

**ECONOMIC DEVELOPMENT INCENTIVES
OF THE FIFTY STATES**

State Tax, Financial and Workforce Development Incentives

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KENTUCKY

FINANCING & GRANTS

Commonwealth Seed Capital LLC: Commonwealth Seed Capital, LLC, (CSC) is an independent, non-profit fund that makes debt or equity investments in early-stage Kentucky business entities to facilitate the commercialization of innovative ideas and technologies.

Investments are typically made in these specified innovation areas: health and human development; information technology and communications; bioscience; environmental and energy technologies; and materials science and advanced manufacturing.

CSC invests in companies that have a significant Kentucky presence, the prospect for substantial growth, and the potential to generate an appropriate rate of return.

Community Development Block Grants Loans (CDBG): Federally funded low interest loans made available through the Department for Local Government.

Direct Loan Program (KEDFA): KEDFA encourages economic development business expansion and job creation by providing business loans to supplement other financing. The Direct Loan Program provides loans at below-market interest rates (subject to the availability of state revolving loan funds) for fixed asset financing for agribusiness, tourism, industrial ventures or the service industry. Retail projects are not eligible.

Industrial Revenue Bonds (IRB): IRBs issued by state and local governments in Kentucky can be used to finance manufacturing projects and their warehousing areas, major transportation and communication facilities, most health care facilities, and mineral extraction and processing projects.

Kentucky Agricultural Development Fund: The Kentucky Agricultural Development Fund provides incentives for innovative proposals that increase net farm income, stimulates markets for Kentucky agricultural products, creates new ways to add value to Kentucky agricultural products, and explores new opportunities for Kentucky farmers.

Kentucky Agricultural Finance Corporation: The Kentucky Agricultural Finance Corporation provides capital access for agricultural diversification and infrastructure projects. Participating Loan Programs Include: Agricultural Infrastructure, Beginning Farmer, Diversification through Entrepreneurship in Agri-business and Large Animal Veterinary Programs. Direct Loan Programs include the Agricultural Process Loan Program and the Coordinated Value-Added Assistance Loan Program.

Kentucky Enterprise Fund: The Kentucky Enterprise Fund provides seed-stage capital to Kentucky-based companies that are commercializing a technology-based product or process. The funds exist to stimulate private investment in Kentucky-based technology companies with high growth potential. The Kentucky Science and Technology Corporation administers the funds under contract with the Council on Postsecondary Education.

Kentucky Environmental Stewardship Act (KESA): For companies manufacturing products that have a substantial positive impact on human health and the environment. Companies with projects approved under KESA must have at least \$5 million in eligible cost and can potentially recover up to 25% of the projects fixed asset cost and 100% of employee skills training. The tax incentive is available for recovery over a 10-year period.

Kentucky New Energy Ventures Fund: The Kentucky New Energy Ventures Fund provides seed stage capital to support the development and commercialization of alternative fuel and renewable energy products, processes and services in Kentucky. The funds exist to stimulate private investment in Kentucky-based technology companies with high growth potential. KNEV makes grants of \$30,000 and investments ranging from \$250,000 to \$750,000+. Qualified companies must be Kentucky-based and funds are to be used for business development activities.

Kentucky Small Business Credit Initiative (KSBCI): Designed to generate jobs and increase the availability of credit by reducing the risks participating lenders assume when making loans to small businesses. Using three distinct credit enhancement programs, KSBCI will help lenders finance creditworthy small businesses that would typically fall just outside of their normal lending guidelines.

SBIR-STTR Matching Funds Program: The Cabinet will match, on a competitive basis, Phase 1 and Phase 2 federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) awards received by Kentucky high-tech small businesses and those willing to become Kentucky-based businesses. This includes matching Phase 1 federal awards up to \$150,000 to support the exploration of the technical merit or feasibility of an idea or technology, and up to \$500,000 of federal Phase 2 awards, which support full-scale research and development.

Small Business Loan Program: The Small Business Loan Program is designed to help small businesses acquire funding needed to start or grow their small business. A small business must be engaged in manufacturing, agribusiness or service and technology. Loan funds may be used to acquire land and buildings, purchase and install equipment, or for working capital. The minimum

loan amount is \$15,000 and the maximum is \$100,000. The approved company must create one new full-time job within one year of the loan closing. KEDFA can fund up to 100% of the project costs and the loan can be used in conjunction with other lenders. The term of the loan can range from 3-10 years.

Tax Increment Financing (TIF): Tax increment financing (TIF) is a tool to use future gains in taxes to finance the current improvements that will create those gains. The state participates with local governments and eligible agencies in three TIF programs: the Commonwealth Participation Program for State Real Property Ad Valorem Tax Revenues, the Signature Project Program, and the Commonwealth Participation Program for Mixed-Use Redevelopment in Blighted Urban Areas.

