ECONOMIC DEVELOPMENT INCENTIVES

OF THE FIFTY STATES

State Tax, Financial and Workforce Development Incentives

Pacific West Region:

Compiled by the New Mexico Economic Development Department

New Mexico State Data Center: www.nmstatedatacenter.com

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WASHINGTON

FINANCING

Collateral Support Program (CSP): The CSP can help small businesses secure bridge loans of up to 18 months including SBA 504 bridge financing. CSP will place cash deposits with the lending institution as additional collateral support to help lenders approve the loan. Most small businesses types are allowed to participate in the CSP.

Craft3 Fund: Craft3 is a non-profit Community Development Financial Institution (CDFI) that has partnered with SBCI to make loans to small businesses with a focus on underserved communities across the state. Generally loans range from $250,000 to $5 million.

Energy Efficiency and Solar Grants: Commerce received a $25,000,000 appropriation in the 2015-2017 state Capital budget to continue the program. Eligible entities include state public higher education institutions, local government facilities, state agencies and K-12 public school districts. The program focuses on funding the best energy efficiency and solar projects possible.

Export Voucher Program: The Washington State Department of Commerce's Export Voucher program, funded in part by the U.S. Small Business Administration's (SBA) State Trade and Export Promotion grant, offers qualified companies new to exporting or expanding into new export markets up to $5,000 for export-related expenses (a minimum 25% cash match is required).

W Fund: The W Fund, an $18.5 million venture fund, invests in early-stage life science, biotech, medical device, alternative energy and information technology companies emerging from universities and research centers across Washington. The objective is to spur company formation and job creation from Washington's significant research and development base. Fund recipients will be located in the state, providing vital capital and creating economic opportunity in key growth sectors. Investment maximums are $500,000 per investee.

TAX INCENTIVES

Aerospace Reduced Business & Occupation (B&O) Tax Rate: Available to manufacturers and processors for hire of commercial airplanes or component parts of commercial airplanes, non-manufacturers engaged in the business of aerospace product development, certificated FAR repair stations making retail sales and aerospace tooling manufacturers.

Aerospace B&O Credit for Property/Leasehold Taxes Paid: Available to manufacturers and processors for hire of commercial airplanes or component parts of commercial airplanes, non-manufacturers engaged in the business of aerospace product development, certificated FAR repair stations making retail sales and aerospace tooling manufacturers.

Aerospace B&O Credit for Preproduction Development Expenditures: Available to manufacturers and processors for hire of commercial airplanes or component parts of commercial airplanes, non-manufacturers engaged in the business of aerospace product development, certificated FAR repair stations making retail sales and aerospace tooling manufacturers.

Expenditures for aerospace product preproduction development qualify. The credit is equal to amount of qualified expenditures multiplied by 1.5%.

Aerospace Manufacturers for Computer Hardware/ Software/Peripherals Sales & Use Tax Exemption: Available to manufacturers and processors for hire of commercial airplanes or component parts of commercial airplanes, non-manufacturers engaged in the business of aerospace product development, certificated FAR repair stations making retail sales and aerospace tooling manufacturers. Purchases of computer hardware, software and computer peripherals and charges for labor and services related to the installation of such equipment do qualify.

High Unemployment County Sales/Use Tax Deferral/Waiver for Manufacturing Facilities: Available to manufacturers, persons conditioning vegetable seeds, research and development and commercial testing for manufacturers in a qualifying county or in a Community Empowerment Zone (CEZ). Qualifying counties are those counties with an unemployment rate at least 20% higher than the statewide rate based on a three year average published by the Employment Security Department.

Machinery and Equipment (M&E) Sales & Use Tax Exemption: Available to manufacturers and processors for hire performing manufacturing and research and development (R&D). Testing operation for a manufacturer and processor for hire.

Motion Picture Competitiveness Program Contributors B&O Credit: Persons who make cash contributions to an approved Motion Picture Competitiveness Program (MPCP) may qualify for a B&O tax credit. MPCP is a nonprofit organization whose sole purpose is to revitalize the state’s economic, cultural and educational standing in the national and international market of motion picture production. The credit has a total statewide annual cap of $3.5 million and is available on a first-come basis.

Purchases of Server Equipment and Power Infrastructure for use in Eligible Data Centers – Sales/Use Tax Exemption: Available to owner of an eligible data center in a rural county with a combined square footage of at least 100,000 square feet and tenants of an eligible data center. Sales/use tax exemption on purchases of eligible server equipment and labor to install in an eligible data center; purchases of eligible power infrastructure, and labor and services to construct, install, repair, alter or improve eligible power infrastructure.

The data center must have a building permit to construct, renovate or expand the data center issued between:

- April 1, 2010 and June 30, 2011
- April 1, 2012 and June 30, 2015
- July 1, 2015 and June 30, 2025

Remittance of State Sales Tax for Warehouses, Distribution Centers, Grain Elevators, Cold Storage: Available to wholesalers or third-party warehousers who own or operate warehouses, grain elevators and cold storage warehouses and retailers who own or operate distribution centers. Qualifying Activity: Construction of a 200,000-square-foot warehouse or distribution center or a grain elevator with a one million bushel capacity. Credit Amount is a refund of all or part of the state's portion of sales tax paid on qualifying construction and material racking/handling equipment (state's portion 6.5%)

Renewable Energy/Green Industry Tax Incentives

Energy Production Using Solar, Methane, & Wind Power – Renewable Energy System Cost Recovery Program: Available to individuals, businesses, local government entities that are not in the light and power business or gas distribution business and participants in a community solar project. Except for a community solar project, participants must generate electricity on their own property with an anaerobic digester, wind generator or solar energy system and apply to their light and power company for a payment based on kilowatt-hours (kWh) produced. No incentive payments will be paid for kWh generated after June 30, 2020

Hog Fuel Sales/Use Tax Exemption: Available to anyone that purchases hog fuel—defined as wood waste and other wood residuals including forest-derived biomass—to produce electricity, steam, heat or biofuel. Does not include firewood or wood pellets.

