

**ECONOMIC DEVELOPMENT INCENTIVES
OF THE FIFTY STATES**

State Tax, Financial and Workforce Development Incentives

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New Mexico State Data Center: www.nmstatedatacenter.com

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WISCONSIN

FINANCING & GRANTS

Wisconsin Housing and Economic Development Authority (WHEDA) Programs: WHEDA offers a number of programs and services in support of business development within the State of Wisconsin.

Guarantee Programs: Loan guarantees targeted to specific types of economic development projects.

Participation Lending: Partnerships with lending institutions to provide commercial credit for larger projects.

State Small Business Credit Initiative: Capital access, private equity and other programs that promote job creation and retention.

New Markets Tax Credit (NMTC) Program: Serves as a resource to help fuel job creation and economic development efforts by promoting equity investment in low-income urban and rural communities. Businesses involved in NMTC deals can obtain benefits including lower interest rates on loans, interest-only payments for seven years, non-traditional financing not available in the marketplace, access to a reduced cost of capital, and more. Projects must be located in highly distressed census tracts, which are determined by factors such as poverty rates and percentage of median family income.

Business Opportunity Loan Fund: Financing options ranging from loans to loan guaranties for businesses making investments to expand in or relocate to Wisconsin.

Capital Catalyst: Matching grants to seed funds managed by local communities and other eligible entities to provide capital to high-growth startups and emerging growth companies.

Community Development Investment Grant: Financial support for shovel-ready projects with particular emphasis on downtown community driven efforts that deliver significant, measurable benefits in job opportunities, property values, and/or leveraged investment by local and private partners.

Entrepreneurial Micro-Grants: Provides early-stage technology-based companies with services and funding to support their efforts in obtaining significant federal grant funding.

Global Business Development Grants: Grant funding to support the growth and expansion of exports by Wisconsin companies.

Idle Sites Redevelopment: Highly competitive program offering grants to Wisconsin communities for the implementation of redevelopment plans for large industrial sites that have been idle, abandoned or underutilized for at least five years.

Brownfields Grant Program: Wisconsin's Brownfields Grant Program provides grant funds to assist with the assessment and remediation of environmental contamination of abandoned, idle or underused industrial or commercial facilities or sites. This program helps convert contaminated sites into productive properties that are attractive and ready for redevelopment.

Any city, village, town, county, individual, tribal entity or business may apply for funds, provided that the party that caused the environmental contamination and any person who possessed or controlled the environmental contaminant is unknown, cannot be located, or is financially unable to pay for the remediation of the soil and/or groundwater.

Phase I and Phase II Environmental Reports must be completed prior to seeking Brownfields Grant Program funding. Grant recipients are required to contribute at least 50 percent of the amount of the grant to the project.

Industrial Revenue Bonds: A unique type of revenue bond organized and issued by a state or local government, the proceeds of which are directed to a private, for-profit business. The program is designed to incent expansions of manufacturing facilities in Wisconsin.

SBIR/STTR Matching Grant: Provides funds to technology-based businesses in or relocating to Wisconsin by matching a portion of Phase I and/or Phase II awards under the federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs provided through periodic competitions.

Seed Accelerator: Provides grants to eligible communities and other organizations to support a pre-seed business model program that incorporates training, mentoring and financial assistance to entrepreneurs in their area. Grant funds may be used as seed capital for companies in the accelerator, as well as for costs associated with initiating the accelerator program.

Technology Development Loans: Flexible lending program designed to assist high-tech startup and emerging growth companies in financing the development and launch of innovative products and services.

TAX INCENTIVES

Business Development Tax Credit: The Business Development Tax Credit (BTC) Program supports job creation, capital investment, training and the location or retention of corporate headquarters by providing companies with refundable tax credits that can help to reduce their Wisconsin state income tax liability or provide a refund.

A business located in, or relocating to, Wisconsin may be eligible for Business Development Tax Credits if the business's net employment in the state increases each year for which the business claims tax credits. Tax credits are subject to retention requirements; the full program guidelines are available at InWisconsin.com.

Capital Gains Investment Incentives: Capital gains on funds invested in qualified Wisconsin businesses are completely exempt from the capital gains tax after the investment has been held for five years.

Capital gains on existing investments which are sold in order to generate funds for investments in qualified Wisconsin businesses are deferred so that they are not taxed at the time they are invested in the Wisconsin businesses.

Development Opportunity Zones: Non-refundable tax credits for new and expanding businesses in the cities of Beloit, Janesville and Kenosha to assist with capital investment, and the creation and retention of new, full-time jobs.

Enterprise Zone Tax Credit: A refundable enterprise zone jobs credit is available for certified businesses located in a designated enterprise zone. The WEDC may certify for tax benefits a business that begins operations in an enterprise zone if the business offers compensation and benefits to its employees working in the zone for the same type of work that are at least as favorable as those offered to its employees working outside the zone. The WEDC may also certify a business that expands operations in an enterprise zone, if the business will increase its personnel by at least 10% or the business makes a capital investment in property located in the enterprise zone equal to at least 10% of the business' gross revenues in the preceding tax year attributable to business activities in Wisconsin. Finally, the WEDC may certify a business that retains existing jobs in an enterprise zone if the business makes a significant capital investment in property located in the zone, and at least one of the following applies: (1) the business is an original equipment manufacturer with a significant supply chain in Wisconsin, as determined by the WEDC; or (2) more than 500 full-time employees are employed by the business in the enterprise zone.