Tourism Development Act: Administered through the Kentucky Tourism, Arts and Heritage Cabinet, the Tourism Development Act provides developers of approved new or expanding tourism projects the ability to recover up to 25% of the project's development costs over a 10-year term. Projects including, but not limited to, lodging facilities constructed on state park, federal park or national forest lands are eligible to recover up to 50% of the development costs over a 20-year term.

TAX INCENTIVES

Angel Investment Tax Credit: The Kentucky Angel Investment Tax Credit offers tax credits of up to 50% of an investment in Kentucky small businesses. Prior to investment, both the investor and small business must submit applications for certification. Each investment must be certified in advance as well. Refer to the Kentucky Angel Investment Tax Credit Fact Sheet for program details and qualifying criteria.

EB-5 Immigrant Investor: EB-5 is an opportunity for immigrants to invest in the United States in exchange for green card eligibility for themselves and qualifying family members.

Incentives for Energy Independence Act IEIA: Requires a capital investment of at least \$25 million for an alternative fuel facility using biomass, or an investment of at least \$100 million for an alternative fuel facility using coal, as its primary feedstock. A capital investment of at least \$1 million is required for a renewable power facility that meets minimum electric output standards based upon the power source. The negotiated incentives cannot exceed 50% of the capital expenditures and may include a reimbursement of sales and use taxes paid on tangible personal property; a tax credit of the income tax and limited liability entity tax owed by the company; and,

wage assessment incentives up to 4% of gross wages of each employee whose job was created as part of the project. Advanced disbursements may also be available.

Kentucky Business Investment (KBI) Program: Provides income tax credits and wage assessments to new and existing agribusinesses, regional and national headquarters, manufacturing companies, and non-retail service or technology related companies that locate or expand operations in Kentucky. Projects locating in certain counties may qualify for enhanced incentives.

Kentucky Enterprise Initiative Act (KEIA): For new or expanded service or technology, manufacturing, or tourism attraction project in Kentucky. KEIA provides a refund of Kentucky sales and use tax paid by approved companies for building and construction materials permanently incorporated as an improvement to real property. It is also available for Kentucky sales and use tax refunds for eligible equipment used for research and development and data processing equipment.

Kentucky Film Incentive: The Kentucky Film Incentive is designed to encourage the development of the film industry in Kentucky. The incentive provides qualifying applicants the ability to recover up to 20% of qualified expenditures through a refundable income tax credit. Qualifying applicants must invest a minimum of \$50,000 for documentaries and national touring Broadway shows, \$200,000 for commercials, \$500,000 for full-length films.

Kentucky Industrial Revitalization Act (KIRA): Investments in the rehabilitation of manufacturing or coal mining and processing operations that are in imminent danger of permanently closing or that have closed temporarily may qualify for tax credits. An eligible company shall also include one that has closed but resumes mining operations. Eligible entities include manufacturing companies that save or create 25 jobs and coal mining and processing companies that intend to employ a minimum of 500 persons and have a raw production of at least three million tons from the economic revitalization project facility.

Kentucky Investment Fund Act KIFA: KIFA provides tax credits to individuals and companies that invest in approved venture capital funds. Investors in KIFA approved funds are entitled to a 40% credit against Kentucky individual or corporate income tax or Kentucky corporate license tax. KEDFA approves investment funds and fund managers.

Kentucky Reinvestment Act (KRA): Provides tax credits to an existing Kentucky company engaged in manufacturing and related functions on a permanent basis for a reasonable period of time that will be investing in eligible equipment and related costs of at least \$2,500,000.

The Kentucky Small Business Tax Credit (KSBTC): The KSBTC program is designed to encourage small business growth and job creation by providing a nonrefundable tax credit to eligible businesses hiring one or more eligible individuals and investing at least \$5,000 in qualifying equipment or technology. With certain exceptions, most for-profit businesses with 50 or fewer full-time employees are considered eligible for this program. The KSBTC program is limited to allocating a total of \$3 million in tax credits per state fiscal year.

Tourism Development Act: Administered through the Kentucky Tourism, Arts and Heritage Cabinet, the Tourism Development Act provides developers of approved new or expanding tourism projects the ability to recover up to 25% of the project's development costs over a 10-year term. Projects including, but not limited to, lodging facilities constructed on state park, federal park or national forest lands are eligible to recover up to 50% of the development costs over a 20-year term.

WORKFORCE TRAINING

Bluegrass State Skills Corporation Grant Reimbursement Program: Provides matching grant funds for customized business and industry-specific training programs.

Bluegrass State Skills Corporation Skills Training Investment Credit: Provides credit against Kentucky income tax to existing businesses that sponsor occupational or skills upgrade training programs for the benefit of their employees.

Source: <https://businessfacilities.com/state-by-state-incentives-guide/>
http://thinkkentucky.com/Locating_Expanding/Financial_Incentives.aspx

TENNESSEE

FINANCING & GRANTS

FastTrack Economic Development Fund:

- Provides additional grant support for companies expanding or locating in Tennessee with reimbursable grants made to local industrial development boards
- Aids companies in a variety of ways, including relocation of equipment, temporary office space, capital improvements, retrofitting and other expenditures not previously covered by FastTrack infrastructure or job training grants
- Only used in exceptional cases where the impact of the company on a given community is significant.

