

**ECONOMIC DEVELOPMENT INCENTIVES  
OF THE FIFTY STATES**

*State Tax, Financial and Workforce Development Incentives*

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## NEW YORK

### FINANCING & GRANTS

**Capital Access Program (CAP):** A \$9 million program that provides matching funds to financial institutions for loan loss reserves as an incentive to increase small business lending. CAP can be used with term loans or lines of credit, on financing for working capital needs, technology or facility upgrades, business startups or business expansions. NYS small businesses can utilize CAP by contacting a participating lender that will conduct its own loan application process and determine loan terms. Financial institutions must enter into a Capital Access Program Lender Agreement with Empire State Development before enrolling loans.

**Cash Incentives:** New York State offers low-cost loans and grants to companies that invest significant capital in the State and commit to the creation and retention of private sector jobs. Terms can be customized to each project; other criteria apply.

**Commercial District Revolving Loan Funds:** ESD has capitalized over \$600,000, making funds available to five community-based corporations to administer and make loans to small retail and service businesses in their service areas.

The two primary forms of assistance are:

1. Working capital loans of up to \$15,000 for terms not to exceed five years. Loans may be used for, but not limited to: upgrading display lighting, advertising and promotion, payroll for additional staff and training, purchase of computers to enhance inventory control, and the purchase of display cabinets, furniture and fixtures.
2. Fixed asset loans of up to \$20,000 for terms not to exceed seven years. Loans may be used for, but not limited to: acquisition or improvement of real property (including interior improvements and remodeling), building façade improvements and signage.

#### Eligibility

- Eligible applicants include for-profit retail, professional or commercial service businesses with 50 or fewer full-time equivalent employees, located within the specific service delivery area served by the administering corporation.

- Eligible uses of working capital loans include inventory, upgrading display lighting, advertising and promotion, payroll, computer hardware and software, display cabinets, furniture and fixtures.
- Borrowers must have at least a 10% equity interest in the project or business.

**Community Development Financial Institutions (CDFI):** Provides micro-loans to businesses who often do not qualify for bank loans, as well as one-on-one counseling and business development assistance to facilitate credit-readiness. The organizations provide lending and technical assistance services to small businesses and MWBEs to help these businesses grow, such as: Assistance with completion of loan applications, Business Plan development, Mentorship and peer group programs and Credit Union services (where available).

**Economic Development Fund (EDF):** This program offers financial assistance for projects that promote the economic health of New York State by facilitating the creation and or retention of jobs or the increase of business activity in the State. EDF funds assist with construction, expansion and rehabilitation of facilities; acquisition of machinery and equipment; working capital; and the training of full-time permanent employees.

**Economic Development Purposes Grants:** Funding is for economic development initiatives and projects that create or retain jobs, generate increased economic activity and improve the economic and social viability and vitality of local communities. Eligible applicants include for-profit businesses; not-for-profit corporations; business improvement districts; local development corporations; public benefit corporations (including industrial development agencies); economic development organizations; research and academic institutions; incubators; technology parks; municipalities; counties; regional planning councils; tourist attractions; and community facilities.

**Industrial Effectiveness Program (IEP):** Provides technical and financial assistance to help New York State manufacturing firms address competitiveness issues that increase productivity, efficiency and market share. The award evaluation will be based on demonstrated need, company size, willingness to share costs of technical expertise and contribute resources, involvement of employees and commitment to self-improvement. The maximum award is a \$50,000 grant. Eligible applicants include New York State manufacturers that employ fewer than 500 workers.

**Innovate NY Fund:** A seed stage business equity fund with up to \$47 million to support innovation, job creation and high growth entrepreneurship throughout the state. It is supported with \$37

million in State SSBCI funds and \$10 million from Goldman Sachs, and is expected to leverage over \$450 million in additional private investment for small businesses.

Eight investment entities were competitively selected to invest in technology companies and other high growth firms throughout New York State. All contracted investment funds are required to secure at least a 2:1 match from private sources on its aggregate portfolio at the time of investment. Innovate NY funding may not exceed \$500,000 per investment or \$750,000 in the case of any individual biotechnology related company.