Historic Preservation Tax Credit: Provides transferable income tax credits of 20% to eligible entities rehabilitating certified historic buildings.

Manufacturing & Agriculture Credit: A credit is available for individuals and business entities that have manufacturing and agricultural activities in Wisconsin. The credit is a percentage of “eligible qualified production activities income.” The credit is 7.5% of eligible qualified production activities income.

For individuals, the credit is limited to the amount of income tax paid on the income from which the credit is based. For a corporation, eligible qualified production activities income is the lesser of:

- eligible qualified production activities income,
- income apportioned to Wisconsin, or
- income taxable to Wisconsin as determined by combined reporting law, if the corporation is a member of a Wisconsin combined group

Property Tax Exemptions: Machinery and equipment used in manufacturing is exempt from personal property taxes. Manufacturer and merchant inventories are exempt from personal property taxes. Certain waste treatment facilities owned by utilities, manufacturers, and commercial businesses used for the treatment of industrial waste materials are exempt from general property taxes.

Qualified New Business Venture (QNBV) Program: Helps drive investment to innovate early-stage Wisconsin companies by allowing investors to claim a 25% tax credit on the amount they invest into a QNBV-certified business.

Research and Development Tax Credit: An R&D credit is available for qualified research expenses equal to 5.75% of the average above 50 percent from the past three taxable years. If there were no qualified research expenses in the three prior taxable years, the credit is 2.875%.

Sales Tax Exemptions: Wisconsin sales tax does not have to be paid on the following:

- Machinery and equipment used by a manufacturer in producing tangible personal property.
- Tangible personal property that becomes an ingredient or component of another product in the manufacturing process.
- Tangible personal property that is consumed or loses its identity in the process of manufacturing tangible personal property.

- Machinery, equipment and tangible personal property used in research by companies that are engaged in manufacturing or biotechnology.
- Fuel and electricity used in manufacturing.

Tax increment financing (TIF): Local municipalities offer Tax Increment Financing (TIF) designed to finance the public costs associated with a private development project. The property tax increases resulting from a development will be targeted to repay the public investment required by a project. Intangible personal property and certain motor vehicles, trucks, trailers, and aircraft are exempt from the general property tax; Business inventories are exempt from property taxation.

WORKFORCE DEVELOPMENT

Workforce Training Grants: Wisconsin provides Workforce Training Grants to assist businesses in workforce retention and expansion into new markets and technology. The program provides grant funds to businesses to upgrade or improve the job-related skills of their full-time employees.

Any business making a firm commitment to locate a new facility in Wisconsin or expand an existing facility within the state and is upgrading a product, process or service that requires training in new technology and industrial skills is eligible for a Training Grant.

WEDC considers a number of factors, including, but not limited to:

- Training shall be related to a specific project
- The extent to which the project will retain or increase employment in this state
- The extent to which the project will contribute to the economic growth of this state
- Whether the project will be located in an economically distressed area
- Whether the project will be located in a rural area
- The financial soundness of the business
- Any previous financial assistance that the business received from the Department of Commerce or the Wisconsin Economic Development Corporation

Wisconsin Fast Forward: The State of Wisconsin's \$30 million investment in the Wisconsin Fast Forward (WFF) grant program is a nationally recognized, innovative talent development solution driven by Wisconsin businesses to train and retain highly skilled workers. Over \$18 million in WFF grant contracts

has been issued to date, supporting nearly 200 worker training projects and benefitting hundreds of employers and thousands of workers across Wisconsin.

WFF is administered by the Office of Skills Development through a transparent and accountable process.

Grant funds support short- and medium-term employer-led worker training projects that:

- Encourage increased collaboration between Wisconsin businesses and workforce training partners
- Fill current and ongoing skill requirements of Wisconsin employers
- Place workers in long-term positions with opportunities for professional growth and economic advancement.

Blueprint for Prosperity: The Blueprint for Prosperity initiative expands the Wisconsin Fast Forward program through an additional investment of \$35.4 million in State General Purpose Revenue to provide in-demand skills training grants for three target populations to:

- Reduce Wisconsin Technical College wait lists for students
- Train high schools students for high demand jobs
- Offer employment skills training to persons with disabilities, including service-disabled veterans

Source: <https://businessfacilities.com/state-by-state-incentives-guide/>
<http://inwisconsin.com/select-wisconsin/incentives/>

ILLINOIS

FINANCING & GRANTS

ADVANTAGE Illinois: Delivered through pre-approved Illinois financial institutions, the program accelerates investments and ease traditional credit underwriting standards for small businesses. The program encourages financial institutions to lend to businesses which would otherwise not qualify for traditional bank financing by purchasing portions of bank term loans, and RLOCs, applying below market interest rates to the Department of Commerce's portion, and subordinating its exposure that those of the lending entities. This institutional lending program mitigates lender risk through the use of subordinated debt of up to \$2 million.

