

BOARD OF COUNTY COMMISSIONERS BRIEFING PAPER
Jefferson County Business Personal Property Tax Multi-Year
Extension Request for Lockheed Martin
February 21, 2023

- ☐ For Information ☐ For Discussion/Board Direction ☒ Consent to
Place on Business/
Hearing Agenda

Issue: Lockheed Martin Corporation is requesting a six-year extension of the deadline in its business personal property tax (BPPT) agreement due to delayed construction.

Background: C.R.S. § 30-11-123 authorizes Colorado counties to offer business personal property tax credits to companies to incentivize them to establish new facilities, or expand existing facilities, within the county. Jefferson County operated a BPPT incentive program from 2010 to 2018, during which time the BCC approved a number of BPPT agreements with individual companies, upon the recommendation of the Jefferson County Economic Development Corporation (“JCEDC”).

In 2017, the BCC approved a BPPT agreement with Lockheed Martin, the terms of which provided that the County would refund Lockheed 100% of the BPPT due on the personal property attributable to the expansion of one or both of two existing Lockheed facilities in the County for 15 years, provided Lockheed commenced operation of the expansion facility and met certain specified investment and employment requirements at the expanded facility no later than December 31, 2020. Lockheed agreed that the expansion facility would employ 300 new employees within 5 years of operation, at an average salary of \$90,000.00.

In 2018, in an effort to reduce property tax burdens on businesses, the County repealed the BPPT payable to the county general fund. The repeal did not impact the county’s BPPT for the Road & Bridge, Social Services, Developmentally Disabled and Library Funds, which the County continues to collect. Shortly thereafter, the County discontinued its BPPT incentive program, but determined that it would honor BPPT incentive agreements entered into previously.

Discussion: Lockheed is still constructing the facility expansion and is therefore not yet eligible for the rebate. Lockheed is requesting that the County amend the deadline in the BPPT agreement to give Lockheed until December 31, 2026, to begin operations at the expansion facility and meet its other obligations under the agreement.

County staff and the JCEDC recommends that the BCC approve the requested extension through an amendment to the contract. Extending the start date based on construction schedules is consistent with past practices. The amendment would not reduce the minimum employment or investment obligations that Lockheed would have to meet to qualify for the personal property tax rebate.

Fiscal Impact: The fiscal impact of approving the extension is impossible to state with precision, because any BPPT refunds that Lockheed qualifies for would not occur until future years, when tax rates may be different. At the current tax rate, the fiscal impact would be \$67,964 total over 15 years, as shown in the table below.

Mill Levy Funds	2023 Mill Levy	Tax Rate	Estimated Revenue
General Fund	19.166	Exempt from BPPT	
Capital Expenditures Fund	0	0	\$ -
Road & Bridge Fund	1.143	0.001143	\$ 663
Social Services Fund	1.169	0.001169	\$ 678
Developmentally Disabled Fund	1	0.001	\$ 580
Library Fund	4.5	0.0045	\$ 2,610
Annual Property Tax Revenue Estimate			\$ 4,531
15-Year Property Tax Revenue Estimate			\$ 67,964

- Year of impact: 2026 - 2041
- TABOR impact: No
- Existing grant or project: No
- New grant or project: No
- Requested in adopted budget: No
- Ongoing or one-time: Ongoing business personal property tax exemption for 15-years
- General Fund impact: Yes
- Staffing impact: No
- ARPA impact: No
- Match requirements: No Match Required
- Mandate/Contractual obligation: N/A

Revenue Limits Impact: ☒ yes ☐ no

There is no impact to the County's TABOR Fiscal Year Spending Limit while the business personal property tax exemption is in place.

After the exemption term is expired an estimated \$4,531 additional property tax revenue will be collected by the County annually based on present value estimates.

SPA Review: Support, no concern.

Facilities Review: No fiscal impact

BIT Review: No fiscal impact

Fleet Review: No fiscal impact

Human Resources Review (new FTE only): No FTE

Recommendations: That the Board of County Commissioners extends Lockheed Martin's deadline under the August 9, 2017 Personal Property Tax Incentive Agreement to qualify for the business personal property tax incentive refund to December 31, 2026, and authorizes the Chairman to execute an amendment to the Agreement extending this deadline, following approval as to form by the County Attorney's Office.

Originator: Heather Frizzell, Finance Director, ext. 8575 and Stephanie Corbo, Chief Financial Officer ext. 8542

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