**Job Development Authority (JDA) Direct Loan Program:** Provides Direct Loans for the growth of manufacturing and other eligible businesses within New York State by assisting in financing a portion of the cost of acquiring and renovating existing buildings or constructing new buildings (“Real Estate” projects) or for purchasing machinery and equipment (“M&E” projects). Funds to make Loans are derived from the sale of State-guaranteed bonds. In most cases, JDA Loans can be for up to 40% of the total project cost of Real Estate projects or M&E projects. Loans may be up to 60% for projects located in Empire Zones or economically distressed area. The combination of a bank loan and a JDA Loan allows up to 90% financing of a project.

Typical financing structure:

- 50% Bank Loan
- 40% JDA Loan
- 10% Borrower Equity

A JDA Real Estate Loan is normally a second mortgage loan, subordinate to a first-mortgage loan provided by a bank; M&E Loans are secured by a first lien, co-equal with the bank’s lien, on the M&E being financed. Real Estate project costs include the cost of an existing building and renovations, purchase of land and construction of a new building and soft costs normally associated with a real estate transaction. M&E project costs include the cost of the machinery and its delivery, installation costs solely attributable to the machinery being purchased and soft costs related to the M&E acquisition.

**JOBS Now:** Grants that offer financial assistance for major business expansion and attraction efforts. The program is primarily directed toward large projects that create a minimum of 300 new full-time jobs. ESD may provide assistance for projects that create fewer than 300, but at least 100 new, permanent, full-time, private sector jobs, within the State. Funding assists businesses with construction and expansion of facilities; acquisition of machinery and equipment; to offset a portion

of state and local taxes incurred by the expansion; and the recruitment, hiring and training of full-time permanent employees. There are three categories of JOBS Now funding:

1. Economic Development Loans and Grants of up to \$10,000 per job for projects that promote the economic health of New York State by creating private sector jobs and increasing business activity through expansion of existing companies and the attraction of new companies to New York State. Funds can be used for: Real Estate Acquisition, Demolition, Construction, Site and Infrastructure, Machinery and Equipment, Inventory, Construction Related Planning and Design
2. Job Creation Grants of up to \$1.5 million (depending on the number of jobs created) can be used to reimburse state and local taxes incurred related to business expansion that involves capital or working capital expenses.
3. Workforce Training Grants offer full or partial reimbursement of costs to eligible businesses for providing worker training that is connected with an expansion or attraction project. Fundable activities include workforce recruitment, skills training and or upgrading, productivity enhancement and total product service quality improvement

#### Eligible

- Private businesses involved in industrial, manufacturing, warehousing and distribution
- Research and development, high technology, service and other non-retail commercial enterprises

#### Not Eligible

- Residential, casino and gambling institutions
- Debt refinancing, tax delinquency, employee benefit arrearage
- Retail businesses (unless they are the expansion attraction of national or regional headquarters facilities)

**Manufacturing Assistance Program (MAP):** Provides financing for the growth of manufacturing within New York State. MAP funds must be used for capital investments in machinery and equipment. Projects may also include Industrial Effectiveness consulting and or worker skills training. Projects must achieve substantial and measurable improvements to the output, productivity and competitiveness of the manufacturing facility, such as: increased production output, process efficiency, improvements in quality control, new product line resource

conservation, pollution prevention, cost-reduction or revenue-enhancement measure. Intended outcomes must be quantified and verifiable. Empire State Development (ESD) MAP assistance is capped at \$1 million. Eligible applicants include NYS manufacturers that employ 50 to 1,000 workers and export at least 30% of their production beyond the immediate region, or supply at least 30% of their production to a prime manufacturer that exports beyond the region.

**Minimum Requirements:**

- \$1 million capital investment machinery, equipment and related costs directly tied to production
- Quantified improvements over baseline operation of 20% or more
- Retention of at least 85% of workforce for five years

**Micro Enterprise Loan Fund:** ESD has capitalized three revolving loan funds for financing small loans to NYS certified Minority and Women Owned Business Enterprises (MWBES) through authorized, locally based administering micro-lending corporations. Assistance includes loans up to a maximum of \$7,000. Project funds may be used for acquisition or improvement of real property and purchase of machinery and equipment. The administering micro-lending corporations determine interest rates; maximum loan term is 24 months.