Machinery & Equipment Used to Generate Electricity Using Renewable Energy – Sales/Use Tax Exemption: Available to anyone that generates electricity using fuel cells, sun, wind, biomass energy, tidal and wave energy, geothermal resources, anaerobic digestion, technology that converts otherwise lost energy from exhaust, or landfill gas. Anyone that generates solar thermal heat using a solar hot water system or solar collector. Qualifying Activity:

- Solar systems up to 10kW: 100% sales tax exemption taken at the time of purchase on:
  - Machinery and equipment to be used directly in a solar system with a DC Nameplate rating of 10kW or less
  - Labor charges to install such equipment
- Solar Thermal Heat: 100% sales tax exemption taken at the time of purchase on:
  - Solar thermal heat system capable of producing no more than 3 million British thermal units per day that use a solar collector or a solar hot water system
  - Labor charges to install such equipment
- Solar systems greater than 10kW and other qualified renewable energy systems 1kW or greater: 75% refund of sales tax paid on machinery and equipment used directly to generate electricity from the following sources and labor charges to install the same:
  - Solar energy systems that produce more than 10kW of electricity
  - Energy systems that produce at least 1kW of electricity from the following sources: fuel cells, wind, sun, biomass energy, tidal or wave energy, geothermal resources, anaerobic digestion, technology that converts otherwise lost energy from exhaust, or landfill gas.

Manufacturers of Solar Energy System and Components of Solar Energy Systems – Reduced B&O Tax Rate: Manufacturers, manufacturers that sell their product at wholesale and processors for hire of solar energy systems and specified components of solar energy systems using photovoltaic modules or stirling converters can receive a reduced B&O tax rate of 0.275%

Rural County/CEZ Business and Occupation (B&O) Credit for New Employees: Available to manufacturers, R&D laboratories and commercial testing facilities located in rural counties or within a CEZ that create new employment positions/increase in-state employment by 15%.

Credit Amount:

- $2,000 credit/position with annual wages/benefits of $40,000 or less
- $4,000 credit/position with annual wages/benefits of more than $40,000

WORKFORCE DEVELOPMENT

Washington Work Start: Washington Work Start is ideal for businesses that are making significant investments in new business activities and expansion strategies or are expanding their operations into Washington State and need employees with specific skill sets or competencies.

To be eligible for Washington Work Start your project must:

- Result in a minimum of 15 new permanent FTE hires or involve a critical need to increase the skillset of existing workers in a target industry for recruitment, expansion or retention purposes.
- Work Start program funds are intended to be used to prevent closure of a business or facility, prevent relocation of a Washington State business to another state or country, or to recruit a business to the state.

Training is limited to new workers, except in cases where training an incumbent will lead to a promotion that enables a new hire to take the individual's place.

Workers need to be paid while they are being trained and training should be completed within 12 months of Washington Work Start approval. Every Work Start application is reviewed and evaluated by Department of Commerce staff and takes into account your industry, the level of position earnings, jobs permanence, your company's investment and corporate financials and management.

Job Skills Program (JSP): Job Skills training is a tool for enhancing economic growth and employment in Washington and funds training in regions with high unemployment rates and high levels of poverty. It also supports areas with new and growing industries; locations where the local population does not have the skills needed to stay employed; and regions impacted by large-scale job loss.

A central focus is to provide training and employment for those at risk of losing their jobs due to technological or economic changes.

Business partners must be a private corporation, institution, firm, person, group or association concerned with commerce, trade, manufacturing or the provision of services within Washington; or a public or nonprofit hospital licensed by the Department of Social Services (DSHS). Non-profit organizations meeting the description above are eligible.

Projects funded include:

- *New Employees:* Provide training for prospective employees before a new plant opens or when an existing company or industry expands.
- *Retraining:* Provide training for a company's current employees when the company has determined that retraining is required in order to prevent the dislocation of those individuals selected for retraining and that the training will make the company more competitive within the industry
- *Upgrade Training:* Provide a company's current employees with training that will help them be eligible for promotions or pay increases.

The Job Skills Program funds half of the training cost; partner employers provide cash, an in-kind contribution, or a combination of both to fund the other half.

Washington Customized Employment Training Program: The Washington Customized Training Program provides businesses with employee training that is delivered at the local community college, technical center or private career college level. Eligible programs can include skills assessment, evaluation, training equipment, materials, facilities, supplies and provide training in basic education and skills, technical skills and job-related instruction, and English as a second language.

Under the Customized Training Program, the State Board for Community and Technical Colleges (SBCTC) pays the costs up front for customized training. After training is completed the business repays the costs to the SBCTC interest free. The first payment will be equal to 25% of the full cost of the training program and is due upon completion of the training. The remaining 75% is spread over the next 18 months. As each payment is made the business may take a state B&O tax credit equal to 50% of the payment. Thus, the total tax credit will be equal to 50% of the full cost of the training program.

IMPACT Washington: IMPACT Washington is a statewide program that helps businesses become more competitive and profitable. It is staffed by seasoned industry professionals with expertise in a diverse range of industries, products and services. From lean manufacturing to marketing, the program provides one-on-one consultations, customized training and educational seminars.

Source: https://businessfacilities.com/state-by-state-incentives-guide/
http://choosewashingtonstate.com/i-need-help-with/site-selection/incentives/

OREGON

FINANCING

Entrepreneurial Development Loan Fund (EDLF): The Entrepreneurial Development Loan Fund (EDLF) provides direct loans to help start-ups, micro-enterprises and small businesses expand or become established in Oregon. This fund fills a niche not provided through traditional lending markets.

