



ECONOMIC PARTNERSHIP INCENTIVE POLICY

Adopted by City Council Through Resolution 84-2024 on August 6, 2024

The Economic Partnership Incentive Policy is designed to support a robust and resilient economy through diversification of the city’s economic base in partnership with private sector businesses. It is the goal of the City of Littleton to promote new development, redevelopment, job retention and expansion, tax base expansion, and to encourage new and existing businesses to make capital investments. Contributing documents supporting this policy include the Comprehensive Economic Development Strategy (March 2024) and the Retail & Mixed-Use Market Analysis (October 2023).

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INCENTIVE PROGRAMS

The following incentive programs may be available, based on circumstances presented. An incentive request must demonstrate and address in detail how a proposal satisfies the evaluation criteria.

Retail Development Incentive Program

Purpose:

Retail sales are a critical component of the city’s tax base and for the city to remain competitive regionally and to maintain a healthy municipal budget, the City of Littleton seeks to promote retail development opportunities throughout the community. The city encourages a wide range of desirable retailers that enhance the Littleton experience and provide benefits to residents while promoting unique retail offerings that benefit tourism.

Eligibility:

Proposed retail projects that address a known retail leakage sector to ensure that Littleton retail can better meet the shopping needs of residents and mitigate environmental costs associated with more extensive vehicle travel that could otherwise be required; or redevelopment of existing commercial or industrial areas that intend to remove blight and improve the financial performance and viability of the property.

Available Incentives:

- Retail Sales Tax Reimbursement
- Use Tax Reimbursement
- Building/Construction Use Tax Reimbursement
- Land Development Impact Fee Credits or Waivers



Evaluation Criteria:

- Tier 3 (Criteria 1 – 11)

Approvals:

- City Council shall consider Retail Development Program incentive requests on a case-by-case basis in accordance with the evaluation criteria.

Primary Employment Incentive Program

Purpose:

This program intends to attract primary new private-sector employers or assist existing private-sector employers currently operating in the City of Littleton with payroll expansion, or capital expansion of existing facilities.

Eligibility:

Proposals that guarantee a minimum of 50 net new jobs within two years of opening the facility or notice of payroll expansion and include a pay rate equal to or greater than 66% (excluding benefits) of the area per capita income; or at least \$750,000 in new capital investment.

Available Incentives:

- Use Tax Reimbursement
- Building/Construction Use Tax Reimbursement
- Land Development Impact Fee Credits or Waivers

Evaluation Criteria:

- Tier 2 (Criteria 1 – 8)

Approvals:

- City Council shall consider incentive requests on a case-by-case basis in accordance with the evaluation criteria.

Revitalization Incentive Grant Program

Purpose:

The goal of this program is to encourage private investment in improvements to business storefronts in a way that makes revitalization efforts affordable, creative, and improves the aesthetic of the entire community. The program offers matching funds to business tenants and property owners within the City of Littleton proposing projects that improve the appearance of existing buildings.

Eligibility:

Applications for consideration involve improvements visible from the public right of way and include architectural/design assistance, façade, landscape, parking areas, exterior lighting, and Americans with Disabilities Act (ADA) improvements and signage.



Available Incentives:

- This program is a cash incentive (reimbursement) grant.

Evaluation Criteria:

- Tier 1 (Criteria 1 – 3)

Approvals:

- Funds for this program are appropriated by City Council annually and proposed projects are approved for funding administratively on a case-by-case basis in accordance with the evaluation criteria.

Enterprise Zone Tax Benefit Program

Purpose:

The State of Colorado Enterprise Zone Program provides tax credits for private enterprise to expand and for new businesses to locate in economically distressed areas of Colorado. As a local enterprise zone sub-administrator, Economic Development staff will work with local partners on proposals for contribution projects with defined timelines that improve the economy, create, and retain jobs, expand businesses, and have community support.

Eligibility:

Some areas of Littleton are located within the Enterprise Zone and qualify for assistance. Check with Economic Development staff to determine specific locations. See [enterprise-zone-program](#) website for more information.

