

The Business Investment Program

THE CASE FOR CONTINUATION, 2017-2021

**Finance and Governance Committee
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Business Investment Program (BIP) Continuation

The Business Investment Program (BIP), which offers a business personal property tax credit on qualifying investments, is scheduled to expire on June 30, 2017. Effectively, the last year of the program is 2016 because the program rewards business investments made in the prior year.

This tax credit program was part of significant services enhancements provided by the passage of Measure 2A in 2012.

The BIP provides a tax credit in the amount of the General Fund Portion (11.331 mills in 2015) on business personal property (BPP) for up to four years to applying businesses that meet eligibility criteria. Per \$1M in qualifying BPP, the businesses receives a \$12K tax benefit over the four-year period of the credit.

RESULTS:

77 unique businesses participating in first 4 program years

Job Creation: 2,234

Job Retention: 11,204

Qualifying BPP Investment: \$203M

- **Any business new to Denver**
- **Existing business with significant expansion activity defined through job creation (10 new jobs or 10% increase) or capital investment (\$1M or 100% increase)**

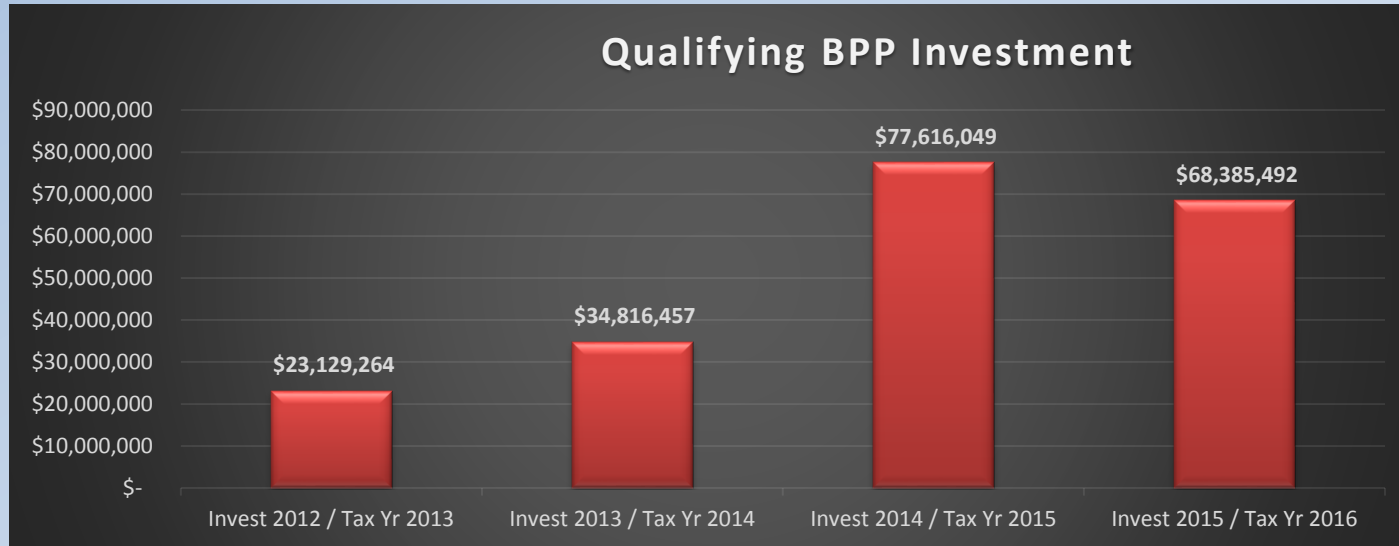
OED RECOMMENDATION:

Reauthorization of tax credit program for another five years for the following reasons:

- **Program is focused on encouraging capital investment** which broadens the commercial tax base and leads to revenue benefits for both the City and DPS
- **It increases Denver's competitiveness** in the site selection process
 - Incentive contributes to a business' decision to relocate, expand and invest in our community vs. competing locations
 - Most metro Denver communities as well as peer cities offer similar or expanded programs
- **Complementary tool to the state's tax incentive tools** allowing for leverage of multiple programs
- **Proportionally beneficial** to companies of all sizes and types
- **Only broadly applicable direct financial incentive tool** (i.e., not restricted to enterprise zones or targeted neighborhoods)