**Eligibility**

- Loan applicants must be small and high-risk for-profit businesses that are NYS certified MWBEs with no more than \$100,000 in annual gross revenues.
- For start-ups, applicants must demonstrate entrepreneurial or other business training.
- Ineligible uses of program funds include refinancing debt, residential construction or renovation (unless pursuant to a government sponsored project), payment of tax or employee benefit arrearages, projects of newspapers, broadcasting, news media, medical facilities, libraries, community centers, or public infrastructure.

**New York Healthy Food & Healthy Communities Fund:** New York State announced the creation of the Healthy Food/Healthy Communities Initiative in 2009 in response to rising concern over the lack of access to affordable, nutritious, fresh food in underserved communities. The New York Healthy Food & Healthy Communities Fund is a \$30 million statewide program created to provide grants and loans for food markets in those communities. By providing financing to supermarket and grocery operators, the program will increase the availability of nutritious food choices for the 1.7

million New Yorkers who lack access to stores with healthy food options. The New York Healthy Food & Healthy Communities Fund program is open to food markets in New York State that are located in underserved areas, defined as one of the following:

- a low- or moderate-income census tract
- a census tract with below average food market density
- a food market site with a customer base of 50% or more living in a low-income census tract

**New York State Innovation Venture Capital (NYSIVC) Fund:** A seed and early-stage venture capital fund with \$100 million to support and attract new high-growth businesses. It provides critical funding to promote the commercialization of new technologies, incentivize economic growth and encourage job creation across NYS. The NYSIVC Fund invests directly in seed and/or early-stage companies with an emphasis on strategic industries such as information technology, life sciences/biotech and relatively underserved regions of the State with investments ranging from \$100,000 to as much as \$5 million. All direct investments by the NYSIVC Fund require at least a 2:1 match from private sources at the time of investment.

The Fund also invests through a fund-of-funds structure in the commercialization of new technologies emerging from universities and research labs across NYS with individual investments of up to \$100,000. All technology commercialization investments by the NYSIVC Fund require at least a 1:1 match from private sources at the time of investment.

**New York State Surety Bond Assistance Program (NYSBAP):** Provides technical and financial assistance to help contractors secure surety bonding. Contractors may be eligible to receive a guarantee of up to 30% to secure a surety bond line, bid bond or a performance and payment bond on state and city projects.

- Applicant must be a New York State small business or MWBE with at least two years of business operations.
- Maximum bond line or project size is \$2 million.
- Minimum average gross revenue of \$400,000 in the last two fiscal or calendar years and maximum gross revenue not to exceed \$5 million in the most recent calendar or fiscal year.
- Minimum credit score of 600.

- Previous experience completing similar work to the contract opportunity being pursued.

**Transportation Capital Assistance Program:** ESD administers this loan program for the New York State Department of Transportation (NYSDOT). The program provides government contractor working capital loans to small business enterprises and NYS-certified minority and women-owned business enterprises (MWBES) that have transportation-related construction contracts with NYSDOT or who are subcontractors of contractors having transportation-related contracts with NYSDOT. The program offers loans from \$20,000 to \$500,000, with a prime interest rate fixed at closing. Terms will be coterminous with the term of the contract.

### **TAX INCENTIVES**

**Brownfield Cleanup Program:** Encourages cleanup and redevelopment of brownfields sites across New York State by providing incentives such as liability relief and tax credits.

**Emerging Technologies:** New York State has enacted tax incentives for: investors in Qualified Emerging Technology Companies (QETCs); job creation by QETCs; and R&D investment, R&D expenses and qualified high technology training costs incurred by QETCs.

**Empire State Music and Theatrical Production Tax Credit Program:** Provides incentives for qualified production companies to conduct technical rehearsals and other pre-tour activities and perform shows in regional theaters throughout Upstate New York. The program will encourage the use of these upstate entertainment venues and provide competitive balance against competing venues located in Northeastern states that offer similar tax incentives to musical and theatrical productions produced on Broadway. Program credits of \$4 million per year can be allocated. Qualified companies may be eligible to receive a fully refundable credit of 25% of certain production and transportation expenditures directly related to the technical period (those activities performed by technical personnel of a qualified touring production prior to commencement of a tour, including, but not limited to, those personnel responsible for lighting, sound, wardrobe and props) at a qualified facility in Upstate New York.

**Excelsior Jobs Program:** The Excelsior Jobs Program encourages businesses to expand in and relocate to New York while maintaining strict accountability standards to guarantee that businesses deliver on job and investment commitments.



