



## ENTERPRISE ZONE (EZ)

### EMPLOYER SPONSORED HEALTH INSURANCE CREDIT

The Enterprise Zone Employer Sponsored Health Insurance Credit allows taxpayers that operate a business within an enterprise zone that offers a health insurance plan or program to its employees and contributes at least 50% of the total cost of the health insurance plan or program, the ability to claim an income tax credit of \$1,000, for two full income tax years, on each new employee who is insured under the business's health insurance plan or program.

#### **Who Qualifies for the Credit?**

New and existing business may qualify for the credit, as long as they maintain operations in the enterprise zone during the entire tax year. In the case of an existing facility that undergoes an expansion, the credit can be claimed for the first two full income tax years they operate in the enterprise zone. However, the credit is only available for qualified new employees and does not include employees employed at the facility prior to the expansion.

#### **How does the credit work?**

The credit is calculated based on the annual change in the average number of employees on the last business day of each month during the tax year. Future credits are based on, of the last three tax years, the year with the highest average number of employees using the credit's calculation.

#### **Can I relocate to an Enterprise Zone?**

Generally, no enterprise zone new employee credits are allowed if the investment resulted in the relocation of a business operation from within the state to an enterprise zone. This is regardless of whether the original location of the operation was within an enterprise zone. Although, once a location is established in an Enterprise Zone, additional new employees can qualify for the new employee credit.

#### **How do I apply?**

Pre-certification is required annually for any business that wishes to participate in any Colorado Enterprise Zone credit programs. After the per-certification is approved, the business may then conduct activities that are eligible for Enterprise Zone credits. At the end of the tax year, the business must then complete a certification application to receive approval. After receiving certification approval, the business will receive a signed certification form (DR 0074) from the Enterprise Zone administrator that the business will include as part of their annual income tax filing.

*Other specific terms and conditions apply to the Employee Sponsored Health Insurance Credit that are not outlined here. Contact your tax professional, or the Colorado Department of Revenue for further information.*

#### **Need more information?**

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To see if a property is in the Lafayette Enterprise Zone: [www.cityoflafayette.com/EZ](http://www.cityoflafayette.com/EZ)

Apply for Pre-certification and Certification Online: [www.advancecolorado.com/EZcertification](http://www.advancecolorado.com/EZcertification)

*Disclaimer: This document is designed to provide general information concerning Enterprise Zone Investment Tax Credits. The information above is not binding on the City of Lafayette.*