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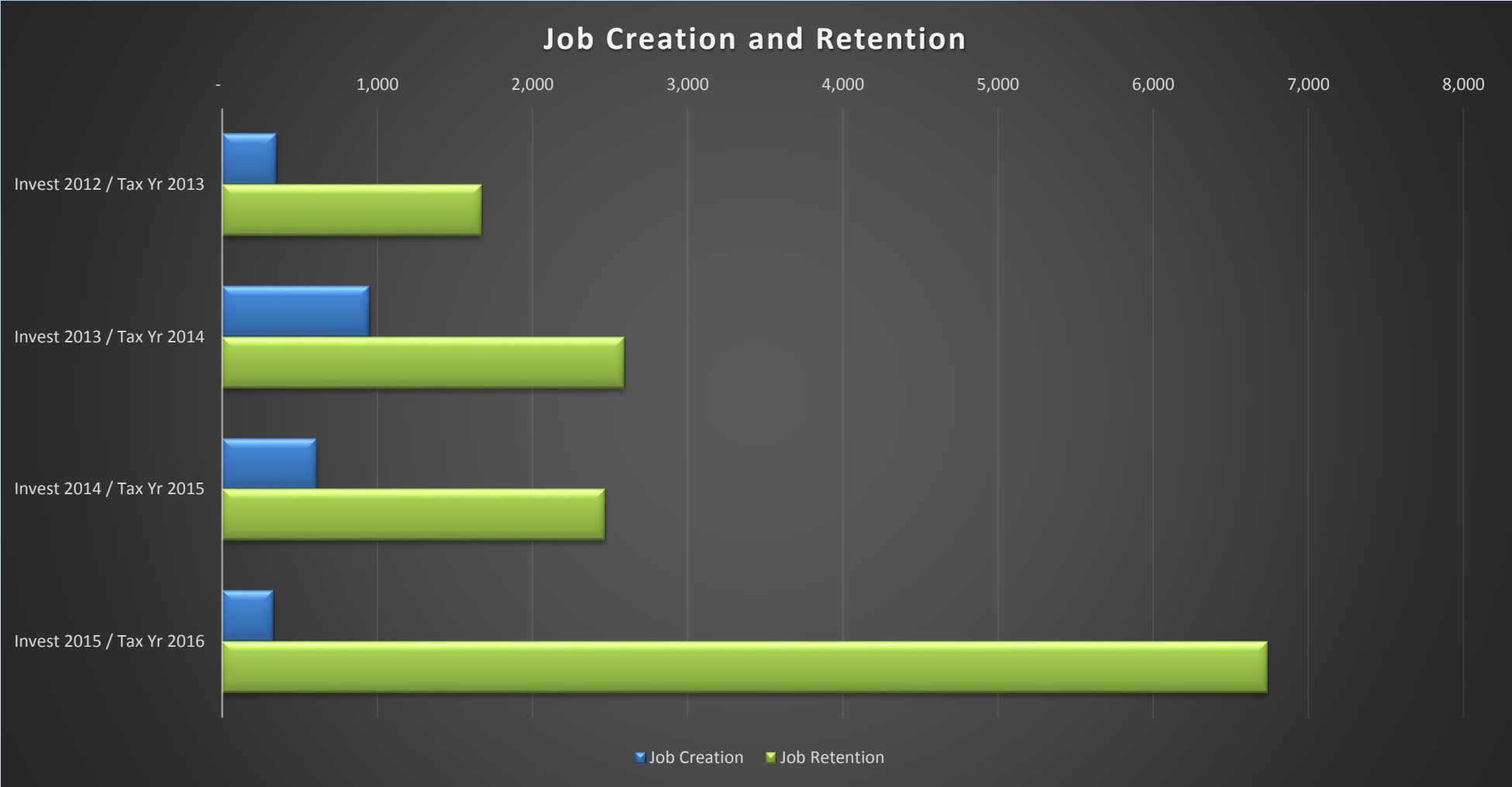
The program is focused on encouraging capital investment which broadens the commercial tax base and leads to revenue benefits for both the city and the Denver Public Schools



	Investment 2012/ Tax Year 2013	Investment 2013/ Tax Year 2014	Investment 2014/ Tax Year 2015	Investment 2015/ Tax Year 2016
Investment	\$ 23,129,264	\$ 34,816,457	\$ 77,616,049	\$68,385,492
Assessed Value	\$ 6,707,496	\$ 10,096,805	\$ 22,500,038	\$19,830,970
General Fund Mill Levy Portion	13.362	13.185	13.156	11.331
BPP Tax Credit (Initial Year)	\$ 89,626	\$ 133,126	\$ 296,010	\$224,705