FastTrack eligibility and funding levels are based on the number of net new full-time positions created, amount of capital invested, wages of new employees, the types of skill and knowledge levels required and location of the project.

FastTrack Infrastructure Development Program:

- Grants made to local communities for public infrastructure improvements
- Must be for specific infrastructure projects benefitting one or more companies committed to creating new jobs and/or making new capital investments
- Cover infrastructure such as rail, roadway, port, airport, site, water, sewer, gas and telecommunication improvements
- Require local matching funds based on a community's ability to pay

FastTrack eligibility and funding levels are based on the number of net new full-time positions created, amount of capital invested, wages of new employees, the types of skill and knowledge levels required and location of the project.

TAX INCENTIVES

Industrial Machinery Tax Credit: Credit of 1% to 10% for the purchase, third party installation and repair of qualified industrial machinery.

- Manufacturing: includes purchases for machinery; apparatus and equipment with parts; appurtenances and accessories; repair parts and labor.
- Warehousing and distribution: includes material handling equipment and racking systems with a minimum \$10M capital investment within 36 months.
- Headquarters, call centers: includes computer; network; software or peripheral computer devices, purchased in making required capital investment for job tax credit.

Job Tax Credit: Credit of \$4,500 per job to offset up to 50% of franchise and excise (F&E) taxes in any given year with a carry forward for up to 15 years. Businesses must create at least 25 net new full-time positions within a 36 month period and invest at least \$500,000 in a qualified business enterprise.

For Community Resurgence there is a credit of \$2,500 per each position. Businesses must create 10 net new full-time jobs each paying the state's average occupational wage and also be located in a census tract where poverty rate exceeds 30%.

Enhanced Job Tax Credit: Allows an additional annual credit for locations/expansions in designated Tier 2, Tier 3 and Tier 4 Enhancement Counties. Enhanced JTC can offset up to 100% of F&E liability.

Tier 2: Three year annual credit at \$4,500 per job with no carry forward.

- Create at least 25 net new full-time positions within a 36 month period and invest at least \$500,000 in a qualified business enterprise.

Tier 3: Five year annual credit at \$4,500 per job with no carry forward.

- Create at least 20 net new full-time positions within 60 month period and invest at least \$500,000 in a qualified business enterprise.

Tier 4: Five year annual credit at \$4,500 per job with no carry forward.

- Create at least 10 net new full-time positions within 60 month period and invest at least \$500,000 in a qualified business enterprise.

Sales and Use Tax Exemptions:

Manufacturing: sales tax exemption for industrial machinery and reduced sales tax rate for utilities at qualified manufacturing facilities.

- Exemptions include industrial machinery, repair parts and industrial supplies used in the manufacturing process. Reductions include: 0-1.5% tax on water depending on use and 0-1.5% on gas, electricity and various energy sources depending on use.

Headquarters: State sales tax credit for qualified personal property purchased for a qualified headquarters facility.

- Investment period begins one year prior to construction/expansion and ends 1 year after construction/expansion has concluded, but can be extended to six years with permission from the state. HQs receive a non-expiring sales tax credit for 6.5% for qualified personal property directly related to the new full-time position creation.

Warehouse/Distribution: Sales tax exemption for material handling and racking systems purchased for a qualified warehouse or distribution center.

- Investment of \$10M or more, including the purchase of new equipment, made during a 3 year period.

Call Centers: Tax exemption on any sales of interstate telecommunication and international telecommunication services sold to a business for use in the operation of one or more qualified call centers.

- Must have at least 250 positions engaged primarily in call center activities.

Data Centers: Sales tax exemption for certain hardware and software purchased for a qualified data center.

- Minimum capital investment of \$100M and 15 new full-time positions paying at least 150% of the state's avg. occupational wage; investment must be made during a three year period, but can be extended to five years for investments under \$1B or seven years for investments exceeding \$1B with the state's permission.

Research and Development: Sales tax exemption on certain equipment used in research and development.

- Equipment must be used necessary to and primarily for research and development purposes.

WORKFORCE DEVELOPMENT

FastTrack Job Training Assistance Program: Grant assisting new or expanding companies with funding to support the training of net new full-time employees. Funding levels are based on the number of net new full-time positions created, amount of capital invested, wages of new employees, the types of skill and knowledge levels required and location of the project.

Tennessee Promise: Tennessee Promise is both a scholarship and mentoring program focused on increasing the number of students that attend college in our state. It provides students a last-dollar scholarship, meaning the scholarship will cover tuition and fees not covered by the Pell grant, the HOPE scholarship, or state student assistance funds. Students may use the scholarship at any of the state's 13 community colleges, 27 colleges of applied technology, or other eligible institutions offering an associate's degree program.