Business Development Public Infrastructure Program (BDPIP): Provides grants to units of local government for public improvements on behalf of a business(s) undertaking a major expansion or relocation project that will result in substantial private investment and the creation and/or retention of a large amount of Illinois jobs. The infrastructure improvements must be made for public benefit and on public property and must directly result in the creation or retention of private sector jobs. Local governments must demonstrate clear need for financial assistance to undertake the improvements. Awards are determined by the amount of investment and job creation or retention involved. The Business Development Public Infrastructure Program provides funds for infrastructure improvements in support of economic development in the Illinois. The Business Development Public Infrastructure Program helps local governments finance public infrastructure needed to support economic development and private sector job creation. Funding is available only for infrastructure projects which lead directly to private sector expansion or retention activities.

Community Development Assistance Program for Economic Development (CDAP-ED): A federally funded program designed to provide grants to units of local government for economic development activities related to private business retention or expansion. Local governments can make their grant funds available as loans to businesses growing or moving to their community. Funds may be used for machinery and equipment, working capital and building construction and renovation.

Community Development Block Grant (CDBG) Economic Development Program: The Community Development Block Grant (CDBG) program, provides federal funding for a variety of community-based projects. Communities with populations of 50,000 or less can apply for Economic Development grant funding to assist private business in retaining or creating full-time, permanent

jobs. Grant funds may also be used for improvements to public infrastructure that directly supports a company in the local community

Community Service Block Grant (CSBG): The Community Services Block Grant (CSBG) program provides federal funding to Illinois' 36 community action agencies (CAAs) to carry out locally designed programs providing a range of services and activities that have measurable impacts on the causes and effects of poverty. The CSBG program assists low income populations with transportation, clothing, health services, food, shelter and programs designed to increase self-sufficiency, such as job preparedness, education and housing assistance. Small business loans are also available with CSBG funding. Eligible individuals must generally have incomes that fall below 125% of the national poverty index.

Emerging Technological Enterprises: The Illinois Jobs Now Act allows the Illinois Department of Commerce the authority to provide grants, loans and other investments for projects to respond to unique advanced technology initiatives which will foster the development of Illinois' economy through the advancement of the state's economic, scientific and technological assets.

Employer Training Investment Program Incentive: The Employer Training Investment Program (ETIP) supports Illinois workers' efforts to upgrade their skills in order to remain current in new technologies and business practices, enabling companies to remain competitive, expand into new markets and introduce more efficient technologies into their operations. ETIP grants may reimburse Illinois companies for up to 50% of the cost of training their employees. The ETIP Incentive Program is provided to pre-qualified businesses located in Illinois who are expanding or relocating operations, or whose operations are in jeopardy of job loss. Those Illinois businesses applying for training funds are part of an ILDCEO Business Development Project and grants are administered through the ILDCEO Business Development Bureau.

Illinois Department of Transportation (IDOT) Economic Development Program: The EDP program is designed to provide up to 50% state funding for eligible locally owned roadways, and 100% state funding for roadway improvements on state owned routes. The remaining 50% match will be provided by local government entities or private sources. This funding allows the department to contribute up to \$2 million maximum to local economic development projects. Due to the program's overall size, costs beyond the \$2 million project limit must be absorbed by the local community, company or developer. The purpose of the EDP is to provide state assistance for roadway improvements that are necessary for access to new or expanding industrial, manufacturing or distribution type companies. The focus of the program is on the retention and creation of

permanent-full time jobs. Projects which only improve opportunities for future development or are speculative in nature are not eligible. This is not a competitive program nor is the funding commitment based on how many jobs will be created. Funding amounts for each project is determined by the total cost of roadway improvements that are necessary to adequately meet the needs of the company and any safety concerns for the traveling public.

Illinois New Markets Development Program: The Illinois New Markets Development Program provides supplemental funding for investment entities that have been approved for the Federal New Markets Tax Credit (NMTC) program. This program will support small and developing businesses by making capital funds more easily available and will make Illinois more attractive to possible investors. The NMTC program provides state and federal tax credits to investors that make investments into approved funds, which will make investments in eligible projects located in low income census tracts throughout Illinois. The program provides non-refundable tax credits to investors in qualifying Community Development Entities (CDE's) worth 39% of the equity investment made into the CDE over a seven-year credit allowance period.