Available Incentives:

- Businesses are eligible for state income tax credits and sales and use tax exemptions for specific business investments.
- Economic development projects form by incentivizing taxpayers to contribute through state income tax credits.
- Taxpayers who contribute to enterprise zone projects may earn income tax credits.

INCENTIVE TYPES

All incentive types are performance based, meaning that before any monies are disbursed, the proposed project or business shall meet or exceed the specific performance measures identified in the incentive agreement.

Retail Sales Tax Reimbursement

A share-back or partial reimbursement of the city-collected portion of retail sales tax generated from the project, up to 50% maximum. Requests of this incentive type must identify a financial gap and demonstrate how a public partnership will help the feasibility of the project.

Use Tax Reimbursement

A share-back or partial reimbursement of the city-collected portion of use tax. Use Tax is not a separate tax, it is a complement to Sales Tax and is due on the same tangible personal property on which Sales Tax is charged. Use Tax may still be due even though you paid some Sales Tax.



Building/Construction Use Tax Reimbursement

A partial to full reimbursement of the construction use tax generated by constructing a project. All proceeds of the construction use tax reimbursement must be utilized for a public or public-related purpose which advances the public health, safety, and welfare of the community.

Land Development Impact Fee Discounts or Waivers

Land development impact fee discounts or waivers shall not exceed the fees or taxes due with respect to a particular project and any savings will not be monetized. The city does not have the ability to waive or reimburse for outside jurisdiction fees or taxes.

Cash Incentive Grant

The Revitalization Incentive Grant program offers up to \$20,000 in matching funds for qualifying projects to business tenants and property owners within the City of Littleton proposing projects that improve the appearance of existing buildings. See application for complete program details.

EVALUATION CRITERIA

The requestor shall provide a written narrative describing how the proposal qualifies the following evaluation criteria for the requested incentive program.

Tier 1

1. The proposal demonstrates a long-term commitment to the city.
2. The proposal provides a positive fiscal and economic impact to the city.
3. The proposal creates a beneficial impact on a particular area of the city, which may include designated enterprise zones and/or areas in need of revitalization or redevelopment.

Tier 2

4. The proposed project represents significant private-sector financial investment.
5. The proposed project is compatible with the designated land use, comprehensive plan, and any associated development plans that ensure adequate infrastructure whether existing or proposed.
6. The extent to which the economic and employment benefits of the incentive accrues to the residents and taxpayers who indirectly subsidize the business because of the foregone tax revenue.
7. The degree to which the proposed project or business positively impacts the diversification of the city's economy.
8. The potential for future expansion and additional job creation.

Tier 3

9. The benefits of the proposed project outweigh the direct public costs of infrastructure costs, utility, increased police, and any other public expenses associated with the project.
10. The incentive must make such a difference in determining that the proposed project would not otherwise be established or expanded in the city if it were not for the availability of the incentive.
11. The incentive granted for the proposed project intends to achieve significant economic growth and/or the creation of new jobs in the city.



Special Consideration

Additional consideration is given to proposed projects that advance policy goals and demonstrate the following:

- Facilitates the development of historically difficult-to-develop or economically-disadvantaged parcels.
- In addition to advancing other goals, the project faces unusual tax or regulatory burdens (e.g., metro district taxes).
- Incentivizes locally-owned businesses prioritized in the City's Comprehensive Economic Development Strategy (CEDS).
- Employs workers in targeted industries/sectors as prioritized by the city's Comprehensive Economic Development Strategy (CEDS).
- The proposed project advances transportation priorities beyond standard development requirements or requires extraordinary investment to meet standards e.g., significant bike/ped infrastructure or transportation services for employees.

PROCESS

To be considered for an incentive agreement, the requestor should begin discussions of a proposal early with Economic Development staff. The process is iterative with the expectation that the requestor be transparent with the project details and negotiations will remain confidential.