While removing the financial burden is key, a critical component of Tennessee Promise is the individual guidance each participant will receive from a mentor who will assist the student as he or she navigates the college admissions process. This is accomplished primarily via mandatory meetings that students attend in order to remain eligible for the program. In addition, Tennessee Promise participants must complete eight hours of community service per term enrolled, as well as maintain satisfactory academic progress (2.0 GPA) at their institution.

Tennessee Reconnect: Tennessee Reconnect programs are designed to help busy adults achieve dreams of attaining a college degree or certificate to be equipped, ready and successful in today's workforce.

Tennessee prides itself in having an education system that is made to benefit all Tennesseans including adults, but Tennessee is home to nearly 1 million adults with some college credit but no college degree. It is impossible to achieve the goal of Drive to 55 without re-engaging these individuals and helping them complete their degree or certificate. Tennessee Reconnect focuses on adult enrollment, retention and completion of a post-secondary credential by providing direct access to higher education. Starting Fall 2017, ALL Tennessee adults can attend and earn a diploma or certificate at any of our 13 Tennessee Community Colleges or 27 Tennessee Colleges of Applied Technology (TCATs) completely free of tuition and fees.

Labor Education Alignment Program (LEAP): Tennessee Labor Education Alignment Program (LEAP) ensures that post-secondary institutions are producing the skills and credentials that Tennessee employers actually need.

Tennessee LEAP eliminates skills gaps across the state in a proactive, data-driven and coordinated manner by encouraging collaboration across education and industry and by utilizing regional workforce data to identify and then fill skills gaps across the state.

With a competitive grant distribution of \$10 million in 2015, state funds are being utilized to support local alignment groups to develop skills gap forecasts, identify the highest priorities, and develop programs or purchase equipment needed to fill those gaps.

The Governor's Workforce Sub-Cabinet, consisting of representatives from the Governor's office, Department of Economic and Community Development, Department of Labor and Workforce Development, Department of Education, Department of Human Services, Tennessee Higher Education Commission and Tennessee Board of Regents, are leading this charge and meet regularly to review, select and support the grant recipients.

Source: <https://businessfacilities.com/state-by-state-incentives-guide/>
<http://www.tnecd.com/advantages/incentives-grants/>

MISSISSIPPI

FINANCING & GRANTS

Capital Improvements (CAP) Loan Program: The Capital Improvements (CAP) Loan Program provides loans to counties or municipalities to finance public infrastructure improvements in Mississippi in support of business location and expansion projects and other community-based projects.

Development Infrastructure Grant Program (DIP): The Development Infrastructure Program (DIP) provides grants or loans to finance infrastructure projects that promote economic growth throughout the state. Funding from this program can be used by municipalities and counties to assist with the location or expansion of businesses. The goal of the program is job creation. Typical industries eligible under this program include: manufacturers, warehouses and distribution centers, research and development facilities, telecommunications and data processing facilities and national or regional headquarters.

Economic Development Highway Grant: The Economic Development Highway Grant Program provides funding to municipalities and counties in Mississippi to support the construction or improvement of highways in areas that demonstrate immediate potential to attract or expand major industries or other significant development. Designed to encourage job creation and private investment in the state, the program requires a typical private investment of \$70 million.

Energy Efficiency Revolving Loan Program: The Energy Efficiency Revolving Loan Program provides loans to businesses that are increasing energy efficiency in their buildings, equipment and processes. The program is designed to encourage job creation and the use of energy efficient practices. Eligible projects include lighting retrofits and heating and cooling systems upgrades.

Existing Industry Productivity Loan Program: The Existing Industry Productivity Loan Program provides loans to manufacturing businesses to help them retain jobs in Mississippi and improve their productivity. Manufacturers that have operated in the state for at least two years may apply, or counties or municipalities may apply for a loan to assist a manufacturing enterprise in their area in deploying long-term fixed assets.

Industrial Revenue Bond Program: Mississippi's Industrial Revenue Bond Program allows companies to finance their location or expansion projects in the state through the issuance of taxable and tax-exempt bonds. Utilizing Mississippi Business Finance Corporation industrial revenue

bonds can provide businesses with interest cost savings and can qualify them to receive certain tax incentives, including a sales and use tax exemption, the Rural Economic Development (RED) Income Tax Credit and property tax exemptions.

Job Protection Grant Program: The Mississippi Job Protection Program provides grants to at-risk industries to support job retention and to improve productivity and competitiveness. A company must qualify as an at-risk industry to receive assistance under the Job Protection Program. An at-risk industry is a company that has been operating in the state for not less than three consecutive years and is at risk due to foreign competition.

Community Development Block Grant for Economic Development: The Community Development Block Grant (CDBG) for Economic Development Program provides funding to municipalities and counties for publicly owned infrastructure projects to assist with the location, expansion or retention of businesses. CDBG Economic Development funds must be tied to job creation, and municipalities and counties must apply on behalf of a business locating or expanding in Mississippi.

