprise Zone Contribution Projects. Seven new projects were added, six projects renewed, and five projects ended. Projects generated a total of \$1,157,097 million in economic activity through direct and in-kind contributions. This continues our declining trend of participation with last year's 25-Projects at \$1.343 million, 2021’s \$1.46M; and 2020’s 30

	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
2023	\$ 556,219	\$ 18,540,602	6
% Change 22 - 23	-16%	-16%	-82%

projects at \$2.35M. A decline in contributions was expected because our region lost active projects to the new Homeless Contribution Tax Credit and many of our new approved projects are smaller organizations.

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 twelve tracts out of thirty-three in La Plata County that do not meet the distress criteria. One census tract, located in the City of Durango, became eligible and was approved through the boundary amendment process. 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 to improve conditions included:

- Met with 17 different organizations interested in applying as EZ Contribution Projects.
- Distributed press on each new EZ Project and had 13 new projects approved: Fort Lewis College Nursing Collaborative, Pagosa Springs Medical Center, Durango Arts Center, Fort Lewis College Sky Pavilion and Community Gardens, Montezuma Heritage Museum, Pagosa Springs Community Development Corporation, Region 9 Economic Development District, San Juan Development Association, Mercy Medical Center, Crow Canyon Archaeological Center, Axis Health Systems, Aspen House, Rico Volunteer Fire Department.
- Provided an 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.
- 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 all new EZ Projects, Projects with staff changes, and one year-end training.
- Provided a Zoom training for businesses located in new boundary amendment area.
- Participated in a Durango “Chamber Chat” radio show highlighting the Enterprise Zone program.
- Conducted three business EZ trainings in La Plata, Archuleta and Montezuma counties. The presentations were also provided virtually.
- 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.
- Provided information about EZ tax credits to all Region 9 loan clients.

Winning Story



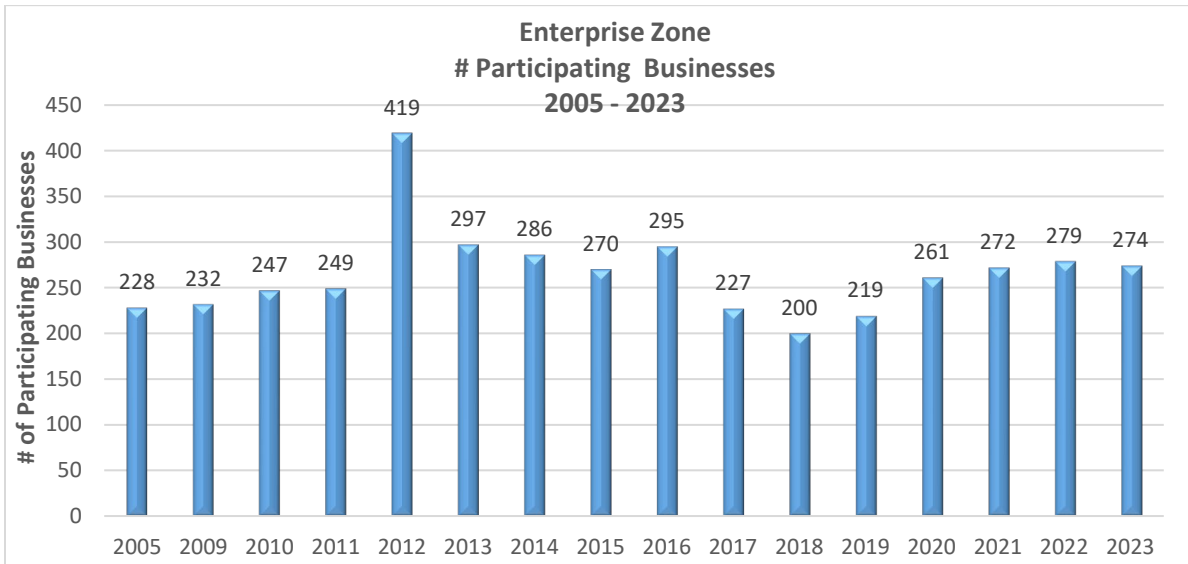
Pagosa Springs Medical Center Foundation (PSMC) deserves attention for their five-year Project that met all goals before ending December 31st. Through EZ Contributions, PSMC upgraded their HVAC system, purchased a new state of the art MRI and a modular building to house it. PSMC also raised funds to purchase 3D Mammography equipment in a remodeled 3D Mammography suite, expanded their Orthopedic Surgery service line, and were able to purchase of two replacement ambulances.