IDOT Rail Freight Loan Program: The purpose of the Rail Freight Loan Program is to provide capital assistance to communities, railroads and shippers to preserve and improve rail freight service in Illinois. The primary role of the program is to facilitate investments in rail service by serving as a link between interested parties and channeling government funds to projects that achieve statewide economic development. The program generally provides low interest loans to finance rail improvements. Under special circumstances grants may be considered

State Trade & Export Promotion (STEP) Program: The Office of Trade and Investment (OTI) at the Illinois Department of Commerce won a competitive State Trade and Export Promotion (STEP) grant award of \$1.26 million in the first year of the STEP Program, a \$1.06 million award in the 2nd year and \$685,855 in the 4th year—to increase the number of small sized businesses that are exporting and to increase the value of exports for those small sized businesses that export in Illinois. The STEP program was a three-year pilot trade and export initiative authorized by the federal Small Business Jobs Act of 2010 which was extended by the Consolidated and Further Continuing Appropriations Act, 2015 (H.R. 83). Illinois' STEP program for year four (October 2015-September 2016) will continue to focus on providing eligible sized small businesses with financial and technical assistance, including the opportunity to participate in Group Trade Missions or Individual Foreign Market Sales Missions. In addition, assistance is also available for Illinois' small businesses to

achieve product compliance certifications required for exporting and international marketing support.

TAX INCENTIVES

Economic Development for a Growing Economy (EDGE): Provides special tax incentive to encourage companies to locate or expand operations in Illinois when there is active consideration of a competing location in another State. The program can provide tax credits to qualifying companies, equal to the amount of state income taxes withheld from the salaries of employees in the newly created jobs. The non-refundable credits can be used against corporate income taxes to be paid.

Enterprise Zone Program: Stimulate investment and job creation and retention in designated areas of the State through tax credits and exemptions including: State utility tax (5.10%); State building materials tax (6.25%); State investment tax credit (0.50%); State telecommunications excise tax (7.00%); State expanded machinery sales tax (6.25%); and Local incentives which vary from zone to zone.

High Impact Business: Provides large-scale economic development activities by providing tax incentives (similar to those offered within an enterprise zone) to companies which make substantial capital investments in operations and create or retain above average number of jobs. Businesses may qualify for: investment tax credits, a state sales tax exemption on building materials, an exemption from state sales tax on utilities, a state sales tax exemption on purchases of personal property used or consumed in the manufacturing process or in the operation of a pollution control facility.

Illinois Angel Investment Credit Program: The Illinois Angel Investment Program is designed to offer a tax credit to interested firms or individuals who make an investment in one of Illinois' innovative, qualified new business ventures. The investment will encourage job growth and expand capital investment in Illinois. The program can offer a tax credit to qualifying investors in an amount equal to 25% of their investment made directly in a qualified new business venture.

River Edge Redevelopment Zone Program: The purpose of the River Edge Redevelopment Program (RERZ) is to revive and redevelop environmentally challenged properties adjacent to rivers in Illinois. The River Edge Redevelopment Zone Act authorizes the Department of Commerce to designate zones in five cities—Aurora, East St. Louis, Elgin, Peoria and Rockford. The River Edge

Redevelopment Zone (RERZ) Program is designed to achieve its goals through the use of several incentives authorized by State law. Two of these—sales tax exemption and property tax abatement (if offered in the zone)—are administered by the local zone administrators. All other incentives may be claimed as credits on the applicant’s annual Illinois tax return.

Tax Increment Financing Program: Illinois law allows units of local governments the ability to designate areas within their jurisdiction as TIF districts. These specially designated districts are used by local governments as a way to spur economic growth by dedicating the sales tax revenues and additional property tax revenues generated within the TIF for improvements within the district with the hope of encouraging new economic development and jobs.

Trade Adjustment Assistance: To provide funding to eligible local Workforce Areas grantees for Trade Program activities to serve laid off workers as a result of foreign trade and competition.

WORKFORCE DEVELOPMENT

Illinois has a network of regional partners that train the skilled workers that are needed to keep businesses competitive. Through the Workforce Innovation and Opportunity Act, Illinois implements innovative strategies including incumbent worker training programs, customized training, industry sector partnerships, and career pathway programs. Illinois has strategically coordinated the workforce programs across state agencies to meet the needs of all employers (including small and large businesses). For more information please visit www.illinoisworknet.com

Source: <https://businessfacilities.com/state-by-state-incentives-guide/>
<https://www.illinois.gov/dceo/ExpandRelocate/Incentives/Pages/default.aspx>

MICHIGAN

FINANCING & GRANTS

Community Development Block Grant Public Infrastructure: The MSF administers the Michigan Community Development Block Grant (CDBG) program, which is a federal program that provides funds to eligible counties, cities, villages and townships for economic and community development. Qualifying economic development projects are those directly related to a for-profit business location or expansion involving eligible activities that will result in the creation of jobs, with at least 51% of those jobs held by low- and moderate-income workers.

Michigan Business Development Program (MBDP): The Michigan Business Development Program is an incentive program available from the Michigan Strategic Fund (MSF), in cooperation with the Michigan Economic Development Corporation (MEDC). The program is designed to provide grants, loans or other economic assistance to businesses for highly competitive projects in Michigan that create jobs and/or provide investment. The MBDP is available to eligible businesses that create qualified new jobs and/or make qualified new investment in Michigan. The Qualified New Jobs must be held by Michigan residents of the Applicant company and be in addition to those maintained in Michigan prior to the project. Eligible investment includes investment made by the business in Michigan in support of the project and approved by the MSF. Preference may be given to businesses in need of additional assistance for deal-closing and second stage company gap financing.