TAX INCENTIVES

Advantage Jobs Incentive Program: The Advantage Jobs Incentive Program is a rebate program designed to encourage businesses that create new, high quality jobs to locate or expand in the state. Applicants must create at least 25 new jobs, and jobs must meet or exceed the average annual wage of the state or the county in which the company locates, whichever is lower. The Advantage Jobs Incentive Program provides for a rebate of 90% of Mississippi payroll taxes withheld to qualified employers for a period of up to 10 years.

Growth and Prosperity Program (GAP): Through the GAP Program, businesses that locate or expand in specific geographic areas of the state may receive state income tax, franchise tax and property tax exemptions for up to 10 years, as well as a sales and use tax exemption on equipment and machinery purchased during initial construction or an expansion at an approved facility. Eligible industries include manufacturers, processors, distributors, wholesalers, research and development facilities which will create at least 10 jobs, and businesses must locate in GAP-designated counties. The program is designed to encourage development in economically challenged areas of the state.

Industrial Property Tax Exemption: Local governing authorities may grant businesses locating or expanding in their areas an exemption from property taxes on real and tangible personal property being used in the state for up to 10 years. The exemption may be granted for all local property taxes

except school district taxes on any property and taxes on finished goods or rolling stock. The property tax exemption usually includes land, buildings, machinery, equipment, furniture, fixtures, raw materials and work in process.

Jobs Tax Credit: An income tax credit equal to a percentage of payroll for each newly created job is available for a five-year period for eligible businesses. A minimum number of jobs must be created to receive the credit. Eligible industries include manufacturers, processors, distributors, wholesalers, research and development facilities, warehouses, air transportation and maintenance facilities, movie industry studios, telecommunication enterprises, data or information processing operations, computer software developers, any technology intensive facility, recreational facilities that impact tourism, and final destination or resort hotels with more than 150 guest rooms.

Manufacturing Investment Tax Credit: Existing manufacturers that have operated in Mississippi for at least two years and invest at least \$1 million in additional buildings and/or equipment may be eligible for investment tax credits that can be applied to their state income tax liability. The credit is equal to 5% of the existing business's additional investment in buildings and/or equipment, up to a maximum credit of \$1 million. Credits can be used to offset up to 50% of the entity's income tax liability after all other credits have been taken, and unused investment tax credits can be carried forward up to five years.

Mississippi Aerospace Initiative Incentives Program: A 10-year income and franchise tax exemption and a sales and use tax exemption for the start-up of a new facility or expansion of an existing facility is available for businesses which manufacture or assemble products for use in the aerospace industry or that provide research and development or training services to the aerospace industry. The business must invest a minimum of \$30,000,000 and create at least 100 new, full-time jobs in Mississippi.

Mississippi Clean Energy Initiative Program: A 10-year income and franchise tax exemption and a sales and use tax exemption for the start-up of a new facility or expansion of an existing facility is available to clean energy business enterprises that make a minimum capital investment of \$50,000,000 and create 250 new, full-time jobs. The clean energy business enterprise must manufacture or assemble systems or components used in the generation of clean energy.

Mississippi Data Center Incentives: A sales and/or use tax exemption is available for a business enterprise certified by MDA as a data center. Eligible industries include businesses operating a data

center with a minimum capital investment of \$50,000,000 and creating at least 50 new, full-time jobs with an annual salary of at least 150% of the average annual wage.

Mississippi Health Care Industry Zone Incentive Program: A sales and/or use tax exemption and accelerated 10-year state income tax depreciation deduction is available for a business enterprise certified by MDA as a Health Care Industry Zone Facility. Qualifying industries include healthcare industries with a minimum capital investment of \$10,000,000 or that create a minimum of 25 new jobs. To be eligible, businesses must locate in Health Care Industry Zones within the state.

Mississippi Motion Picture Production Incentive Program: The Mississippi Motion Picture Incentive Program provides a cash rebate on eligible expenditures and payroll and provides sales and use tax reductions on eligible rentals/purchases. This program is available for nationally distributed motion pictures, television programs, DVDs, documentaries, short films, commercials or computer or video games, including animation and production utilizing new technology. To be considered a nationally distributed film, a project must be intended for theatrical, broadcast, festival screening, streaming video or Internet delivery. There is a \$50,000 minimum Mississippi investment (local spend) per project, as well as a \$10 million per project rebate cap. There is a \$20,000,000 annual rebate cap, as well. There is no minimum requirement for production days or required percentage of production spends.

A production is eligible for a 25% rebate of its base investment (local spend) in Mississippi. The base investment is determined by production expenditures in Mississippi. A production is eligible for a 30% cash rebate on payroll that is paid to resident cast and crew members whose wages are subject to Mississippi income tax withholding and for that portion of their salary for the project up to and including \$5 million. A production is eligible for a 25% cash rebate on payroll paid to non-resident cast and crew members whose wages are subject to Mississippi income tax withholding and for that portion of their salary for the project up to and including \$5 million. A production company may receive an additional rebate of 5% of the payroll paid for any employee who is an honorably discharged veteran of the United States Armed Forces. For purposes of this program, payroll means salary, wages or other compensation including related benefits paid to employees upon which Mississippi income tax is due and has been withheld.