Perhaps most important, with the increase in hospitalization of COVID-19 patients and an aging population, PSMC ordered and received an oxygen generation system. As one of the largest employers and economic drivers of Archuleta County, PSMC is the only hospital in the community and serves the 13,367 residents in Archuleta County which also attracts an additional 375,000 visitors annually. PSMC was approved for a new EZ Project in late 2023.

Objectives Report

Objective #1 – Continue to increase the number of EZ inquiries to the Region 9 office year over year. This objective continues to be met. In 2016, Region 9 began measuring the number of EZ inquiries received directly to our office. Those inquiries totaled 792 in 2023, 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.

Objective #2 - Increase the number of businesses that participate in the EZ in each county using 2005 as a base year (228 participating businesses). Achieving this goal continues to be a challenge. While the numbers appear to show slight increases after the ‘Great Recession’ in 2018 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 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>
2023 25 businesses	<u>5</u>	<u>1</u>	<u>3</u>	<u>15</u>	<u>1</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.

Objectives for Coming Year

1. **Build the capacities of southwest Colorado organizations directly cultivating entrepreneurship through job creation, supporting businesses and economic development activities.** – Southwest Colorado has a strong entrepreneurial ecosystem including the SW Small Business Development Center (SBDC) and the Southwest Colorado Accelerator Program for Entrepreneurs (SCAPE). Region 9 tracks jobs created through the SBDC, SCAPE, EZ, and our regional loan program and makes sure these businesses are aware of EZ tax credits. **The Southwest EZ goal is to double the number of businesses annually (from 10 to 20).**

2023 Outcomes - Increased by 25 businesses in 2023, up from 8 in 2022. **This is the first time in several years that this goal was met. Region 9 staff expects that with the approved new boundary amendment, this goal will be met in 2024.**

2. **Ensure that southwest Colorado has the physical infrastructure and job training needed to plan for, compete, and meet economic development and workforce needs.** – Twelve EZ 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. **The EZ goal is to recruit two additional infrastructure or job training EZ Contribution Projects.**

2023 Outcomes –Seven organizations, (Axis Health, Durango Arts Center, Fort Lewis College (2), Crow Canyon, Region 9, and Rico Fire) are new job training and infrastructure projects. **This goal was met in 2023 and will continue in 2024.**

3. **Meet the diverse Housing needs (affordable and workforce) in the five counties of Southwest Colorado.** The new Homeless Contribution Tax Credit that resulted from HB13-22 resulted in the Southwest EZ losing several Projects that were no longer eligible for EZ new credit.

2023 Outcomes – **This objective was achieved** as the Southwest Enterprise Zone gained two new housing focused projects (SJDA and Pagosa Springs CDC). Region 9 has dedicated staff working to address regional housing needs and is working to recruit a housing manufacturer to the region.

4. **Support and assist key industry sectors in southwest Colorado that diversify the local economy (agriculture, tourism, healthcare, and manufacturing).** The measurable objectives are 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 eligible top 20 employers in each County know about EZ credits.

2023 Outcomes –**We did increase the number of businesses that participated** overall in three of our four Enhanced Counties (Archuleta, Montezuma, and San Juan) over 2022 numbers. Region 9 has been less successful outreaching top 20 employers as many are not EZ eligible or already utilizing credits. The Southwest EZ has 3 healthcare projects which are critical to this rural region and added a fourth this year. Region 9 staff works to make sure healthcare entities are aware of and utilize EZ Project Status. **This goal will continue in 2024.**

5. **Facilitate the creation, enhancement or expansion of community amenities and attractions which make southwest Colorado a desirable place to live and relocate.** For 2023, the goal was to increase the overall marketing of EZ Projects via social media and articles in area media.

2023 Outcomes – Region 9 distributed an e-newsletter for the 4th year that highlighted all EZ Projects during Colorado Gives Day. Press releases for all newly approved EZ Projects are distributed to regional media, and EZ Projects are profiled on Region 9's social media pages. **This goal was met in 2023 and this goal will continue in 2024.**