EAST CENTRAL COUNCIL OF LOCAL GOVERNMENTS

East Central Enterprise Zone Contribution Projects

WHAT IS THE EAST CENTRAL COLORADO ENTERPRISE ZONE?

An Enterprise Zone is a state designated area in need of economic growth and diversification. It provides various state income tax credits to encourage the private sector to invest resources to create or maintain jobs within the zone area. All of Kit Carson, Cheyenne and Lincoln counties are located within the East Central Colorado Enterprise Zone. In general, all of Elbert County except its western residential subdivisions is within the zone but all of the area within the city limits of Simla, Kiowa and Elizabeth is within the zone.

THE CONTRIBUTION CREDIT

The Colorado State Legislature has established a number of tax credits to benefit enterprise zone investors, but the most beneficial is a 25% state income tax credit for private contributions to an enterprise zone that will assist in implementing that zone's economic development plan. If you choose to make a cash donation to the East Central Enterprise Zone for one or more of its designated contribution projects, **you will receive 25% of that amount as a credit against your state tax liability**. The contribution also may be itemized on your federal tax return. The East Central Enterprise Zone recognizes non cash donations, as well. Gifts of property, stocks or other in-kind donations may qualify for state tax credits, but non cash contributions are limited to a 12.5% credit, rather than the 25% allowed for a cash donation.

TAXPAYER BENEFITS

As a Colorado taxpayer, the enterprise zone community contribution credit benefits you in several ways:

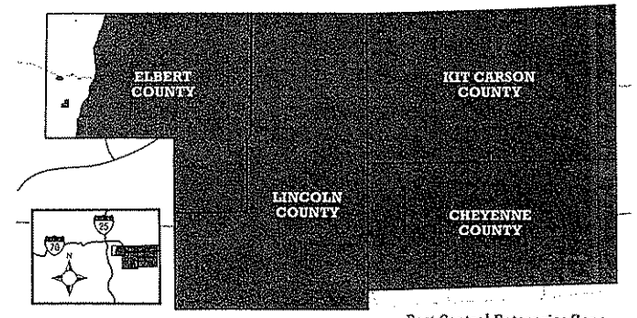
- It decreases the amount of taxes you owe.
- It gives you an opportunity to invest in your community.
- It lets you direct the use of your dollars in ways that have more immediate and personal meaning for you and your family.

COMMUNITY BENEFITS

Historically, rural communities have depended on state and federal government and private foundations for assistance with community development projects. Unfortunately, as time passes, available resources cannot keep up with increasing demands, and it becomes more and more difficult for smaller communities to make needed improvements.

A contribution to the enterprise zone, however, offers several benefits for communities:

- It represents an **additional** source of funds.
- It can be received at any time during the year.
- It comes from a donor who has a personal interest in the project.
- It triggers other investment in the community, thus helping to stabilize the local economy.



East Central Enterprise Zone.

READY TO CLAIM TAX CREDITS?

To be eligible for the Community Contribution Tax Credit, your contribution check must be made out to the ECCOG/Enterprise Zone, and should be accompanied by a notation as to which project your contribution is to benefit.

You may designate one project for your contribution, or you may contribute to more than one project in any given year. A **minimum** contribution of $250 is encouraged. Smaller contributions to individual projects are always welcome, but those should be made directly to the project, rather than to the Enterprise Zone, and would not be eligible for the 25% tax credit.

The contribution should be mailed to the Enterprise Zone Administrator. The administrator will complete a certification form that will be returned to you to attach to your tax return. Any state credit not used in the current year can be carried forward for up to five years.

ECCOG will pass through 100% of your enterprise zone contribution to the designated project. No administrative fees are applied.

WANT ADDITIONAL INFORMATION?

For more detailed information about the East Central Colorado Enterprise Zone, about the Community Contribution Tax Credit or designated enterprise zone projects, or about any of the other available enterprise zone tax credits, go to **www.advancecolorado.com/ez** or contact:

Enterprise Zone Administrator
East Central Council of Local Governments
128 Colorado Avenue
Stratton, Colorado 80836
1.800.825.0208 or 719.348.5562
jdowney@prairiedevelopment.com

EAST CENTRAL ENTERPRISE ZONE CONTRIBUTION TAX CREDIT EXAMPLE

The following is one example of what can happen by investing your state income tax liability in local projects and is based on the assumption that the contributor is in the 28% Federal Income Tax bracket:

You have a Colorado State Tax liability of:	$5,000
If you make Contribution(s) to local EZ project(s) totaling $5,000, you will receive a 25% tax credit of:	$1,250
Your net tax benefit from Schedule A of your federal return allows you a state deduction of 4.63%, which is:	$231
Leaving you a net Colorado liability of:	$3,519
You receive an additional federal benefit from Schedule A for your contribution deduction of:	$5,000
Multiplied by the federal tax rate of:	28%
Which gives you a net federal tax benefit of:	$1,400
Your total contribution of:	$5,000
Gives you a reduction of Colorado state tax liability in the amount of:	$1,481
And a reduction of your federal tax liability in the amount of	$1,400
The net cost of your $5,000 contribution(s) to local EZ project(s) as a taxpayer is:	**$2,119**

Remember—this is just an example of what can happen. You should contact your own tax preparer for specific benefits related to your individual contribution(s). Gifts of property or stocks also may qualify for tax credits.

COLORADO'S CENTRAL PLAINS

Here, it's easier to see what's important.