Firms in the Excelsior Jobs Program may qualify for four fully refundable tax credits. Businesses claim the credits over a benefit period of up to 10 years. To earn credits, firms must first meet and maintain established job and investment thresholds outlined in Program Eligibility below:

Excelsior Jobs Tax Credit: A credit of 6.85% of wages per net new job.

Excelsior Investment Tax Credit: Valued at 2% of qualified investments.

Excelsior Research and Development Tax Credit: A credit of 50% of the Federal Research and Development credit up to three percent of research expenditures in NYS.

Excelsior Real Property Tax Credit: Available to firms locating in certain distressed areas and to firms in targeted industries that meet higher employment and investment thresholds (Regionally Significant Project).

The following strategic businesses located in or planning to locate in NYS that will create or retain jobs and make significant capital investments.

- Scientific Research and Development firms creating at least five net new jobs
- Software Development firms creating at least five net new jobs
- Financial services (customer service) back office operations creating at least 50 net new jobs
- Agriculture firms creating at least five net new jobs
- Manufacturing firms creating at least 10 net new jobs
- Back office firms creating at least 50 net new jobs
- Distribution firms creating at least 75 net new jobs
- Music Production firms creating at least 5 net new jobs
- Entertainment Companies creating at least 100 net new jobs
- Other firms creating at least 300 net new jobs and investing at least \$6 million
- Firms in strategic industries that make significant capital investment that have at least 25 employees; manufacturing firms who retain at least 10 employees are also eligible to apply for participation in the Program

Eligible project types:

- Job creation
- Job retention and significant capital investment

**Investment Tax Credit (ITC):** Businesses that create new jobs and make new investments in production property and equipment may qualify for tax credits of up to 10% of their eligible investment. New businesses may elect to receive a refund of certain credits and all unused credits can be carried forward for 15 years.

**New Markets Tax Credits (NMTC):** This program subsidizes long-term capital investment in order to foster job creation and community development in Low-Income Communities throughout New York State. Empire State Development (ESD) has available interest-only loans at below-market rates, a portion of which may be forgiven upon maturity. Borrowers must be located in a census tract with the following indicia relative to the statewide metropolitan medians:

- Poverty rate at least 20% or median family income at below 80%.
- Additionally, preference will be given to borrowers in non-metropolitan counties and or in census tracts with unemployment at above 1.5x national average.

**QETC employment credit:** A business is entitled to this refundable credit if the business:

- is a qualified emerging technology company (QETC), and
- the average number of individuals employed full-time by the business in New York State during the tax year is at least 101% of the business' base-year employment number

The amount of the credit is equal to the average number of full-time employees in New York State for the current tax year, minus the business' base-year employment number, multiplied by \$1,000.

The credit is available for three consecutive years.

**Employment incentive credit (EIC):** A business is entitled to this credit if the business:

- qualified for the investment tax credit, and
- have increased your average number of employees in New York State to at least 101% of your number of employees in New York State during your base year

A percentage of the original investment credit base on which the ITC was allowed.

The credit is refundable to individuals under Article 22, which includes shareholders of New York S corporations, who qualify as owners of a new business.

**New York State (NYS) Commercial Tax Credit Program:** Credits of up to \$7 million a year can be allocated to encourage qualified production companies to produce commercials in NYS and help create and maintain jobs. The \$7 million a year consists of three components for companies:

shooting commercials downstate (\$3 million), shooting upstate (\$3 million) and those demonstrating incremental “growth” in commercial production (\$1 million). A credit of up to 20% of qualified production costs incurred in NYS for “growth” in commercial production above a base period may be earned. Additional credits of 5% of qualified costs may also be available. The Program is limited to advertisements recorded on film, audiotape, videotape or digital medium in NYS for multi-market distribution by way of radio, television, or motion picture theaters. Certain productions are excluded, including but not limited to news or current affairs programs, interview or talk programs, network promos, “how-to” (instructional) productions, stock footage, trailers promoting theatrical films, sporting events, game shows, award ceremonies, daytime dramas, reality programs or music videos.

**New York State (NYS) Film Tax Credit Program:** Provides incentives to qualified production companies that produce feature films, television series, relocated television series, television pilots, films for television and/or incur post-production costs associated with the original creation of these productions. Program credits of \$420 million per year can be allocated and used to encourage companies to produce film projects in New York and help create and maintain film industry jobs. Of the \$420 million, a set-aside for the post-production credit was increased from \$7 million to \$25 million per year beginning in 2015.

