



COLORADO

Office of Economic Development & International Trade

Business Funding & Incentives

The Location Neutral Employment (LONE) Program

FACT SHEET

Purpose

The Location Neutral Employment Program (LONE) is designed to encourage collaboration between key economic development stakeholders in Colorado's urban and rural communities by expanding the benefits of large, urban job creation projects to all regions of the state. To achieve this goal, the Location Neutral Employment Program encourages companies to hire remote workers in Colorado's rural areas in addition to hiring a core employment base at a physical location in one of Colorado's urban areas. In doing so, LONE's intent is to make Colorado more competitive in winning corporate relocation and expansion projects by combining the **Job Growth Incentive Tax Credit (JGITC)** with **Strategic Fund (SF) cash incentives**. The combination of these two incentives would allow companies to include rural remote workers within their normal JGITC incentive, and receive an additional Strategic Fund cash incentive for each remote rural worker employed in an eligible rural county. LONE, like a standard JGITC/SF award, is a performance-based job creation incentive program for companies interested in relocating to or expanding within Colorado. The program relies on and encourages urban and rural collaboration on projects, and waives the most restrictive element of Strategic Fund Grants: the \$1:\$1 Local Match, which requires the local community/municipality to match the state's Strategic Fund investment. Using existing State incentives, combined with the ever-increasing ability for employees to work remotely, this program aspires to expand the economic benefit of major urban job creation projects to all parts of the state.

Program Overview

- As an initial, one year trial period, LONE will start July 1st, 2019 and end June 30th, 2020.
- For the company to be eligible for either of these incentives, Colorado must be in competition with at least one other state or country for the project.
- The JGITC incentive, in combination with the LONE incentive, must be a major factor in the business' decision to locate or retain the project in Colorado. The project must meet certain requirements under the Colorado Economic Development Commission's (EDC) JGITC and SF programs.
- Both urban and rural employment that supports the JGITC project (ie headquarters functions, etc) will be included in the JGITC calculation.
- The JGITC provides a state income tax credit equal to 50% of FICA paid by the business on the Net New Job (NNJ) growth for each calendar year in the credit period.
- In addition to the JGITC for an expansion or relocation project, the company will receive a Strategic Fund cash incentive for all net new remote rural employees in eligible rural counties that support the urban project.
- A business may not start or announce the proposed project in Colorado (including locating or expanding in the state, hiring employees related to this project, or making material expenditures for this project) until a final application has been submitted and approved by the EDC.

Requirements/Eligibility Rules

- The JGITC and LONE SF layer must be approved by the EDC.
- For the JGITC portion of the incentive, businesses have to create at least 20 NNJs in Colorado during the credit period with an Average Annual Wage (AAW) equal to at least 100% of the county's AAW where the urban project is located.
 - The Net New Remote Rural Workers performing similar work as described in the JGITC urban project will count in the JGITC calculation and their wages will be included in the urban project's AAW calculation.
- Rural communities are those defined as being eligible, or having been eligible at one point, to participate in the Rural Jump-Start Program (See map of eligible counties).
- The following table reflects the LONE Strategic Fund incentive levels per eligible net new rural job based on the number of jobs created in rural areas. For example, if a company/project intends to create 13 net new rural remote jobs, each of those jobs will be eligible for a \$3,000/job incentive.
 - The Strategic Fund grant term is 5 consecutive years. There will be one payment at the end of the 5 year term. To qualify for the incentive, all Net New Remote Rural Jobs must be maintained for at least one year in each evaluation period. There will be four evaluation periods that correspond to years 2 through 5 of the 5 year term. The average of the qualifying Net New Remote Rural Jobs in each of the four evaluation periods will determine the grant level for the company. (see table below)
 - To qualify as an eligible remote rural worker, that employee must work at least 3 days per week on average in a rural remote location.
 - The number of overall workers working remotely from rural areas will be reported annually to OEDIT by the company.
 - All jobs created and counted for both programs must be Full-Time Permanent positions.
- Payouts on Net New Job Growth:



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- JGITC; lesser of statewide NNJ growth or project NNJ growth (standard for JGITC).
- Strategic Fund LONE; lesser of statewide NNJ growth, project NNJ growth, or rural NNJ growth.

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

- The JGITC credit period is 96 consecutive months (8 years) where the business may claim an annual tax credit. All NNJs for the project must be maintained for at least one year after each tax credit is issued.
- Unlike traditional Strategic Fund projects in Colorado, there is no requirement for a local \$1:\$1 incentive match from the rural community involved in a LONE incentive project.
- Rural jobs may be distributed geographically over a number of rural areas (not all rural jobs have to be created within the same rural community) as long as the county is eligible for the Rural Jump-Start program (see map of eligible counties) and has maintained compliance with the LONE Code of Ethics & Principles of Engagement.
 - Rural and urban communities participating in the program must abide by the LONE Code of Ethics & Principles of Engagement to participate in the program. Breaches of this Code of Ethics & Principles of Engagement may result in the violating community's removal from OEDIT's list of eligible LONE counties. Removal from this list will preclude the company from receiving an incentive for any remote rural jobs located in the violating county.

Other Program Elements

1. If the issued Job Growth Incentive Tax Credits exceed the taxpayer's income tax for the income tax year in which the credit is claimed, the amount of the unused tax credit shall not be allowed as a refund, but may be carried forward and applied in each of the 10 succeeding income tax years (must be applied to the earliest tax return possible). Colorado Revised Statutes: 39-22-531.
2. OEDIT shall maintain a list of counties that are eligible to host remote rural workers under LONE. This list shall include the name of each eligible County and may include up to a maximum of two pages of 8" x 11" marketing materials provided by each community. This list and marketing materials will be provided to companies that are interested in or qualify for LONE.
3. In State Fiscal Year 2020, eligible rural communities may apply for up to \$5,000 in LONE-specific marketing funds, which can be used to reimburse those communities for eligible travel/marketing expenses related to direct engagement with other LONE urban communities and/or their business prospects. Please see OEDIT website for marketing funds application.

NOTE: This is a trial program. Policies/Procedures/Rules for the management of this program will adapt as needed.

Application Process

Businesses interested in requesting a JGITC/LONE commitment should work with their local economic development representative and contact OEDIT Global Business Development Staff to preliminarily determine if the business meets the requirements.

The fact that an application meets all of the program's general policy guidelines does not mean that the project will necessarily be approved. The Colorado Economic Development Commission reserves the right to approve, deny or vary from these guidelines as necessary and appropriate and delay any decision due to budgetary constraints. Additionally, the Governor may deny any EDC approvals.

If it takes longer for the business to create the net new jobs than originally projected, the Conditional Approval document will stay in effect for the remaining years in the credit period. Businesses will not be able to go back retroactively to request tax credits but can request tax credits for the remaining years once the minimum requirements have been met.

Learn more at www.choosecolorado.com/LONE



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the following counties are eligible to participate and host LONE remote rural workers

Alamosa, Archuleta, Baca, Bent, Chaffee, Cheyenne, Clear Creek, Conejos, Costilla, Crowley, Custer Delta, Dolores, Fremont, Garfield, Grand, Gunnison, Hinsdale, Huerfano, Jackson, Kiowa, Kit Carson, Lake, Las Animas, Lincoln, Logan, Mesa, Mineral, Moffat, Montezuma, Montrose, Morgan, Otero, Ouray, Park, Phillips, Prowers, Pueblo, Rio Blanco, Rio Grande, Routt, Saguache, San Juan, San Miguel, Sedgwick, Washington, Yuma and areas in the Southern Ute and Ute Mountain Ute reservations.

