

The East Central Enterprise Zone

Elbert County Library District

Contribution Tax Credit

Cheyenne County • Elbert County • Kit Carson County • Lincoln County

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 generous allows a 25% state income tax credit for private contributions to an enterprise zone that will assist in implementing that zone's economic development plan. The continued expansion and development of the Elbert County Library District has been determined by the East Central Council of Local Governments and the State Economic Development Commission as a project that helps implement the area's Economic Development Plan.

If you choose to make a cash donation to the East Central Enterprise Zone for the Elbert County Library District, **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.

Other Benefits

Your state and local elected representatives who have continually supported the enterprise zone concept can see that the idea really works, that rural development can be significantly enhanced through contribution tax credits.

Your contribution, added to others, represents a sizeable and permanent commitment to the Elbert County Library District. This local commitment makes it more attractive for other funding agencies to justify investment in your

The use of your contribution for community projects relieves demands on other revenue sources, which may then be used for needed programs and services which may not have alternative resources.

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 Elbert County Library District.

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, 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

An Example:

The following is one example of what can happen by investing your state income tax liability in local projects:

You have a Colorado State Tax liability of\$5,000.00

If you make Contribution(s) to local EZ project(s) totaling \$10,000, you will receive a 25% tax credit of(2,500.00)

Your net tax benefit from Schedule A of your federal return allows you a state deduction of 4.63%,

which is (463.00)

Leaving you a net Colorado liability of.....\$2,037.00

You receive an additional federal benefit from Schedule A for your contribution deduction of\$10,000.00

Multiplied by the federal tax rate of28%

Which gives you a net federal tax benefit of\$2,800.00

Your total contribution of.....\$10,000.00

Gives you a reduction of Colorado state tax liability in the amount of (2,963.00)

And a reduction of your federal tax liability in the amount of (2,800.00)

The net cost of your \$10,000 contribution(s) to local EZ project(s) as a taxpayer is\$4,237.00

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.