Production companies may be eligible to receive a fully refundable credit of 30% of qualified production costs and post-production costs incurred in NYS. An additional 5% credit may be available for post-production costs incurred in Upstate NY, outside the Metropolitan Commuter Transportation District (MCTD). The MCTD includes New York City, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester counties.

For the period 2015-2019, productions with budgets over \$500,000 can receive an additional 10% credit on qualified labor expenses (maximum of \$5 million per year can be allocated for the additional 10% credit) incurred in the following counties: Albany, Allegany, Broome, Cattaraugus, Cayuga, Chautauqua, Chemung, Chenango, Clinton, Cortland, Delaware, Erie, Essex, Franklin, Fulton, Genesee, Hamilton, Herkimer, Jefferson, Lewis, Livingston, Madison, Monroe, Montgomery, Niagara, Oneida, Onondaga, Ontario, Orleans, Oswego, Otsego, Schenectady, Schoharie, Schuyler, Seneca, St. Lawrence, Steuben, Tioga, Tompkins, Wayne, Wyoming, or Yates.

**Real Property Tax Abatement:** To encourage development, expansion and improvement of commercial property, a 10-year property tax abatement is available to offset increased assessments due to improvements to business and commercial property.

**Research and Development (R&D) Tax Credit:** Investments in R&D facilities are eligible for a 9% corporate tax credit. Additional credits are available to encourage the creation and expansion of emerging technology businesses, including a three-year job creation credit of \$1,000 per employee and a capital credit for investments in emerging technologies.

**Sales Tax Exemptions:** NYS offers exemptions for purchases of production machinery and equipment, research and development property, and fuels utilities used in manufacturing and R&D. Other exemptions may be available through local Industrial Development Agencies (IDAs).

**START-UP NY:** Offers new and expanding businesses the opportunity to operate tax-free for 10 years on or near eligible university or college campuses in New York State. Partnering with these schools gives businesses direct access to advanced research laboratories, development resources and experts in key industries.

## **WORKFORCE DEVELOPMENT**

**Employee Training Incentive Program (ETIP):** Provides refundable tax credits to New York State employers for procuring skills training that upgrades or improves the productivity of their employees. Businesses can also receive tax credits for approved internship programs that provide training in advanced technology. The ETIP will make \$5 million in tax credits available to businesses annually, with up to \$1 million in credits available for approved internship programs. Tax credits may be awarded for costs associated with an eligible training program for current or new employees. The internship program is available for current students, recent graduates and recent members of the armed forces. Tax credits may be issued only after approved training is completed.

- ETIP: a credit of 50% of eligible training costs, up to \$10,000 per employee receiving eligible training.
- Internship Program: a credit of 50% of the stipend paid to an intern, up to \$3,000 per intern.

*Employee Skills Training:* Businesses must create at least 10 net new jobs or make a significant capital investment of at least \$1 million in connection with the eligible training project. Businesses must operate predominantly in a strategic industry based upon the following criteria:

- potential to create jobs in an economically distressed area;
- shortages of workers trained to work in that industry;

- ability and need to relocate to another state to find qualified workers;
- potential to recruit minorities and women to be trained to work in an industry where they are traditionally underrepresented;
- recent technological advances have created disruption in the industry and significant capital investment is needed to remain competitive.

*Internship Program:* An eligible internship program must provide training in advanced technology. Internship training can be provided by the business or by an approved provider. Training can be provided to interns who have not previously participated in an eligible internship program, and who are not current or former employees of the business. The business entity must have less than 100 employees and interns cannot comprise more than 50% of the workforce, or displace regular employees. Participation in the internship program cannot last longer than 12 months.

**Entrepreneurial Assistance Program (EAP):** Establishes Entrepreneurial Assistance Centers in local communities to provide instruction, training, technical assistance and support services to individuals who have recently started their own business or are interested in starting a business. The program's EAP [centers](#) are strategically located throughout New York State. The applicant organization must be located in an area accessible to minority group members, women and other target populations. The following types of organizations are eligible to apply:

- not-for-profit corporation, operated by a board of directors representing community leaders in business, education, finance and government;
- community college; or
- Board of Cooperative Educational Services (BOCES).