Participants must meet one, or both, of the following criteria:

- have revenues of less than $500,000 in the previous 12 months or
- be a business owned by a severely disabled person.

Loans are:

- a maximum amount of $75,000 ($100,000 total loans),
- generally a maximum term and amortization of 5 years and
- a fixed interest rate of Prime plus 2% APR, minimum.

Applications must show that the business:

- can provide good and sufficient collateral for the loan,
- possesses a reasonable capacity to repay the loan,
- meets program equity requirements,
- is enrolled in small business counseling through Certified Entities and
- meets other criteria outlined in the EDLF Application and Oregon Administrative Rule.

Business Expansion Program (BEP): This incentive program is available to existing companies expanding operations in Oregon or new companies coming into the state. The Oregon Business Expansion Program (BEP) is a cash-based incentive (forgivable loan) equivalent to the estimated increase in income tax revenue from new hiring.

Program Eligibility

- Company plans to hire 50 or more full-time (equivalent) employees in Oregon, and it already has at least 150 employees overall
- Annual pay for each of at least the 50 new employees will be 150% or higher than the state or county average wage, whichever is less

- Retailers are specifically excluded, and the company must otherwise sell goods or services into markets involving national or international competition – “traded sector”– which can include corporate headquarters and various other such facilities, as well as manufacturing

Program Administration

- The business submits information to Business Oregon, which awards funds pursuant to a binding agreement
- The business must declare that availability of program funds is an integral factor in its decision to hire at least the 50 new employees at the above pay scale
- The agreement contains detailed performance measures, including that:
    - Company repays funds proportional with its failing to meet and maintain employment and compensation targets over at least two years
    - Hiring results in additional payroll in Oregon that is not, for example, offset by layoffs elsewhere
    - Company commits to consult with Oregon vendors before contracting to purchase goods or services

Program Mechanics

- Program is capitalized with State Lottery Funds
- Award is based on two years (at full operation) of estimated incremental personal income taxes that the state would collect from new employees at the above pay scale.

Brownfields Program: The purpose of the Brownfields Program is to assist individuals, non-profit organizations and local governments with financing to evaluate, cleanup and redevelop brownfields. The department manages two brownfields financing funds: the Oregon Brownfields Redevelopment Fund, funded by proceeds from the sale of state revenue bonds; and the Oregon Coalition Brownfields Cleanup Fund, capitalized through a revolving loan grant from the U.S. Environmental Protection Agency.

Any individual, business, non-profit organization, prospective purchaser, municipality, special district, port or tribe may make application to the Brownfields Redevelopment Fund.

Environmental actions funded through this program must be linked to site redevelopment that facilitates economic development or community revitalization. Examples of eligible redevelopment projects the program will support include business development projects, industrial lands capacity projects, community facility projects and downtown or mixed-use center revitalization projects. Examples of ineligible projects include market-rate housing projects and cleanup projects not associated with redevelopment.

Both programs are primarily revolving loan programs; however limited grants can be awarded on a case-by-case basis for publicly-owned projects, depending on a financial analysis of the applicant's debt capacity and public benefits of the redevelopment project. Financial analysis of an applicant's ability to repay a loan is the primary method the department uses to manage and allocate limited grant resources. Examples of public benefits that factor into the funding decision include family-wage job creation assistance to rural or economically distressed communities; or addressing an urgent need of a local population. The department sets the interest rate and the terms of loan repayment with consideration to the applicant's ability to repay, credit worthiness, economic benefit of the project and use of proceeds as defined in the project. The maximum term of a loan cannot exceed 20 years from the date of loan closing.

Film & Video Incentives: Oregon offers programs to induce film and video productions. These incentives are cash-based as opposed to tax credits to simplify and speed up the process.

- Rebate on 20% of the production’s Oregon-based goods and services
- Additional cash payment of up to 16.2% of wages paid to production personnel

Oregon Business Development Fund (OBDF): The Oregon Business Development Fund (OBDF) is a revolving loan fund that provides term fixed-rate financing for land, buildings, equipment, machinery and permanent working capital. Participants must create or retain jobs and must typically be a traded-sector business in manufacturing, processing or distribution. The program gives preference to projects located in rural and distressed areas and to small businesses with fewer than 100 employees.

Loans have:

- a maximum amount of $1,000,000,
- a maximum term & amortization of 20 years or the useful life of the project and/or collateral,
- a fixed interest rate of U.S. treasury Bills plus 1% APR (4% minimum APR) and

- a 1.5% loan origination fee.

Applications must show the business:

- has the ability to create or retain jobs as a result of the loan,
- is a traded-sector manufacturing, production, processing or distribution company,
- has a commitment to lend from a qualified private financial partner or economic development organization,
- can provide good and sufficient collateral for the loan,
- possesses a reasonable capacity to repay the loan and
- meets other criteria outlined in the OBDF Application and Oregon Administrative Rule.

Oregon Capital Access (CAP) Program: The CAP helps lenders (banks and credit unions) make more commercial loans to small businesses and provides capital for start-up or expansion. The program is designed for non-profit and for-profit businesses seeking funds for most business purposes. All types of loans and lines of credit are eligible. Lenders build a loan-loss reserve each time they enroll a loan. Contributions to the loan-loss reserve account are matched by the Oregon CAP. CAP loans may not be used to purchase or improve residential housing, purchase or improve real property not used for business operations or refinance an existing balance of a non-enrolled loan.