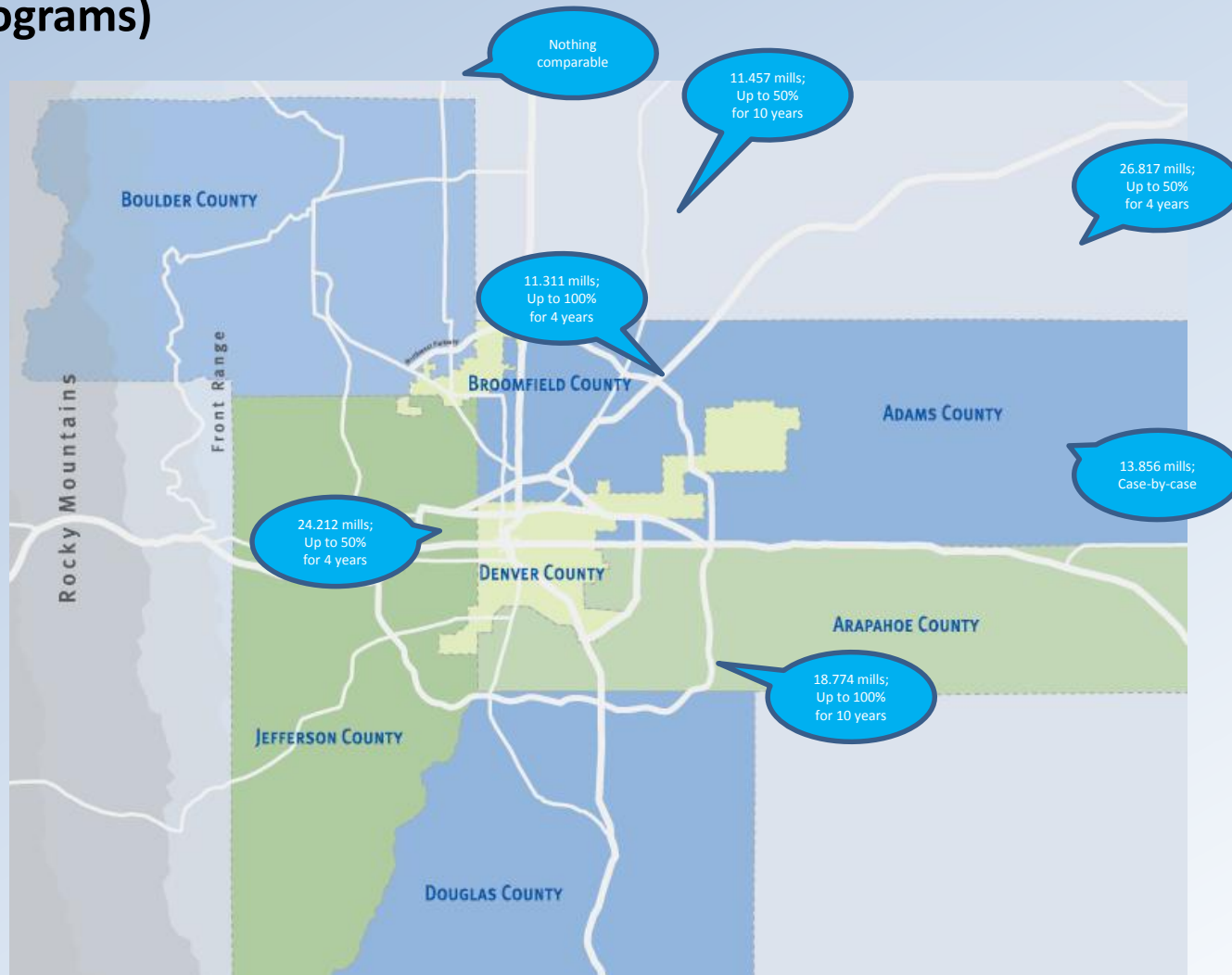
Business Investment Program (BIP) Continuation

This program influences job creation and retention



Business Investment Program (BIP) Continuation

Increases Denver's competitiveness in site selection process (most metro Denver communities as well as peer cities offer property tax credit programs)



Some communities expand their program for specific opportunities on a case-by-case basis.