Source: <https://businessfacilities.com/state-by-state-incentives-guide/>  
<https://esd.ny.gov/doing-business-ny/tax-based-incentives>

## PENNSYLVANIA

### **FINANCING**

**Business In Our Sites (BOS):** The Business in Our Sites Program provides loans for the acquisition and development of key sites for future use by businesses, private developers and others.

The program is administered through the Commonwealth Financing Authority (“CFA”). The program is intended to provide financial assistance to municipalities and others to plan and prepare sites for future use. Projects which require site development assistance where a business has already committed to locating at a specific site or where a private developer has already committed to locating a facility for a specific user may also seek financial assistance under other appropriate programs administered by the Department of Community and Economic Development (“DCED”). For information on these programs, please consult the DCED web site, [www.newPA.com](http://www.newPA.com) or contact the Center for Business Financing.

**Pennsylvania First (PA First):** The PA First Program was established as a comprehensive funding tool to facilitate increased investment & job creation in the commonwealth and to enable the commonwealth to compete more effectively in the global economy. Funding can be used for Machinery or equipment; Job training; Infrastructure; Land & building improvements; Environmental assessment or remediation; Acquisition of land, buildings, right-of-ways; Working capital; Site preparation, demolition, clearance.

**Pennsylvania Industrial Development Authority Loans (PIDA):** The PIDA provides low-interest loans and lines of credit through certified economic development organizations (CEDOs) for eligible businesses that commit to creating and/or retaining jobs and for the development of industrial parks and multi-tenant facilities. PIDA funding may be used in conjunction with other private financing, state financing programs or with programs operated by the statewide economic development network of local economic development providers.

**First Industries Fund (FIF):** The First Industries Fund (FIF) is a program aimed at strengthening Pennsylvania’s agriculture and tourism industries through loan guarantees. The program is administered by the Department of Community & Economic Development (DCED) under the direction of the Commonwealth Financing Authority (CFA). The fund can be used for land and building acquisition and construction, machinery and equipment purchases and upgrades, working capital.

Loan Guarantees: 50 percent of outstanding principal balance up to \$2.5 million (up to 90 percent of outstanding principal balance up to \$2.5 million for agricultural projects).

## **TAX INCENTIVES**

**Job Creation Tax Credit (JCTC):** The JCTC program was established for the purpose of securing job-creating economic development opportunities through the expansion of existing businesses and the attraction of economic development prospects to the Commonwealth of Pennsylvania. The Job Creation Tax Credit Program is a key component of the Commonwealth's plan to develop and maintain a flexible arsenal of economic development incentives for Pennsylvania business to lead the way into the 21st century. The Job Creation Tax Credit Program is available to eligible businesses who, within three years from a negotiated start date, create 25 or more jobs or increase employment by 20%. Every new full-time job, up to a set maximum which meets certain minimum wage standards, will result in a \$1,000 tax credit that the business can use to pay a number of state business taxes. The business may claim these credits only after the jobs are created. A minimum of 25% of all tax credits available to be awarded each fiscal year will be allocated to businesses that employ 100 or fewer employees.

**Keystone Innovation (KIZ) Zone Tax Credit:** The Keystone Innovation Zone Tax Credit Program is a key component of the Keystone Innovation Zone (KIZ) Program. The KIZ Program, established in 2003, creates designated geographic zones to foster innovation and create entrepreneurial opportunities by aligning the combined resources of educational institutions and the private sector. For-profit business entities 1) located within the geographic boundaries of a particular KIZ, 2) in operation less than 8 years, 3) operating within one of the KIZ targeted industry segments or sectors, 4) and meeting any other requirements specified by the Department of Community & Economic Development (DCED) may be qualified KIZ companies and eligible to participate in the KIZ Tax Credit Program.

KIZ Tax Credits can be used to offset certain state tax liabilities. With a total pool of up to \$15 million in tax credits available to KIZ companies annually, the KIZ Tax Credit Program significantly contributes to the ability of young KIZ companies to transition through the stages of growth. This innovative program also contains a tradability component crucial to young companies that have little or no tax liability.