National or Regional Headquarters Sales Tax Exemption: A sales and/or use tax exemption is available to an eligible business that creates or expands its national or regional headquarters in Mississippi or transfers these operations to the state. The exemption is available for component materials used in the construction of or addition or improvement to a building and machinery and

equipment for use in the facility. A minimum of 20 new headquarters jobs must be created to receive the credit.

National or Regional Headquarters Tax Credit: An income tax credit is available for a five-year period for companies establishing or expanding national or regional headquarters operations in Mississippi. Credits start at \$500 for each new full-time employee, increasing to \$1,000 for each new full-time employee whose salary is 125% of the average annual state wage and \$2,000 for each new full-time employee whose salary is 200% of the average annual state wage. A minimum of 20 new headquarters jobs must be created to receive the credit.

Property Tax Exemption for Industrial Revenue Bond Financing: An exemption from property taxes on land, buildings and equipment is available and is valid for up to 10 years on property purchased with bond proceeds from industrial revenue bonds issued by the Mississippi Business Finance Corporation (MBFC).

Property Tax Exemption on In-State Inventory: Local governing authorities may grant a 10-year exemption from property taxes on finished goods inventory that will remain in the state. The exemption may be granted for all local property taxes except school district taxes on any property. Any taxes paid become a direct credit to Mississippi income tax.

Research and Development Skills Tax Credit: An income tax credit equal to \$1,000 per year is available for a five-year period for each position requiring research or development skills.

Sales & Use Tax Exemption for Construction or Expansion: A half to full sales and/or use tax exemption is available for the construction or expansion of certain businesses. The amount of the exemption depends on where in the state the business is located. Eligible businesses include manufacturers and custom processors, data/information enterprises and technology intensive enterprises.

Sales & Use Tax Exemption for Industrial Revenue Bond Financing: A full sales and use tax exemption is available on eligible purchases made by businesses that have obtained bond financing through the Mississippi Business Finance Corporation (MBFC). All businesses using industrial revenue bonds issued through the MBFC may qualify for this exemption.

Skills Training Income Tax Credit: An income tax credit equal to the expense of providing skills training to Mississippi employees is available. Manufacturers, processors, distributors, wholesalers, research and development facilities, warehouses, air transportation and maintenance facilities, movie industry studios, telecommunication enterprises, data or information processing operations,

computer software developers, any technology intensive facility, recreational facilities that impact tourism, and final destination or resort hotels with more than 150 guest rooms.

Rural Economic Development Bond Tax Credit: Rural Economic Development (RED) Credits are credits that can be used to reduce Mississippi corporate income tax. These credits are available to companies using industrial revenue bonds issued by the Mississippi Business Finance Corporation (MBFC) and are based on the amount of bond-related debt service paid on MBFC-issued industrial revenue bonds.

Businesses that qualify for RED Credits include:

- Manufacturers
- Telecommunications companies, data information and processing facilities, and distribution and warehouse facilities that have at least 50 employees or at least 20 employees and a minimum capital investment of \$5,000,000
- National or regional headquarters with 35 jobs and a minimum capital investment of \$2,000,000
- Research and development or technology-intensive enterprises with a minimum of 10 employees earning at least 150 percent of the average state wage and a minimum capital investment of \$2,000,000

A credit equal to the debt service on qualified industrial revenue bonds is available to eligible businesses. These RED credits can be used to offset up to 80 percent of the business's state corporate income tax liability each year for the life of the bonds. Unused RED credits may be carried forward for three years.

WORKFORCE DEVELOPMENT

Job Training Option: Legislation approved by the Mississippi Legislature in 2013 allows companies that expand or locate in the state to either take the existing Jobs Tax Credit or monetize that credit to use for job training. When companies that are eligible for the

Jobs Tax Credit opt to monetize the credit, MDA provides job training grants to a community or junior college, public university or local workforce investment area in the state to pay costs incurred in training or retraining employees.

Grants may cover 75 percent of the costs of training or retraining employees, not to exceed \$1,000 per job in Tier I counties, \$1,500 per job in Tier II counties and \$2,000 per job in Tier III counties. Companies must elect to utilize a job training grant before creating any eligible jobs, and a company must choose between the Jobs Tax Credit and the job training grant option.

Source: <https://businessfacilities.com/state-by-state-incentives-guide/>
<https://www.mississippi.org/home-page/our-advantages/incentives/tax-incentives/>

ALABAMA

FINANCING

AlabamaSaves Program: The AlabamaSAVES™ program participates in third-party lending, to commercial, industrial and non-profit businesses in Alabama for lighting, HVAC, controls, envelope, process improvement upgrades, solar photovoltaic systems and vehicle efficiency improvements including LNG/CNG or propane fleet conversions and idle mitigation technologies. The funding is enabled through the U.S. Department of Energy State Energy Program, and the Energy Division of the Alabama Department of Economic and Community Affairs (ADECA).