Business Retention Services Program: The Business Retention Services Program provides consulting services to assist Oregon companies facing difficult times. The program offers companies consulting services that are delivered by some of the best and most experienced private sector consultants in the state. A consultant is matched with a company based on specific needs and industry requirements. The maximum benefits are $15,000 for consulting services and $30,000 for feasibility studies. In addition, to qualify for a feasibility study, the applicant must contribute 25% of the feasibility cost in cash.

Businesses must meet the following criteria to be eligible for program services:

- be an Oregon company,
- be a company facing a period of hardship, such as financial or organizational distress,
- be willing to fully disclose its financial status to the consultant.

If eligible, the business must complete an application form, participate in a brief qualification review process and, sign a service contract if approved for the program.

Oregon Capital Access Program: The Oregon Capital Access (CAP) Program helps lenders (banks and credit unions) make more commercial loans to small businesses and provides capital for start-up or expansion. The program is designed for non-profit and for-profit businesses seeking funds for most business purposes.

All types of loans and lines of credit are eligible. Lenders build a loan-loss reserve each time they enroll a loan. Contributions to the loan-loss reserve account are matched by Oregon Capital Access Program.

CAP loans:

- have enrollment fees between 3% and 7% as determined by the financial institution,
- will receive a match on the enrollment fee of up to $35,000 per borrower and
- have rates and terms for repayment determined by the lender.

CAP loans may not be used to:

- purchase or improve residential housing,
- purchase or improve real property not used for business operations or
- refinance an existing balance of a non-enrolled loan.

Oregon Industrial Development Bonds: Tax-exempt bonds issued by the state of Oregon, designed to help Oregon manufacturers grow. They provide long-term financing for land, buildings and equipment. These bonds finance job creation and business growth for Oregon traded-sector, value-added manufacturers and processors by providing long-term debt financing for land, buildings and other fixed assets at a rate below prime. Affordable interest rates and tax-exempt status assist in lowering capital expenses. The bonds are available to manufacturers, processors, exempt facilities (e.g., docks or solid waste facilities) and nonprofits and generally provide the greatest benefit to the borrower for bonds of $5 million or more.

Small Business Expansion Program: The Small Business Expansion Program, operating within the OBDF direct loan program, is a new alternate financing solution fit for situations in between "almost bankable" and angel or venture capital deals, similar to mezzanine financing for working capital. This pilot program allows businesses to pay a periodic revenue payment as a percentage of net sales combined with scheduled monthly payments of principal and interest (fixed rate) to accommodate growing companies that may not qualify for traditional financing.

The percentage of sales varies per applicant. Business Oregon seeks to realize a target return on investment—from repayment of principal, interest and revenue payments—over a 3- to 7-year period.

Additional payments may be required in event of early payoff or sale of the company. Once the pre-determined return target has been achieved, all payments stop and the company has satisfied its repayment obligations.

The company must satisfy all requirements of the OBDF program including, but not limited to, being a traded-sector business and having significant job creation impacts. Each revenue finance request will be evaluated on a case-by-case basis, but the following will be required, in general:

- Existing history of sales
- Potential for rapid growth in sales
- History of significant gross profit margins or reasonable expectations of ability to achieve significant gross profit margins
- Collateral to secure the loan or personal guarantees of major owners
- Typical financing amount of up to $250,000.

Small Manufacturing Business Expansion Program: This program provides funding assistance, in the form of cash based forgivable loans, for small manufacturing business expansion projects. The maximum available to an applicant is $50,000. The Award is based on two years (at full operation) of estimated incremental personal income taxes that the state would collect from new employees at the above pay scale. To be eligible under program, the business:

- manufactures a product or adds value to a natural resource
- is part of one of the growth industries
- has revenue from the sale of its product for at least one year
- has a least one employee (or plans to create at least one FTE as a result of the project) but has no more than 25 employees
- provides funding, from its own or other sources, for at least 50% of the cost of project

Oregon Credit Enhancement Fund: The Oregon Credit Enhancement Fund (CEF) is a loan insurance program available to lenders to assist businesses in obtaining access to capital.

The fund insures the repayment of loans made by lenders that provide working capital or fixed-asset financing to businesses. The program:

- is available to almost any business,
- can include loans used for fixed assets or working capital,

- can insure term loans and lines of credit and
- has an enrollment fee typically between 1.25% and 3.5% of the insured amount based on the term and type of the credit facility.

Loan insurance is:

- typically up to 80% of the loan amount for term loans with a maximum insurance exposure of up to $2,000,000,
- a maximum term that does not exceed the useful life of assets securing the loan or a maximum term of 15 years,
- typically, up to 75% of the loan for operating lines of credit with a maximum insurance exposure of $1,500,000,
- a maximum initial term of one year for operating lines of credit,
- available on business term loans and operating lines made by participating financial institutions (banks and credit unions)
- available for secured loans (usually needing full collateral coverage except for First Loss Collateral Support Insurance) and
- subject to other criteria outlined in the CEF Application and Oregon Administrative Rule.

TAX INCENTIVES

Enterprise Zones: In exchange for locating or expanding into any enterprise zone, eligible (generally non-retail) businesses receive total exemption from the property taxes normally assessed on new plant and equipment. Subject to local authorization, timely filings and criteria the benefits include:

- Construction-in-Process Enterprise Zone Exemption—For up to two years before qualified property is placed in service, it can be exempt from local taxes, which can cover more property than the regular exemption for commercial facilities under construction.
- Three to five consecutive years of full relief from property taxes on qualified property, after it is in service.
- Depending on the zone, local incentives also may be available.

In addition, many zones can offer special incentives for investments in qualifying rural facilities or in electronic commerce operations.

Strategic Investment Program: The Strategic Investment Program exempts a portion of very large capital investments from property taxes for 15 years. The program is available statewide.