**Keystone Opportunity Zone (KOZ):** The KOZ program is one of the nation's boldest and most innovative economic and community development programs. This unique program develops a community's abandoned, unused, underutilized land and buildings into business districts and residential areas that present a well-rounded and well-balanced approach to community revitalization. The Department of Community and Economic Development administers this partnership between state and local government in collaboration with the Department of Revenue (state taxes) and the Department of Labor and Industry (Unemployment Compensation taxes), based on the act of October 6, 1998 (P.L. 705, No.

92) known as the Keystone Opportunity Zone, Keystone Opportunity Expansion Zone and Keystone Opportunity Improvement Zone Act.

**Research & Development (R &D) Tax Credit:** R&D tax credits are available to taxpayers incurring qualified expenses for research and development in Pennsylvania. The Pennsylvania Department of Revenue administers the approval of applications for R&D tax credits. Qualified businesses, including pass-through entities can apply the tax credit against the following Pennsylvania state taxes: Capital Stock/Foreign Franchise Tax, Corporate Net Income Tax and Personal Income Tax. The tax credit must first be applied to the entity's corporate tax liability, if any, for the year in which the tax credit is awarded before it can be passed through to its partners, shareholders or members. The tax credit can also be sold or assigned. A purchased or assigned tax credit may be applied to no more than 75% of the tax liability of the purchaser or assignee. The tax credit may not be carried back and is not refundable. The amount of the tax credit passed through to partners, shareholders and members is based on the percentage of income distribution from the entity receiving the tax credit. The buyer shall immediately claim the credit in the taxable year in which sale or assignment is made.

### **WORKFORCE DEVELOPMENT**

WEDnetPA: Created by the Department of Community & Economic Development and made available through the Workforce and Economic Development Network of Pennsylvania – WEDnetPA – the program provides qualified employers training funds for new and existing employees. WEDnetPA is a unique, collaborative partnership of community colleges, state system universities and other educational institutions working together to be responsive to the needs of Pennsylvania's business community. Funding can be used for a wide range of incumbent worker training – categorized as either Essential Skills Training or Advanced Technology Training.

- Up to \$450 per trainee, per year, for Essential Skills Training.
- Up to \$850 per trainee, per year, for Advanced Technology Training.

Source: <https://businessfacilities.com/state-by-state-incentives-guide/>  
<http://dced.pa.gov/program/>



## NEW JERSEY

### **FINANCING & GRANTS**

**Bond Financing:** A creditworthy manufacturing company, a 501(c)(3) not-for-profit organization or an exempt facility in New Jersey can apply for long-term financing under the Bond Financing Program. \$500,000 to \$10 million in tax-exempt bonds for for-profit companies, with both a fixed or variable interest rate, and terms up to 20 years for real estate and 10 years for equipment. Or, \$500,000 with no dollar limit in tax-exempt bonds for qualified not-for-profit organizations.

- Tax-exempt bonds for eligible for-profit companies can be used to finance capital improvements and expansions, including real estate acquisitions, new equipment, machinery, building construction and renovations.
- Tax-exempt bonds for not-for-profit organizations seeking capital to expand community services can be used to finance land and building acquisitions, new construction and renovations, equipment purchases, debt refinancing and working capital.
- Government tax-exempt bonds can be used for projects that are owned and operated for the benefit of local, county and state government bodies.

**Direct Loans for Small and Mid-Sized Businesses:** New Jersey businesses in need of financing and committed to job creation/retention may be eligible for up to \$2 million for fixed assets, or up to \$750,000 for working capital with the option of either a fixed or variable below-market interest rate.

**Edison Innovation Clean Energy Manufacturing Fund (CEMF):** Provides support for manufacturers that need to identify a manufacturing site, perform site improvements, construct a facility and/or purchase equipment. Organizations awarded a grant under CEMF are automatically certified as a NJ manufacturer through New Jersey's Renewable Energy Manufacturing Incentive (REMI) program. A qualified manufacturer of Class I renewable energy or energy efficiency systems, products or technologies may be eligible for up to \$3.3 million in grants and loans for project assessment and design, and project construction and operation associated with a new manufacturing line or the material expansion of an existing line of a New Jersey manufacturing facility.

**Edison Innovation Fund:** The Edison Innovation Fund seeks to develop, sustain, and grow technology and life sciences businesses that will lead to well-paying job opportunities for New

Jersey residents. The Edison Innovation Fund is structured as subordinated convertible debt and benefit technology and life sciences companies by providing growth capital to directly fund uses such as hiring key staff, product marketing and sales.