- Example: Jefferson County will provide nearly \$17 million in county BPPT rebates over 15 years to Lockheed Martin for a expansion project that creates 850 high-paying jobs

Business Investment Program (BIP) Continuation

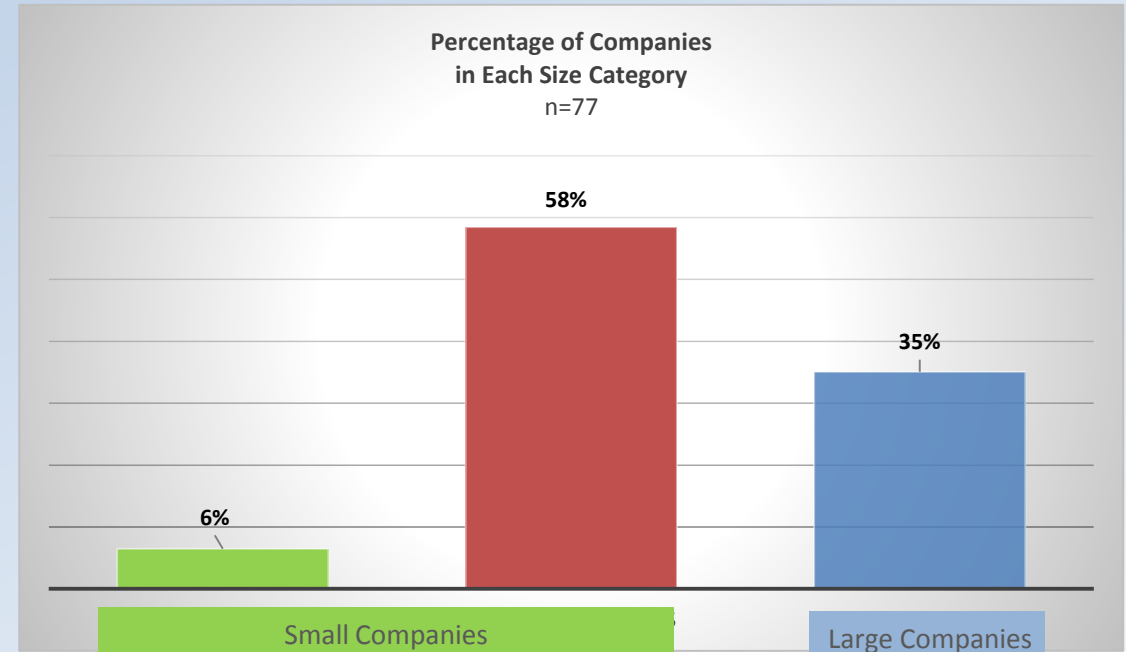
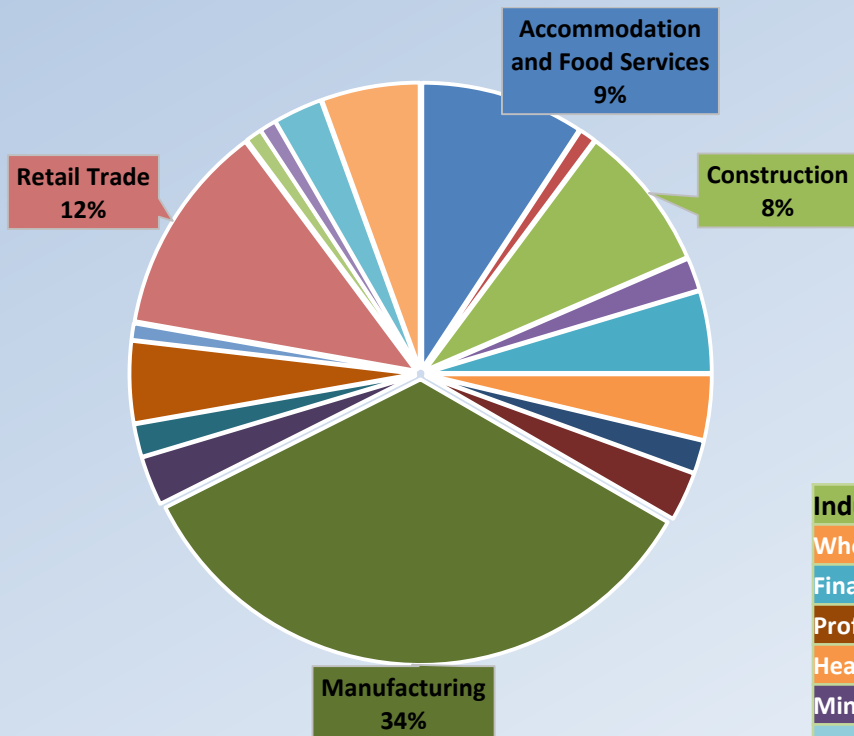
Proportionally beneficial to companies of all sizes and types:

Smallest employer: 2 Largest: 1,450 Median: 54

Smallest Investment: \$7,515

Largest Investment: \$50,657,406

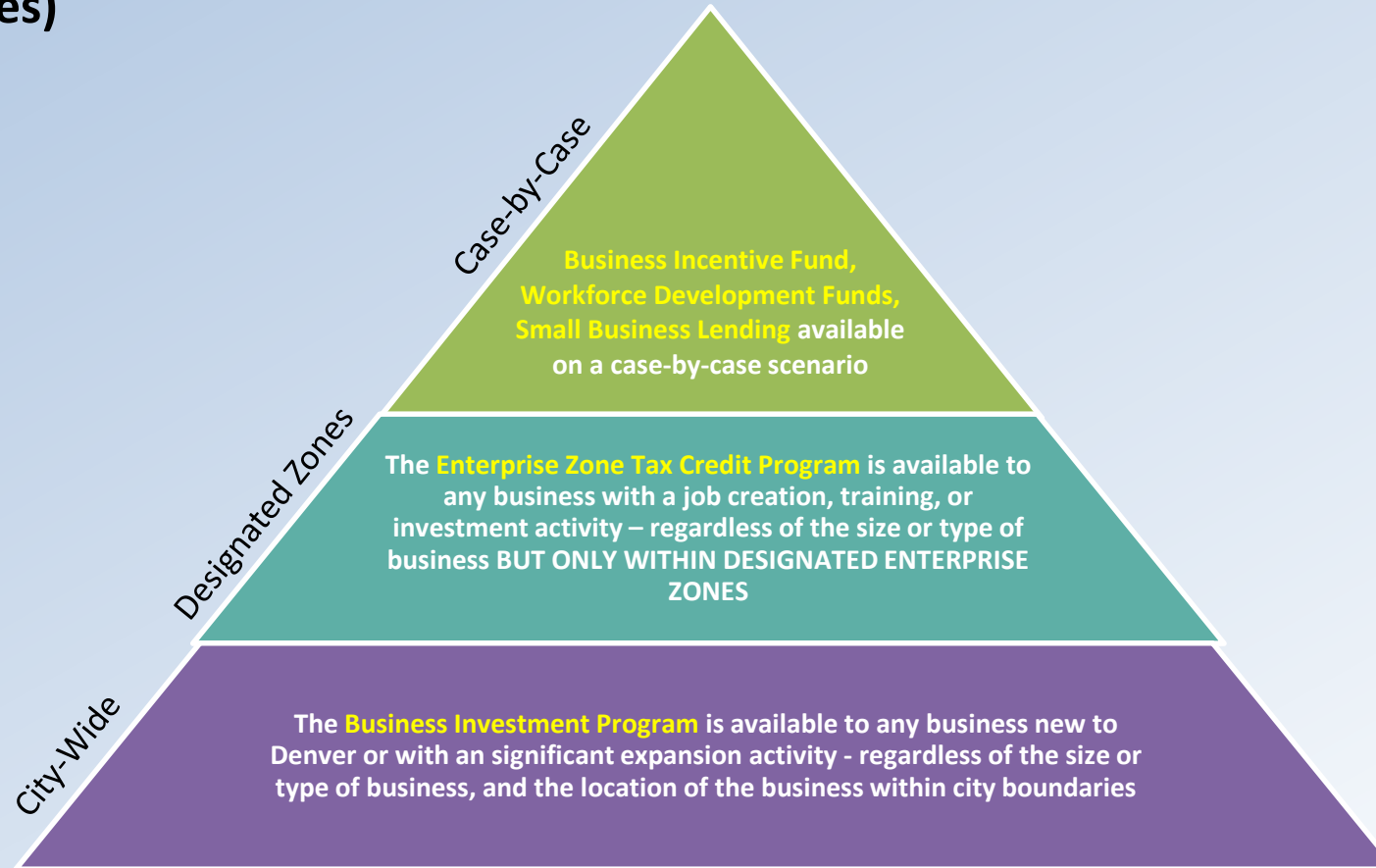
Median Investment: \$344,106



Industry Sector	% Applicants
Wholesale Trade	6%
Finance and Insurance	5%
Professional, Scientific, and Technical Services	5%
Health Care and Social Assistance	4%
Mining, Quarrying, and Oil and Gas Extraction	3%
Utilities	3%
Management of Companies and Enterprises	3%

Business Investment Program (BIP) Continuation

The BIP is our only broadly applicable direct financial incentive tool (not restricted to enterprise zones or targeted neighborhoods; available to small and large businesses)



DISCUSSION