SIP projects must serve a "traded sector" industry. Oregon law defines "traded sector" as "member firms sell their goods or services into markets for which national or international competition exists."

The project's cost must exceed the taxable portion. But as a practical matter, the overall investment will need to be considerably bigger. In urban areas, the taxable portion of a project's market value is $100 million. In rural areas, it starts at $25 million. Property in excess of this portion is exempt from taxes.

Construction-in-Process: Unfinished facility improvements may be exempt from local property taxes for up to two years while under construction with April 1 filing each year. In an enterprise zone, most authorized businesses enjoy a somewhat broader tax abatement using a different form.

Food Processing Machinery and Equipment (M&E): For five years after it is newly placed in service, qualified M&E is exempt if certified by the Oregon Department of Agriculture. Eligible M&E may be real or personal property that is used in the primary processing for human consumption of raw or fresh fruits, vegetables, nuts, legumes, grains, dairy, eggs, seafood, and with certain limitations, bakery products. In the first of the five years, the food processor also needs to file with the county assessor or Oregon Department of Revenue using an exemption claim form.

Electronic Commerce Tax Credit: The investment tax credit equals 25% of the cost incurred by an authorized business for capital assets used in electronic-commerce operations inside one of several enterprise zones. The annual maximum credit amount is $2 million per year. Unused tax credit amounts may be carried forward over the next five years. The credit is claimed directly on corporate or individual tax returns, and while there is no additional form required, the taxpayer must maintain records of purchased assets and other relevant information, such as timely qualification for the property tax abatement on assets that also qualify for it, but otherwise, such qualified property and what is used for the income tax credit do not need to correspond entirely.

To obtain this state tax credit, the business's e-commerce investment (in terms of incurring the cost or financial liability) needs to be made between the income tax year when the tax payer applies for local enterprise zone authorization and the one beginning before the end of the three- to five-year period of the standard exemption from local property taxes. This tax credit sunsets by law, such that the business also must make the investment no later than in its income tax year that begins during 2017.

Qualified Research Activities Credits: Corporate credit for qualified research and basic research conducted each year in Oregon, as a state-level extension to the federal program.

Oregon Investment Advantage: This program helps businesses start or locate new types of operations in a number of Oregon counties by providing an income tax subtraction, potentially eliminating state income tax liability on the operations for several years after they begin. Companies setting up operations in an eligible county can be certified at least eight times to annually deduct or subtract taxable income related to those operations, potentially eliminating any state business income tax liability for that period, which begins at least 24 months after the commencement of new operations.

Requirements of the certified facility include:

- creation of at least five new full-time, year-round jobs that receive minimum level of compensation;
- facility operations are the first of their kind anywhere in Oregon for that company (which often is an existing Oregon business); and
- they do not compete with local existing businesses.

Having five or more facility employees receiving sufficient compensation is a requirement with each application for annual certification. The uniqueness of operations to the company and other requirements generally pertain only to the time of application for preliminary certification, which is also when the county's per capita income level is set for purposes of minimum compensation. The application for preliminary certification is due to Business Oregon before hiring or any work commences on the facility, and the process for approval involves a 60-day period, during which local governments could potentially object.

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

http://www.oregon4biz.com/Oregon-Business/Tax-Incentives/

CALIFORNIA

FINANCING

Alternative and Renewable Fuel and Vehicle Technology Program: Demonstrating California's leadership in the national push to reduce dependency on petroleum and greenhouse gas emissions while improving energy security, the Alternative and Renewable Fuel and Vehicle Technology Program (also known as "AB 118") provides financial incentives (as much as $100 million annually through competitive grants, loans, loan guarantees, revolving loans and other appropriate measures or means) for businesses, vehicle and technology manufacturers, workforce training partners, fleet owners, consumers and academic institutions to develop and deploy alternative and renewable fuels as well as advanced transportation technologies that help the state meet its policy objectives on climate change.

Brownfields Revolving Loan Fund Program: Provides low-interest rate loans between $200,000 and $900,000 for financing cleanup activities of sites by eligible public or private property owners including government agencies, private property owners as well as non-profit organizations. Up to $200,000 in sub-grants can also be awarded to government agencies and non- profit organizations.

California Capital Access Program: The CalCAP encourages participating banks and lending institutions to provide loans to small businesses that fall outside of conventional underwriting standards. Small business owners that have difficulty in obtaining conventional financing may qualify for a CalCAP loan through any CalCAP lender.

California Capital Access with Collateral Support (CalCAP – CS): CalCAP CS pledges cash to cover the collateral shortfall of loans of $100,000 or more. CalCAP CS provides up to 40% of the loan value, with the possibility of an additional 10% for businesses located in a Severely Affected Community. Small business lenders loaning to businesses classified as a small business under U.S. Small Business Administration guidelines and that have fewer than 500 FTEs. The borrower's primary business and at least 51% of its employees or business income, sales or payroll must be in California. The business activity resulting from the bank's loan must be created and retained in California.

Electric Program Investment Charge (EPIC) Program: The EPIC (previously called the Public Interest Energy Research program), is the state's premier energy research, development and deployment program for the advancement of science and technology in the fields of energy efficiency, renewable energy, advanced electricity technologies, energy- related environmental protection, transmission and distribution as well as transportation technologies. Over the last 10 years EPIC has invested over $700 million to assist utilities and energy companies in the development and deployment of technologies that provide environmental and economic benefits to California's energy ratepayers.

Energy Innovations Small Grant (EISG) Program: The EISG Program provides up to $95,000 for hardware projects and $50,000 for modeling projects to small businesses, non-profits, individuals and academic institutions to conduct research that establishes the feasibility of new, innovative energy concepts. Research projects must target one of the specified R&D areas, address a California energy problem and provide a potential benefit to California electric and natural gas ratepayers. To encourage participation in the program the application and award process has been simplified and assistance is available in gaining access to technical experts.