Any business seeking to qualify for MSF support on the basis of job creation must create a minimum of 50 Qualified New Jobs. Unless a project is in a rural county (a county with a population of 90,000 or less) or qualifies as a high-technology activity, in which case the business must create a minimum of 25 qualified new jobs. High-technology activities are defined in the Michigan Economic Growth Authority Act, Public Act 24 of 1995, although it does not include Tool and Die unless the eligible business meets a different high-technology definition.

Michigan Community Revitalization Program (MCRP): The MCRP is an incentive program available from the Michigan Strategic Fund (MSF), in cooperation with the Michigan Economic Development Corporation (MEDC), designed to promote community revitalization that will accelerate private investment in areas of historical disinvestment; contribute to Michigan's reinvention as a vital, job generating state; foster redevelopment of functionally obsolete or historic properties; reduce

blight; and protect the natural resources of this state. The program is designed to provide grants, loans or other economic assistance for eligible investment projects in Michigan. A person or two or more persons may apply to the MSF for approval of MCRP incentives associated with a project. The MSF's support will not exceed 25% of the total eligible investment for a single project, and in no event exceed a total of \$10,000,000 for loan agreements or \$1,000,000 for grant agreements, or \$10,000,000 for a combination of support. Any grant or loan under the program will be performance based. Grants and loans will include flexible terms and conditions and may be assignable upon approval of the MSF. Loan terms and conditions may include below market interest rates, extended grace and repayment provisions, forgivable terms and no security or some security (which may be subordinated). As required by the Act, all written agreements will include a repayment provision for failure to comply with the provisions outlined in the written agreement. The Program will also consider awards to projects where the MSF will purchase a share, or participate, in a Senior Loan facility or contribute equity into the project all on terms acceptable to the MSF.

Eligible investment to an eligible property is considered based on one or more of the following categories as further determined by the MSF Board (MCL 125.2090a(d)):

- Any alteration, construction, improvement, demolition or rehabilitation of buildings;
- Site improvement;
- The addition of machinery, equipment or fixtures; and
- Architectural, engineering, surveying and similar professional fees for a project but not certain soft costs of the eligible investment

Public Spaces Community Places: A program which provides matching funds to resident-led crowd funding community improvement projects.

A creating funding program that partners the Michigan Economic Development Corporation (MEDC) and the Michigan State Housing Development Authority (MSHDA) with the Michigan Municipal League and the Michigan-based crowd funding platform Patronicity. This opportunity mobilizes community members, residents and general supporters to make individual contributions while promoting their efforts to others. Communities, non-profits and other business entities can submit projects by applying for a Patronicity crowd funding online donation campaign. Projects meeting fundraising goals can receive a matching grant from MEDC/MSHDA of up to \$50,000.

Public Spaces Community Places projects include:

- Public Plaza & Green Space Development
- Access to Public Amenities
- Farmer’s Markets, Community Kitchens, Pop-Up Retail/Incubator Space
- Alley Rehabilitation
- Any other place based (or public space improvement) project

The creative funding mechanism is available to projects located in Michigan communities which contain a traditional downtown. Only local communities and non-profit entities are eligible to apply. Non-profit entities must have 501c3 status in place before project launch. A traditional downtown is defined as follows:

- A grouping of 20 or more contiguous commercial parcels containing buildings of historical or architectural significance.
- The area must have been zoned, planned or used for commercial development for more than 50 years.
- The area consists of primarily zero lot-line development.
- The area has a pedestrian-friendly infrastructure.

Pure Michigan Business Connect: Through economic gardening initiatives, Michigan businesses have new ways to buy and sell, raise capital and connect with each other. Pure Michigan Business Connect is a \$3 billion public-private initiative that strengthens our economic gardening philosophy through an alliance of the MEDC, Michigan companies and other Michigan organizations. Pure Michigan Business Connect matches people with resources including venture capital, debt financing, collateral support and other funding assistance; business support services like customized market research, executive and professional talent search assistance, training support, customized site searches and ombudsman services; and additional public/private support such as entrepreneur services, export assistance, legal services and matchmaking with Michigan suppliers.

TAX INCENTIVES

Inventory Tax: No inventory tax no matter where a company locates in Michigan. All inventory is exempt from state and local property taxes.

Personal Property Tax Reform: In an ongoing effort to make the state a more attractive place for businesses to invest and grow, Michigan is phasing out its Personal Property Tax (PPT) for most businesses beginning in 2014. This reform will substantially reduce compliance and administrative costs for businesses and will be especially attractive to manufacturers who rely on expensive capital investments in tools and other equipment. Eligible manufacturing personal property could include both commercial personal property and industrial personal property. More specifically, the term refers to all personal property located on real property where that personal property is used more than 50% of the time in industrial processing or in supporting industrial processes.