Effective July 11, 2016, the AlabamaSAVES Program has transitioned to a participating loan program where the Program will acquire up to 25% of a qualifying loan from a third-party banking partner and subordinate this acquired interest to the bank's interest so that the bank can afford to extend more credit to the borrower on its project. The benefits of this new approach are multiple - the borrower receives increased credit from its bank, the bank partner's loan is credit enhanced by the AL SAVES subordinated position, and the AL SAVES program is able to receive its capital back and recycle the same in a perpetual program in furtherance of its mission of supporting energy efficiency, renewable energy and alternative fuels across Alabama.

Eligible Businesses

Program funding is available to all private companies (i) with a place of business in Alabama that are duly organized and/or qualified to do business in the state and (ii) that own and/or operate one or more existing commercial, industrial, or institutional facilities in the state.

Eligible Projects/Improvements

Program funding may be used to purchase and install equipment for the following:

- Energy-efficient fixtures and retrofits installed on property owned and/or operated by an eligible business. Eligible energy-efficient fixtures and retrofits may include mechanical systems and components including HVAC and hot water, electrical systems and components including lighting and energy management systems, doors and windows, insulation, refrigeration and combined heat and power. Subsidized funding from the program is for retrofits of existing properties and NOT for new construction of buildings and factories.

- Renewable-energy systems installed on property owned and/or operated by an eligible business. Eligible renewable energy systems may employ solar, biomass, biofuels, geothermal, micro-hydroelectric, methane capture and use or fuel cell technologies.
- Efficiency improvements for vehicles and transportation equipment owned and/or operated by an eligible business, including conversions from diesel or gasoline to compressed natural gas and propane as alternative fuels or idle mitigation technology.
- If a 10 year simple payback is not attainable, additional measures "above and beyond" current state energy code minimums may allow for consideration of approvals on an exception, case by case basis. For example, compliance with ASHRAE 90.1 2013 or 2010 that deliver enhanced efficiency can provide the basis for an exception approval.

Certified Capital Company Program (CAPCO): The Alabama Certified Capital Company program, commonly referred to as CAPCO, is bringing new investments, jobs and opportunity to small businesses and communities across the state. Businesses that request CAPCO investment funding must meet certain criteria and requirements set by the Alabama Development Office, which administers the program. CAPCO financing, an alternative to conventional bank financing, can accommodate a slightly higher risk profile and provide a more flexible structure for growing businesses.

Alabama Companies being considered for CAPCO financing must meet the eligibility requirements established by the State listed below.

- Headquartered in Alabama or will be relocated to Alabama
- Principal business operations in Alabama or will be relocated to Alabama
- Have no more than 100 full-time employees, and
- 80% of employees are in Alabama or 80% of payroll is paid to employees in Alabama.
- Industries that qualify for the CAPCO program may include:
 - Manufacturing, processing, or assembling products
 - Conducting research and development
 - Providing services

Community Development Block Grant (CDBG) / Economic Development Fund: The Alabama Department of Economic and Community Affairs (ADECA) administers the CDBG program with funding provided by the U.S. Department of Housing and Urban Development. The program is available to all Non Entitlement communities that meet applicable threshold requirements. All

projects must meet one of the National Objectives of the program – projects must benefit 51% low- and moderate- income people, aid in the prevention or clearance of slum and blight, or meet an urgent need. There are four types of program funds:

- Competitive Fund
- Community Enhancement Fund
- Planning Fund
- Economic Development Fund

The ED Infrastructure Fund is available to all eligible communities for projects supporting the creation or retention of jobs. Applicants for ED assistance should have a commitment from the business to create or retain 15 or more jobs. The business should fall within the SIC codes 20-39 or provide a significant economic benefit. Projects must not include intrastate relocation. The program is available on a continuous funding cycle. A 20 percent local match is required, and construction cannot begin prior to grant award or release of environmental conditions.

Grant Ceiling: \$200,000 (can be waived)

Typical activities: water, sewer, or road improvements; rail spurs, docks, etc.

- Economic Development Incubator (\$250,000)
- Economic Development Float Loans (\$10 million)

Industrial Access Road and Bridge: Industrial access funds are intended to provide adequate public access to new or expanding distribution, manufacturing and industrial firms. The industry must be committed to new investment and the creation of new jobs. The new access must be on public right of way for public use (state, city or county) and the project sponsor (city or county) must maintain the completed facility unless the facility consists of turn lanes, crossovers, etc., that are located on state highways. Industrial access funds are limited to construction, construction engineering and inspection costs. The project sponsor is responsible for all preliminary engineering, right-of-way acquisition and utility relocation costs.