Industrial Development Bond (IDB): IDB financing is a competitive financing option available for the acquisition of manufacturing facilities and equipment providing a financing option for manufacturers to access private capital markets at tax-exempt rates. The benefits of IDB financing include interest rates generally 20-30% lower than conventional financing.

Pollution Control Tax-Exempt Bond Financing Program: Private activity tax-exempt bond financing to California businesses for the acquisition, construction or installation of qualified pollution control, waste disposal, waste recovery facilities and the acquisition and installation of new equipment.

Small Business Loan Guarantee (SBLGP): The California SBLGP assists businesses with the creation and retention of jobs while encouraging investment into low- to moderate-income communities. The SBLGP enables small businesses to not only obtain a loan it could not otherwise obtain but more importantly helps to establish a favorable credit history with a lender so the business may obtain loans in the future on its own without the assistance of the program.

TAX INCENTIVES

California Competes Tax Credit: The California Competes Tax Credit is an income tax credit available to businesses that want to come to California or stay and grow in California. Unlike the Enterprise Zone program this program is statewide. Thus, there are no geographic restrictions. Tax credit agreements will be negotiated by GO-Biz and approved by the "California Competes Tax Credit Committee."

California Film & Television Tax Credit Program: The California Film Commission offers a tax credit incentive program to qualified motion pictures. $100 million has been allocated annually beginning in fiscal year 2009-2010 through 2016-2017. The Program allows a 20% tax credit for qualified production related expenses to a taxpayer against State income taxes.

California Research & Development Tax Credit: Corporate income tax credits available to companies that have incurred qualified research expenses in California. A taxpayer qualifies for the credit if it paid or incurred qualified research expenses while conducting qualified research in California. The taxpayer may receive up to 15% of the excess of current year research expenditures over a computed base amount.

(Full) Sales and Use Tax Exclusion – Advanced Manufacturing & Transportation and Alternative Energy: A sales tax exclusion from both state and local sales tax collection on equipment purchases for qualifying businesses that conduct qualifying activities. Sales tax rates vary by jurisdiction (typically 7% to 9.25%).

New Employment Hiring Tax Credit (NEC): The New Employment Credit (NEC) is available for each taxable year beginning on or after January 1, 2014, and before January 1, 2021, to a qualified taxpayer that hires a qualified full-time employee on or after January 1, 2014, and pays or incurs qualified wages attributable to work performed by the qualified full-time employee in a designated census tract or economic development area, and that receives a tentative credit reservation for that qualified full-time employee.

Research & Development Tax Credit: The California R&D tax credit program reduces income or franchise tax. You may qualify for the credit if you paid or incurred qualified research expenses while conducting qualified research activity in California. You may receive 15% of the excess of current year research expenditures over a computed base amount (minimum of 50% of current year research expenses) or a 24% credit for basic research payments to third party organizations. You may claim the credit on the return for the taxable year you incurred the qualified expenses. Qualified research expenses include wages, supplies and contract research costs. To qualify, the research must be conducted within California and include basic or applied research of scientific inquiry, original investigation for the advancement of scientific or engineering knowledge or improved function of a business component. California has several exceptions to the federal law that can affect your computations for the credit.

Sales and Use Tax Exemption for Agriculture: This program, which is administered by the Board of Equalization, provides a partial sales tax exemption available under section 6356.5 for the sale, storage, use or other consumption of farm equipment, machinery and their parts to qualified persons for use in qualifying activities. The partial exemption may also apply to leases. The partial exemption applies only to the state sales and use tax rate portion. The exemption does not apply to any local, city, county or district taxes. Sales and purchases of farm equipment, machinery and parts will continue to be subject to the remaining portion of the sales and use tax rate consisting of the local, city, county and any applicable district taxes.

Sales and Use Tax Exemption for Manufacturing: This program, which is administered by the Board of Equalization, provides a sales tax exemption of 4.1875% for basic manufacturing equipment. In addition, equipment for food processing manufacturing and research and development, biotechnology manufacturing and research and development and manufacturing research and development are eligible for the exemption. Tenant improvements for manufacturing or research and development may also be eligible.

WORKFORCE DEVELOPMENT

Employment Training Panel: Provides funding to employers to assist in upgrading the skills of their workers through training that leads to good paying, long-term jobs. It is a cash reimbursement for training cost incurred by employers set by a pre-determined two-year performance based contract. Contracts vary based on number of employees enrolled, hours of training, training material and employee wages.

Source: https://businessfacilities.com/state-by-state-incentives-guide/
http://www.businessportal.ca.gov/Incentives

ALASKA

FINANCING

Rural Development Initiative Fund: Provides private sector employment by financing the start-up and expansion of businesses that will create significant long-term employment.

- Loans may be made for working capital, equipment, construction or other commercial purposes.
- Loans must result in the creation of new jobs or the retention of existing jobs in the eligible community.
- Loans may be made to a business located in a community with a population of 5,000 or less that is not connected by road or rail to Anchorage or Fairbanks, or with a population of 2,000 or less that is connected by road or rail to Anchorage or Fairbanks.

Small Business Economic Development (SBED): Provides private sector employment by financing the start-up and expansion of businesses that will create significant long-term employment. Generally, a business must have fewer than 500 employees, have a net worth under $6 million and have an average net income after federal taxes for the preceding two years less than $2 million to qualify. Eligibility for the SBED program includes all communities in the state of Alaska with a population of less than 30,000. Loans in communities of 30,000 or more are available on a limited basis, depending on funds availability.