Eligible manufacturing personal property purchased by the first owner:

- after 2012 will be 100% exempt beginning in 2016.
- before 2006 will be 100% exempt beginning in 2016.
- in 2006 through 2012 will be 100% exempt when the personal property becomes 10 years old.

Property Tax Abatement under PA 198 of 1974: Local units of government in Michigan's border counties have the ability to reduce property taxes on new investment by 50% for some warehouse, distribution and logistics centers. These abatements can last up to 12 years and can provide relief on both real and personal property taxes. The business must occupy a building that is no smaller than 100,000 square feet in size, and at least 90% of the facility must be used for warehousing, distribution or logistic purposes. The local unit of government is responsible for approving these abatements and their duration.

Sales Tax Exemptions: The 6% state sales tax is not levied on the purchase of machinery and equipment used in manufacturing.

State Education Tax Abatement: The MEDC can abate half or all of the 6-mill State Education Tax on new investment when the project presents significant economic benefits to Michigan, and when the project receives a property tax abatement under PA 198 of 1974.

Tax Abatements: Municipalities have the authority to provide a tax abatement on real and personal property for manufacturing facilities.

WORKFORCE DEVELOPMENT

Talent: From high-tech to skilled trades, Michigan is creating momentum to become a top 10 state for job creation. Developing talent for today and tomorrow's jobs is priority one, offering companies a deep and diversified talent pool. MEDC works with its sister-department, the Talent Investment Agency, to help companies find and attract the best talent.

Source: <https://businessfacilities.com/state-by-state-incentives-guide/>
<http://www.michiganbusiness.org/grow/incentives-taxes/>

INDIANA

TAX INCENTIVES

Corporate Tax Rate: In an effort to improve upon Indiana's existing business climate and bring it more in line with other states, a bill was passed that has reduced the previous rate of 8.5% down to 6.5% through July 1, 2015. A new bill has been passed to phase in additional reductions, lowering it every year through 2022, when the rate reaches 4.9%.

Economic Development for a Growing Economy (EDGE): Created to reward companies creating new jobs and contributing to the growth of Hoosier income. Credits are calculated as a percentage of payroll tax withholding for net new Indiana jobs and may be awarded for a term of up to 10 years. EDGE is a refundable tax credit that can be offered in situations where Indiana is competing against another state or country for a company's site location investment. The company must commit to maintaining operations in Indiana for at least two years beyond the term of its EDGE award.

Headquarters Relocation Tax Credit: When a business relocates its corporate headquarters, divisional headquarters or R&D facility to Indiana, it is entitled to a credit against its state tax liability equal to half of the costs incurred in relocating the headquarters. The company must also have worldwide annual revenue of at least \$50 million to qualify and after relocation; the corporation must have 75 employees in Indiana. The tax credit is applied against income tax liability and may be carried forward 9 years. There is no carry back, and the credit is nonrefundable.

Hoosier Business Investment Tax Credit (HBITC): HBITC provides incentive to businesses to support jobs creation, capital investment and to improve the standard of living for Indiana residents. The nonrefundable corporate income tax credits are calculated as a percentage (up to 10%) of the eligible capital investment over a period of two full calendar years to support the project. The tax credit is applied against income tax liability and may be carried forward 9 years. There is no carry back, and the credit is nonrefundable. Eligible capital investment includes new machinery and building costs.

Industrial Recovery Tax Credit (also known as "DINO"): DINO provides an incentive for companies to invest in former industrial facilities requiring significant rehabilitation or remodeling expenses. The General Assembly reduced the statutory thresholds in order to allow more vacant buildings in the state to be eligible for this program. The minimum in-service period for building was reduced

from 20 to 15 years. The minimum vacancy period was reduced from one year to zero. The minimum square footage for building requirement was reduced from 250,000 square feet (50,000 square feet from 2011 to 2014 and 100,000 square feet starting in 2015). These changes may help bring more vacant facilities back into service.

Research and Development (R&D) Sales Tax Exemption: Authorized by IC 6-2.5-5-40, it provides a 100% sales tax exemption for qualified R&D equipment and property at the time of purchase. Taxpayers may file a claim for the refund for sales tax paid on retail transactions if the sales tax was not exempted at the time of the actual transaction.

Research and Development (R&D) Tax Credit: Authorized by IC 6-3.1-4-1 and administered by the Indiana Department of Revenue, it provides a credit against state tax liability for qualified company research expenses and is based on the increase in Indiana R&D over the prior three-year base. In the base year, research expenses must have been at least half of the research expenses in the current year. The credit equals 15% of qualified research expenses on the first \$1 million of investment. The tax credit is applied against income tax liability and may be carried forward 10 years. There is no carry back, and the credit is nonrefundable.

Venture Capital Investment (VCI) Tax Credit: The VCI tax credit program improves access to capital for fast growing Indiana companies by providing individual and corporate investors an additional incentive to invest in early stage firms. Investors who provide qualified debt or equity capital to Indiana companies receive a credit against their Indiana tax liability. The VCI tax credit cap per qualifying business is \$1 million. The VCI tax credit is non-refundable; if the amount of credit exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry over the excess credit for a period not to exceed the taxpayer's following FIVE taxable years.