**New Jersey Advantage Program:** Creditworthy New Jersey business in need of financing and committed to job creation/retention in New Jersey may be eligible for financing through the New Jersey Advantage Program, a joint program of the EDA and TD Bank. Up to \$5 million TD Bank term loan with a partial, subordinate EDA guarantee of up to 50% (not to exceed \$2 million for fixed assets and \$1.5 million for working capital.), or Up to \$5 million TD Bank line of credit with partial, subordinate EDA guarantee of up to 50%, not to exceed \$500,000. The approval process involves both TD Bank and the EDA, and both organizations will work together in making a credit decision on each loan application.

**Premier Lender Program:** EDA partners with Premier Lender banks to provide small businesses with low cost financing that includes EDA loan and line of credit participation and/or guarantees. Businesses can use this financing for fixed assets, working capital to meet operating needs, and/or the refinancing of other bank debt. In partnership with EDA Premier Lender banks, EDA can provide the following loan and line of credit participations/guarantees:

- Up to 50% of the bank loan amount for fixed asset loans; maximum EDA participation of \$2,000,000; maximum EDA guarantee of \$1,500,000; total EDA exposure not to exceed \$2,750,000.
- Up to 50% of the bank loan amount for working capital loans; maximum EDA participation of \$750,000; maximum EDA guarantee of \$1,500,000; total EDA exposure not to exceed \$2,250,000.
- Up to 50% of the bank line of credit amount; not to exceed \$750,000

**Real Estate Impact Fund:** For profit and non-profit developers and business entities with demonstrated experience in successfully completing real estate development projects may be eligible for financing of up to \$3 million for costs associated with projects located within Targeted Areas. The goal of the fund is to support and foster redevelopment in strategic urban and other significant locations that would not otherwise occur in the near term and to strengthen existing and catalyze future development opportunities and private investment. The Impact Fund will advance economic development by supporting projects consistent with local redevelopment plans or strategies, attract private investment, and by creating or retaining jobs.

**Small Business Fund:** A small, minority-owned or women-owned business in NJ in operation for at least one full year or not-for-profit corporation in operation for at least three full years may qualify for up to \$500,000 for credit scores greater than or equal to 680; and up to \$500,000 for Not-for-Profits with 1.0X historical debt service coverage. It may be used for fixed assets and working capital.

## **TAX INCENTIVES**

**Angel Investor Tax Credit Program:** The New Jersey Angel Investor Tax Credit establishes credits against corporation business or gross income taxes for the purposes of stimulating investment in New Jersey emerging technology businesses. Taxpayers, filing in New Jersey, who invests in calendar year 2012 or after, in a qualifying New Jersey emerging technology business with fewer than 225 employees, at least 75% of whom work in New Jersey, may be eligible for tax credits for up to 10% of a qualified investment in an emerging technology business with a physical presence in New Jersey and that conducts research, manufacturing or technology commercialization in the state.

**Economic Redevelopment and Growth Program (ERG):** The State's key developer incentive program. For commercial projects, an incentive grant reimbursement of up to 20% of total project cost, with additional grant funding of up to 40% possible based on project type and/or location. For residential projects, a tax credit of up to 20% of total project cost and a bonus of an additional 10% (for a total of 30%) if the project constructs and reserves at least 10% of the residential units for moderate income housing.

**Grow New Jersey Assistance Program (Grow NJ):** Grow NJ is a powerful job creation and retention incentive program that strengthens New Jersey's competitive edge against tax incentive programs in surrounding states. Businesses that are creating or retaining jobs in New Jersey may be eligible for up to tax credits ranging from \$500 to \$5,000 per job, per year with bonus credits ranging from \$250 to \$3,000 per job, per year. Through recent enhancements to the program, geographic boundaries have been extended, and capital investment and employment eligibility requirements have been reduced.

**Technology Business Tax Certificate Transfer (NOL) Program:** The Technology Business Tax Certificate Transfer Program enables technology and biotechnology companies that have promise but are not currently realizing a profit to turn net operating losses and R&D tax credits into capital.

Net operating losses and R&D tax credits may be sold for at least 80% of their value, up to a maximum lifetime benefit of \$15 million per business.

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