Commercial Fishing and Agriculture Bank: Provides loans to fishing, tourism, natural resources and agriculture-based projects. The Financing Section of the Division of Economic Development provides loans to fishing enterprises and other small business ventures.

Alaska Growth Capital: Provides financing to nontraditional borrowers/businesses that use innovative technology, are in rural Alaska, and are minority-owned.

Commercial Fishing Loan Fund: Provides long-term, low interest loans to promote the development of predominantly resident fisheries, and continued maintenance of commercial fishing vessels and gear for the purpose of improving the quality of Alaska seafood products.

Alternative Energy Conservation Loan Fund: Loans may be made to purchase, construct and install alternative energy systems or energy conservation improvements in commercial buildings. Maximum loan amount is $50,000. Loan requests over $30,000 require a letter of denial from a financial institution, stating the reason(s) for denial, or confirmation that a loan from a financial institution is

contingent on the applicant receiving a loan from the fund. Maximum loan term is 20 years.
All loans must be adequately secured, include a lien on real property, and the improvements financed.

- Loan must be for the purchase, construction and installation of alternative energy systems or energy conservation improvement in commercial buildings.
- Loans must result in alternative energy production or energy conservation.

Commercial Charter Fisheries Loans: To provide affordable loans to Alaskan commercial charter operators to promote Alaskan ownership of charter halibut permits. General Requirements:

- Loans may be made to purchase charter halibut permits or refinance vessels or gear purchased more than 12 months before receipt of the application.
- Maximum loan amount $200,000 for a permit loan and $100,000 per year for other loan types, with maximum aggregate outstanding loan balances of $200,000 made to a borrower.

Mariculture Loans: To provide affordable loans for the planning, construction, and operation of a mariculture business.

- Loan must be for the planning, construction, and operation of a mariculture business.
- Must have a permitted mariculture farm location in Alaska.
- Must have experience or training in the mariculture industry.

Microloan Loan Program: To promote economic development in Alaska by helping small businesses access needed capital..

- Loans may be made for working capital, equipment, construction or other commercial purposes for a business located in Alaska.
- A reasonable amount of money from other non-state sources must be committed for use on any project for which money from a loan will be used.
- Maximum loan amount is $35,000 to a person or up to $70,000 to two or more persons.

Micro Loan Program for Women Entrepreneurs: Provides lending opportunities to women-owned businesses which may or may not qualify for conventional funding. The loans also serve as an opportunity for women to establish credit for their businesses. Women entrepreneurs interested in a loan of up to $10,000 to start, develop or stabilize a viable business must:

- be a U.S. citizen

- be at least 21 years old and have no criminal record
- be 51 percent owner and operator of the small business
- have a solid, completed business plan for a viable enterprise
- show proof of entrepreneurship capabilities
- submit a complete loan package

TAX INCENTIVES

Oil and Gas Exploration Tax Credits: Allow for a production tax credit for certain exploration geophysical survey and drilling activities as an alternative to the QCE credits under AS 43.55.023. Provisions for exploration drilling credits under this statute are different for areas inside of and outside of the Cook Inlet sedimentary basin.

Minerals Exploration Tax Credits: Taxpayers may take a credit for 100 percent of eligible costs of exploration activities related to determining existence, location, extent or quality of a locatable mineral or coal deposit. The incentive may not exceed $20 million and must be applied within 15 tax years after the taking of the credit is approved. Application of the credit is limited to 50 percent of the lesser of the taxpayer's mining license tax liability or 50 percent of the taxpayer's total corporation net income tax liability.

Film Production Tax Credits: An incentive program that provides a transferable tax credit based on qualified production expenditures as an incentive for film and television productions to shoot in Alaska.

- 5 percent on compensation to non-Alaska resident producers, directors and lead actors (above the line personnel).
- 30 percent on most qualified expenditures (ground spend) in Alaska.
- extra 20 percent for wages paid to Alaska residents.
- extra 6 percent for production costs incurred in a rural area.
- extra 2 percent for production costs incurred between October 1 and March 30.
- no salary cap or production cap.
- Alaska spend must be at least $75,000 in a consecutive 36 month period.

Film Incentive Tax Credits are typically purchased at a discount by companies with Alaska tax liabilities and can be split as needed between multiple tax years (credits are valid for up to 6 years from date of issue).

Education Tax Credits:

Taxpayers that contribute to vocational education programs or accredited Alaska universities or colleges for educational purposes or facilities may claim a tax credit against corporate income tax, the insurance premiums tax, the oil and gas production and property taxes, the fisheries business and landing taxes, and the mining license tax. For tax years after December 31, 2013, the credit will be capped at $150,000.

Source: https://businessfacilities.com/state-by-state-incentives-guide/
https://www.commerce.alaska.gov/web/ded/DEV/Incentives.aspx

HAWAII

FINANCING & GRANTS

CBED Micro-Loan Program: Part of the State Department of Business, Economic Development and Tourism. This program is designed to financially assist community-based enterprise in providing a diversification of opportunities that create jobs, strengthen community identity, retain or create community cultural anchors and reinforces community social, cultural, economic and spiritual values. Each loan shall bear a simple interest rate of not less than 3% and not more than 10% a year. 3% interest will be granted for all new loans for up to the first two years. The loans shall be for an amount not to exceed $25,000 and for a term not to exceed 10 years. Conventional financial institutions traditionally do not provide loans to establish or expand community-based enterprises. Consideration for loans under this chapter shall be extended only to applications from organization, small business or enterprise engaged in community-based development industries, including traditional industries that meet the following requirements:

- Not able to obtain a loan from private and/or other public financial institutions;
- Furnishes information to show that the applicant has the ability to repay the loan out of income from the business;
- Shall apply for all applicable licenses and permits;
- Shall satisfactorily demonstrate to the department that it can operate on a sound financial basis.