WORKFORCE DEVELOPMENT

Skills Enhancement Fund (SEF): The Skills Enhancement Fund (SEF) provides assistance to businesses to support training and upgrading skills of employees required to support new capital investment. The grant may be provided to reimburse a portion (typically 50%) of eligible training costs over a period of two full calendar years from the commencement of the project.

Eligible Expenses

- Trainer's wages

- Trainees wages (No more than 50% of the award may be used for reimbursing trainee wages)
- Software licenses for training programs
- Reasonable travel expenses for employees to attend the training, including conference registration, lodging, airfare, cabs, airport parking, mileage, or rental car expenses may be eligible (no more than 30% of the award may be used for reimbursing employee travel expenses)
- Training expenses incurred between the Commencement and Expiration Dates listed in the grant agreement

Ineligible Expenses

- Training expenses incurred prior to the Commencement Date or after the Expiration Date
- OSHA or other federally mandated training
- Onboard orientation training as it relates to new hires

Source: <https://businessfacilities.com/state-by-state-incentives-guide/>
<http://iedc.in.gov/incentives>

OHIO

FINANCING & GRANTS

Advanced Manufacturing Program (AMP): A competitive grant program to encourage new advanced manufacturing project and service activity in support of this important sector of Ohio's economy. The funding being provided is to support proposals from existing Edison Technology Centers and other qualified Ohio nonprofit organizations with demonstrated capabilities to deliver value-added advanced manufacturing assistance.

Alternative Fuel Transportation Program: A state program that improves air quality through financial assistance to businesses, nonprofit organizations, school districts or local governments for the purchase and installation of alternative fuel refueling, blending or distribution facilities and terminals.

Energy Loan Fund: A program that provides low-cost financing to small businesses and manufacturers for energy improvements that reduce energy usage and associated costs, reduce fossil fuel emissions and/or create or retain jobs. Funding is provided through the Advanced Energy Fund and federal State Energy Program and American Recovery and Reinvestment Act. Eligible activities include energy retrofits, energy distribution technologies and renewable energy technologies. Projects must achieve 15% reduction in energy usage, demonstrate economic and environmental impacts and be included within a long-term energy strategy of the community served.

Innovation Ohio Loan Fund: Provides loans for acquisition, construction and related capital costs of technology, facilities and equipment purchases. The fund was created to assist existing Ohio companies in developing next-generation products and services within the state's Industry Sectors up to 75% ranging from \$500,000 to \$1.5 million.

InvestOhio: Provides a non-refundable personal income tax credit to investors that provide new equity (cash) into Ohio small businesses to acquire an ownership interest in the company. The small business is required to reinvest that infusion of cash into one of five categories of allowable expenses within six months of its receipt. The investor must retain his or her ownership interest for a two-year holding period before the tax credit may be claimed. The small business must similarly retain the property that it purchased from the cash infusion for the entire two-year holding period. InvestOhio provides a small business investment certificate (InvestOhio tax credit), which represents a 10% personal income tax credit for the investor, based on the amount invested. The tax credit is limited to \$1 million per person.

JobsOhio Loan and Grant Programs: JobsOhio focuses its efforts on nine industry sectors that drive Ohio's economy. These include: Advanced Manufacturing, Aerospace and Aviation, Agribusiness and Food Processing, Automotive, Biohealth, Energy, Financial Services, Information Technology, Polymers and Chemicals and Business Functions. It is funded with the profits from the State's wholesale liquor enterprise. This source provides dedicated, flexible and sustainable funding to support Ohio business growth and job creation. Program decisions are based on a number of project factors, including but not limited to job creation, additional payroll, fixed-asset investment commitment, project return on investment and project location. Information regarding these programs can be found at <http://jobs-ohio.com/why-ohio/incentives/>.

JobsOhio Growth Fund Loan: The JobsOhio Growth Fund provides capital for expansion projects to companies that have limited access to capital and funding from conventional, private sources of financing. JobsOhio will consider loans to companies that are in the growth, established or expansion stage, and that have generated revenues through a proven business plan.

JobsOhio Research & Development Grant: The JobsOhio Research and Development Grant facilitates the creation of corporate Research and Development centers in Ohio to support the development and commercialization of emerging technologies and products.

JobsOhio Revitalization Program: The JobsOhio Revitalization Program is focused on helping revitalize sites in preparation for end-users that support future job creation opportunities for Ohioans. The program, comprised of both loans and grants, is available to public and private entities seeking to cleanup and redevelop sites across Ohio.

JobsOhio Workforce Grant: The JobsOhio Workforce Grant was created to promote economic development, business expansion, and job creation by providing funding for the improvement of worker skills and abilities in the State of Ohio.

Ohio Capital Access Program: Encourages lending to businesses creating or retaining jobs by establishing a unique credit enhancement reserve account at participating Capital Access Program lenders. The state, the lender and the business each make a small contribution to the account. The reserve account is available to the lender for recovery of losses associated with any loan the lender has enrolled in the program.