Industrial Development Grant Program (Site Preparation): Provides grants to counties, municipalities, local industrial development boards or authorities organized as a public corporation in the state, or an airport authority organized as a public corporation in this state pursuant to Chapter 3 of Title 4, or whether created by general, or special or local laws, or general acts of local application, if such authority governs an airport operated by a county and at least one municipality therein jointly, for these purposes:

- Site preparation for land owned or possessed by lease by these entities.
- Reasonable rehabilitation of an existing building or structure, determined by the Grantee as being necessary to solicit or attract a Qualifying Project.
- The size of the grant depends upon the amount of capital investment:

Capital Costs	Percentage of Capital Cost
Less than \$200,000	5.0%
\$200,000 to \$499,999	3.5% (minimum \$10,000)
\$500,000 to \$999,999	2.5% (minimum \$20,000)
\$1,000,000 to \$1,999,999	1.5% (minimum \$28,000)
\$2,000,000 to \$9,999,999	1.0% (minimum \$32,000)
\$10,000,000 or greater	0.75% (minimum \$100,000; maximum \$150,000)
\$ 25,000,000 or greater	Maximum \$150,000

Revolving Loan Funds (RLF): The Alabama Association of Regional Councils (AARC) is comprised of twelve regional councils, each a separate organization, that provides a variety of services to the communities to their area. Each of the regional councils operates a revolving loan fund that provides supplemental financing for expanding and new businesses (located within its region) whose projects will result in the creation of new permanent jobs. RLF funds may be used in conjunction with SBA 504 and 7(a) guarantees, commercial loans, mortgage loans and other public sector revolving loans. RLF funds provide flexible terms, fixed interest rates, and up to 90% financing.

TAX INCENTIVES

Alabama New Market Tax Credit (NMTC): The New Market Tax Credit attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their federal income tax return in exchange for making equity in specialized financial institutions called Community Development Entities (CDEs).

A tax credit against state income, financial institution excise, and insurance premium tax is available to investors in community development entities which provide funding to businesses that located in qualified low-income or impoverished communities, especially central business districts, in Alabama. This credit parallels the provisions of the federal New Markets Tax Credit (I.R.C. § 45D) in

many ways. The total amount of tax credits the Department of Commerce can grant to all applicants for any given tax year is capped at \$20 million and the maximum qualifying credit for a particular project is \$10 million.

Enterprise Zone Credit/Exemption: Under certain conditions, an enterprise zone credit or exemption for income tax, sales and use tax, and/or business privilege tax is available for qualified participants.

Full Employment Act of 2011: For tax years beginning January 1, 2012, employers who had no more than 50 employees as of January 1, 2011, are eligible for a \$1,000 nonrefundable income tax or financial institution excise tax credit for each full-time qualifying job created. The job created must be a net increase in employment and the employee hired must be paid more than \$10 per hour and the credit is available in the tax year during which the employee has completed 12 months of consecutive employment.

Heroes for Hire Credit: For tax years beginning January 1, 2012, employers meeting the requirements for the Full Employment Act of 2011 are eligible for an additional \$1,000 nonrefundable income tax or financial institution excise (state-portion) tax credit for each job created if the employee is a recently deployed, unemployed veteran. Additionally, any recently deployed, unemployed veteran who holds at least 50% ownership interest in a start-up business is eligible for up to a one-time \$2,000 nonrefundable tax credit for expenses related with the start-up. Employer must also meet the requirements of the Full Employment Act of 2011.

Investment Credit: The investment incentive is a credit of up to 1.5% of the qualified capital investment expenses for a qualifying project for up to 10 years. This credit can be taken against the Alabama income tax liability and/or utility tax liability. For companies in a targeted county selling their output within 50 miles, the credit is available for up to 15 years. Investment Credit may be carried forward for 5 years. At the discretion of the Alabama Department of Commerce, the Investment Credit may be transferable for the first 3 years to generate cash for the project. Investment Credit transfers must be at least 85% of face value.

Jobs Credit: The job creation incentive is an annual cash rebate up to 3% of the previous year's gross payroll (not including fringe benefits) for eligible employees for up to 10 years. For companies employing at least 12% veterans in their eligible workforce, up to an additional 0.5% job credit is available for the wages of veterans. For companies located in targeted counties, up to an additional 1% job credit is available.

WORKFORCE DEVELOPMENT

AIDT (Workforce Recruitment and Training): AIDT was established to build a healthy state economy by recruiting and training a skilled workforce to attract new industries to the state and to expand existing industries. Job-specific pre-employment and on-the-job training programs are provided. The program provides a full range of customized technical training programs that are offered at no cost to employers and to the trainees. Leadership training programs are also available. In addition to training, AIDT offers services including trainee recruitment and screening, safety assistance, industrial maintenance assessments and continuous improvement/process improvement assessments. Training is conducted by AIDT staff or contracted instructors and delivered through classrooms or 38 Mobile Training Units (MTUs) customized to meet specific company needs.

Source: <https://businessfacilities.com/state-by-state-incentives-guide/>
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