GreenSun Hawaii: To help Hawaii property owners (single- and multi-family, nonprofit and businesses) make energy efficiency and renewable energy retrofits to their homes, apartment complexes and facilities, the State of Hawaii created GreenSun Hawaii, a credit enhancement program funded by a $2.72 million U.S. Department of Energy grant under the American Recovery and Reinvestment Act of 2009. Administered by the Hawaii Community Reinvestment Corporation (HCRC), the program provided local financial institutions with access to a loan loss reserve (LLR) which covered up to 100% of actual losses, which enabled participating lenders to extend loan availability to a larger pool of customers and offer more aggressive rates and terms. GreenSun Hawaii helped to finance ENERGY STAR refrigerators and air conditioning systems, solar thermal hot water systems, solar electric photovoltaic (PV) systems, heat pumps, and insulation installed with an ENERGY STAR air conditioner for residential purposes. For non-residential purposes, the loan used to finance lighting and air conditioning retrofits and upgrades;

solar thermal and solar electric (PV) systems; energy efficiency windows, cool roofs and other installations eligible for Hawaii Energy/KIUC rebates; and loan related fees. GreenSun Hawaii is in a 6-year close out period so no loan applications are being accepted.

Hawaii Small Business Innovation Research Program (SBIR): A $2.2 billion three-phased federal program that provides small businesses the opportunity to win federal R&D awards. Hawaii-based companies that receive federal Phase I feasibility study SBIR awards can apply for funds from HTDC[1]s Hawaii SBIR Matching Grant program. The matching grants provide up to 50% of the Phase I award to assist companies with enhancing their Phase I project development, compete for the more lucrative Phase II awards to typically conduct prototype development, and ultimately reach successful commercialization. Hawaii-based companies new to SBIR can apply for funds from HTDC[1]s Hawaii SBIR Phase 0 Grant program. The grant provides up to $3,000 to companies submitting a competitive Phase I SBIR application. The purpose of the Phase 0 Grant is to assist applicants strengthen their proposal, e.g. through professional grant writing assistance. This grant is open to Hawaii companies that have:

a) Submitted fewer than three SBIR applications and

b) Demonstrate financial need.

Hawaii Strategic Development Corporation (HSDC): An agency of the State of Hawaii established in 1990 to promote technology based economic development and economic diversification in the state through return driven investment programs in partnership with private capital. HSDC is precluded by law from investing in retail businesses, housing construction and the tourism sector. HSDC co-invests via a “fund of funds” approach and does not invest directly into companies. Investment programs target three key areas which comprise the major gaps in technology based economic development:

- Supporting the establishment of an entrepreneurial ecosystem that will provide mentoring, collaboration and funding opportunities for Hawaii entrepreneurs to establish and scale their business ventures;
- Partnering research commercialization activities with state and private-industry programs to establish high-growth businesses; and
- Networking Hawaii[1]s high-growth businesses into the broader universe of mainland and international investment funds active in the sectors important to Hawaii.

Innovate Hawaii (IH): A federal program administered in Hawaii by the State's High Technology Development Corporation and designed to bring best practices to small and medium-sized manufacturing and pre-manufacturing businesses at an affordable cost. IH helps manufacturers in all industries find, save and make money. It is a general practitioner, providing a wealth of knowledge and meeting various industry-specific needs (e.g., construction materials, management consulting, electronics, metals, secondary wood, textile).

TAX INCENTIVES

Corporate Tax Credit for Solar and Wind Energy: Allow individuals or corporations to claim an income tax credit of 20% of the cost of equipment and installation of a wind system and 35% of the cost of equipment and installation of a solar thermal or photovoltaic (PV) system. A new provision was added to the tax credits in June 2009 allowing the tax credit to be refundable under certain conditions. For solar energy systems, a taxpayer can reduce the eligible credit amount by 30%. If this reduced amount exceeds the amount of income taxes to be paid by the taxpayer, the excess credit will be refunded to the taxpayer. Consult with your tax advisor as to how this credit may pertain to your specific project.

Hawaii Enterprise Zones Partnership: A joint state-county effort intended to stimulate—via tax and other incentives—certain types of business activity, job preservation and job creation in areas where they are most appropriate or most needed. Up to six zones can be designated per county. If a business (or a branch of business) is eligible and is located in an Enterprise Zone (EZ), it can reduce its state taxes and receive other county benefits for up to seven years by satisfying the EZ hiring and gross receipts requirements.

Motion Picture, Digital Media & Film Production Income Tax Credit: A refundable tax credit based on a production company[1]s qualified Hawaii expenditures while producing a qualified film, television, commercial or digital media project. The credit was increased July 1, 2013 and now equals 20% of qualified production costs incurred on Oahu, and 25% on the neighbor islands (Big Island, Kauai, Lanai, Maui, Molokai). The credit cap was also increased from $8 million to $15 million per production.

Research Activity Tax Credit: A refundable tax credit equal to 20% of increases in qualified research expenses incurred in Hawaii.Eligible research expenses are the same as those in sections 41 of the Internal Revenue Code (IRC), as that section was enacted on December 31, 2011, and in section 280C(c), IRC, provided that the expenses must be incurred in Hawaii. To qualify for the tax credit, the taxpayer must also claim a federal tax credit for the same expenditures. The tax credit is available for tax years beginning after December 31, 2012 and will sunset after December 31, 2019.

Royalties Tax Exemption: Royalties derived from performing arts products are excluded from a Hawaii taxpayer's income and not subject to state income tax.

Source: https://businessfacilities.com/state-by-state-incentives-guide/
http://invest.hawaii.gov/business/business-incentives/