Ohio Enterprise Bond Fund: Provides revenue bond financing through an S&P rated fund, whereby proceeds from the sale of bonds are loaned to companies for fixed-rate, long-term capital asset financing. Rates are market-driven and fixed prior to funding. Loan terms range between seven to 10

years for equipment and 15 to 20 years for real estate. Up to \$10 million in financing is available through the program for eligible projects.

Regional 166 Direct Loan: Provides loans for land and building acquisition, construction, expansion or renovation, and equipment purchases for eligible businesses. The typical Regional 166 Direct Loan project is structured with a financial institution (bank/credit union) financing 50% of the project, with the Regional 166 Direct Loan Program loan financing 40% of the Project, and the borrower contributing a minimum of 10% equity. (Note: Higher borrower equity contribution percentages may be required based on due diligence.) The Regional 166 Direct Loan Program may finance up to 75% of allowable project costs, provided the 25% remainder is funded by the borrower's equity contribution. The maximum size of the loan is \$500,000.

Research and Development Investment Loan Fund: Provides loan financing between \$500,000 and \$5 million for projects primarily engaging in research and development activity. Rates are fixed (at- or below-market rates) with other loan terms similar to those of commercial bank financing. Companies receive a dollar-for-dollar, non-refundable Ohio commercial activity tax credit for principal and interest payments made during the year up to \$150,000 during the loan term.

Roadwork Development (629): Roadwork Development (629) funds are available for public roadway improvements, including engineering and design costs. Funds are available for projects primarily involving manufacturing, research and development, high technology, corporate headquarters and distribution activity. Projects must create or retain jobs. Grants are reimbursable and provided to a local jurisdiction and require local participation.

TAX INCENTIVES

Community Reinvestment Areas: The Community Reinvestment Areas provide companies locating in a designated Community Reinvestment Area an exemption of up to 100% of improvement value for up to 15 years on real property taxes. To be eligible, a company must make an agreement with the local community prior to going forward with the qualifying project.

Job Creation Tax Credit: A refundable tax credit to companies creating at least 10 new jobs (within three years) with a minimum annual payroll of \$660,000 that pay at least 150% of the federal minimum wage. The tax credit is measured as a percentage of the state income tax withholdings for all new employees hired under the program, and is applied toward the company's commercial activity tax liability (CAT).

Should the amount of the credit exceed the company's CAT liability for any given year, the difference is refunded. A business must apply for the credit before committing to the project. Applicants must be approved through the Ohio Tax Credit Authority before hiring begins.

Data Center Tax Abatement: The Data Center Sales Tax Exemption provides a tax exemption rate & term that allows for partial or full sales tax exemption on the purchase of eligible data center equipment. Projects must meet minimum investment and payroll thresholds to be eligible. Final approval of the tax exemption is contingent upon the approval of the Ohio Tax Credit Authority.

Ohio Enterprise Zone Program: Provides real property tax incentives for businesses that expand or relocate in Ohio. To establish an Enterprise Zone, a municipality or county must apply to the Director of Development for certification. To secure benefits, businesses must apply to the local community. Certain qualifying businesses may be eligible for additional benefits.

Ohio Motion Picture Tax Incentive: Provides a refundable credit that can be taken against individual income tax, commercial activity tax or financial institutions tax for Ohio. The term "motion picture" for purposes of the tax credit, is defined as entertainment content created in whole or in part within the State of Ohio for distribution or exhibition to the general public. Eligible productions must spend a minimum of \$300,000 in the State of Ohio to qualify for the tax credit. The tax credit is equal to 25% of nonresident wage cast and crew and eligible production expenditures and 35% of Ohio resident cast and crew wage production expenditures.

Ohio New Markets Tax Credit Program: Helps to finance business investments in low-income communities by providing investors with state tax credits in exchange for delivering below-market-rate investment options to Ohio businesses. Investors receive a 39% tax credit spread over seven years if they make an investment in a qualified low-income community business. Community Development Entities (CDEs) apply to the program for allocation authority, and work with investors to make qualified low-income community investments. The attractiveness of the tax credit helps to spark revitalization in communities of all types and sizes.

Volume Cap: Provides a federal tax benefit by allowing eligible issuers to issue tax exempt Private Activity Bonds up to a state limit known as the Volume Cap." The State of Ohio's allocation of Volume Cap is determined annually by the Internal Revenue Service on a per capita basis, and may be used for projects consisting of multi-family housing, single-family housing, exempt facilities, manufacturing, and student loan bonds.

For additional information on state programs please reference the Ohio Development Services Agency at development.ohio.gov.

WORKFORCE DEVELOPMENT

JobsOhio Economic Development Grant: The JobsOhio Economic Development was created to promote economic development, business expansion, and job creation by providing funding for eligible projects in the State of Ohio.

Grant decisions are based on a number of project factors, including but not limited to job creation, additional payroll, fixed-asset investment commitment, project return on investment, and project location.

Source: <https://businessfacilities.com/state-by-state-incentives-guide/>
<http://jobs-ohio.com/why-ohio/incentives/>