For formal submittals, a requestor must present a written request containing the following information in the following order:

- Complete requestor information and identification of the requested incentive program and incentive type.
- A written narrative describing the proposed project with all land use specifications, including:
 - How the project is compliant with the zoning and comprehensive plan and any other adopted plans or policies.
 - How the proposal is compliant with the incentive eligibility requirements.
 - How the proposal is compliant with the incentive evaluation criteria.
- At the requestor's cost, include a cost benefit analysis performed by an objective, third-party consultant to analyze the impact of capital investments, construction costs, salaries, visitor traffic and other benefits. The analysis will be used initially to determine the viability of the proposed project and must show a positive economic impact to the city.
- Explanation of the project impact, as relevant:
 - Total private sector capital investment
 - Total jobs retained or created with wage and benefit information.
 - Total assumed new sales tax generated.
 - Real estate assets developed and/or public infrastructure improvement details and costs.
- A well-developed site plan including project renderings, when relevant.
- A comprehensive financial pro-forma.



Next Steps:

- The Economic Development team will analyze the request in conjunction with the City Manager.
- Depending on the complexity of certain requests, the city may retain professional economic consulting services to analyze and provide a detailed assessment of the request.
- Negotiation of the request may be ongoing until there is concurrence with the terms.
- Administratively approved requests will require an agreement specifying the terms and actions.
- Requests requiring City Council consideration may first be presented to City Council at a study session with formal action taken at a subsequent City Council public hearing where public testimony may be considered.
- All approved incentive requests will require a fully executed agreement specifying the terms and actions.

DEFINITIONS

Building/Construction Use Tax – Calculated as 3.75% of 52.5% of the value of the building permit.

Land Development Impact Fee – [Land Development Impact Fee Schedule](#)

Retailer – Businesses that sell goods in small quantities directly to consumers.

Sales Tax – Sales tax is charged on the purchase price of all sales of tangible personal property by a licensed seller when delivery takes place within the boundaries of the city. The sales tax rate for Littleton is 3.75%. Food, food products, drinks & confections, for home consumption, when sold in the same form, condition, quantities, and packaging as is commonly sold by grocers is exempt from sales tax. 3% of sales tax goes to the General Fund, 0.75% goes to the 3A capital improvement fund for infrastructure.

Sales – Sales include merchandise sold (for cash or credit at retail or wholesale) by establishments primarily engaged in retail trade. Services that are incidental to the sale of merchandise, and excise taxes that are paid by the manufacturer or wholesaler and passed along to the retailer are also included. Sales are net, after deductions, of refunds and allowances for merchandise returned by customers. Sales exclude sales taxes collected directly from customers and paid directly to a local, state, or federal tax agency.

Use Tax – One-time tax paid on the purchase price of all furniture, fixtures, equipment and supplies incidental to the business. 3% goes to a separate capital projects fund for city-wide capital and 0.75% goes to the same 3A capital improvement fund for infrastructure.

THE FINE PRINT

Incentives must serve a public purpose, as determined by City Council in its discretion including but not limited to providing significant economic, cultural, and/or social benefits to the citizens of Littleton in the form of jobs, new economic activity, increased tax revenues and/or cultural or social opportunities.

The City of Littleton requires the mutual consent and execution of a written agreement detailing the terms of the incentive. No agreement, when required, is final without formal action by City Council.



Award of incentives is a negotiated process and incentive agreements are entirely discretionary and will be considered on a case-by-case basis by the City Manager who retains the right to determine whether the project and proposed incentive agreement will be presented to City Council for consideration of approval, when required. Previously approved agreements do not establish a precedent for subsequent agreements. Unless specified otherwise, any agreement is a personal agreement between the original requestor and the City of Littleton which is not transferable and does not run with the land.

All incentive agreements shall be performance based, meaning that before any monies are disbursed, the business shall meet or exceed the specific performance measures identified in the incentive agreement. Specific performance measures may include:

- (a) meeting the requirements of the eligibility threshold for jobs and wages.
- (b) requiring new revenues generated by the business to equal or exceed the total dollar amount of the incentive provided during the period of the incentive agreement by rebate or refund; or
- (c) requiring any rebate or refund to come from the revenues generated by that business.

All Incentive Agreements shall be subject to annual appropriations by City Council as required in the Colorado Constitution.

The business and/or property owner must be current in its payment of property taxes to be considered for any economic partnership incentive.

Amendment of this policy may be performed administratively as directed by City Council or as ordinances and policies are adopted. Substantive changes to programs that require City Council approval shall be amended by the City Council.



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