ECONOMIC DEVELOPMENT INCENTIVES

OF THE FIFTY STATES

State Tax, Financial and Workforce Development Incentives

West North Central Region:

Compiled by the New Mexico Economic Development Department

New Mexico State Data Center: www.nmstatedatacenter.com

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NORTH DAKOTA

FINANCING

Agriculture Partnership in Assisting Community Expansion (Ag PACE): This program has been established to buy down the interest rate on loans to farmers who are investing in other nontraditional agriculture activities to supplement farm income. Qualifying borrowers will receive an interest rate reduction of a maximum of 4% below the yield rate with a minimum rate of 1%. The total buy down amount per borrower may not exceed $20,000 per project or biennium. The borrower lifetime buy down cap is $60,000. Eligible applicants for interest buy down dollars exceeding $20,000 must have a net worth of less than $1,000,000. State Water Commission funds, not exceeding $20,000 per borrower, may be used to supplement Ag PACE funds for the purchase of irrigation equipment on new irrigated acreage.

Agricultural Products Utilization Commission (APUC): The mission of APUC is to create wealth and jobs though the development of new and expanded uses of North Dakota's agricultural products. This is accomplished through the administration of a grant program. Applicants can present funding proposals for these categories on a quarterly basis: basic and applied research grants, marketing and utilization grants, farm diversification grants and an agricultural prototype development grant program. Please note: Qualifying APUC grants are for North Dakota companies that add value to a raw North Dakota agriculture commodity.

Beginning Entrepreneur Loan Guarantee Program: Designed to assist in business start-up financing by providing a financial institution with guaranty of a loan not to exceed $200,000. Loans may be used to finance the purchase or improvement of real property, equipment or personal property, or working capital needs. The guarantee term may not exceed five years. The guarantee fee is .5% per year or a one-time fee of 2% of the guarantee portion. The guarantee fee may be included in the loan or in the rate charged by the lender.

Biofuels PACE: Biofuels PACE (Biofuels Partnership in Assisting Community Expansion) was established to buy down the interest rate on loans to biodiesel and ethanol production facilities and livestock operations. Recipients of Biofuels PACE are not eligible for regular PACE funds. Biofuels PACE is a $5 million fund with an interest buy down of 5% below the note rate and no community match.

Business Development Loan Program: Designed to assist new and existing businesses in obtaining loans that would have a higher degree of risk than would normally be acceptable to a lending institution. The maximum limit is $1,000,000 per project. Proceeds can be used for working capital, equipment and real property or refinancing. The interest rate is variable at Prime less .50% or fixed at comparable FHLB plus 2.25%. Terms average one to five years for working capital, five to seven years for equipment, and 12-20 years for real estate.

Export Enhancement Program: A financing tool for foreign buyers purchasing equipment from North Dakota manufacturers. Loans are made by the Bank of North Dakota and are guaranteed by the Export-Import Bank of the United States utilizing their medium-term credits program. Community financial institutions may participate in the loans. The loan requires a down payment of at least 15% of the contract amount prior to shipment and a signed promissory note for the balance. The minimum transaction size is $200,000. Eligibility is based on the financial strength of the foreign buyer, as well as the financial and political stability of the country where the buyer is located, as determined by Ex-Im Bank.

Industrial Development Bond Program (IDB): Under its IDB Program, the Authority makes loans to manufacturers that qualify as small issue manufacturers. Qualified small issue manufacturers are defined within the Internal Revenue Code as "any facility that is used in the manufacturing or production of tangible personal property including the process resulting in a change in the condition of such property." Within that definition, the qualifying organizations must also meet a capital spending requirement. The Authority is limited to $2,000,000 per project. The interest rates paid by a qualifying manufacturer are market rates that are set through a competitive bid process when the Authority issues and sells its program bonds to fund the loan. The IDB has been assigned a rating of AA by Standard & Poors Rating Group.

Main Street Loan Program: Today's economy makes it difficult for emerging businesses or businesses in rural areas to get financing. The Dakota CDC Main Street Loan Program was created to fill this financing void. Loans up to $35,000 will be available from Dakota CDC in participation with a local lenders or economic development organization for small businesses looking to expand or to start a new business. Loans can be used for working capital, inventory and small equipment.

MATCH Program: Designed to encourage and attract financially strong companies to North Dakota. The program is targeted to manufacturing, processing and value-added industries. The Bank of North Dakota (BND) provides some of the lowest interest rates in the nation through this program. The primary candidates for this program are businesses that create new wealth for the state and provide new jobs outside of the retail sector. These companies shall also provide evidence of considerable financial strength, as demonstrated by a long-term credit rating in the "Investment Grade" category of BBB or stronger from a national rating agency.

Loan funds may be used to finance real estate, machinery and equipment and for the purchase or leasing of equipment. The term of the loan will vary depending on the loan purpose with a maximum of 15 years.

New Venture Capital Fund: The New Venture Capital Program is an innovative financial program that provides flexible financing through debt and equity investments for new or expanding businesses in the state of North Dakota. The Bank may provide funding for early stage companies that can show clear proof of completed product development and market acceptance as evidenced by growing sales. The Bank will invest in a variety of technologies and types of businesses, including North Dakota Department of Commerce strategic target industries. BND will also invest in growth and later stage manufacturing, service and businesses with profitable growth potential. The New Venture Capital Program will invest up to $300,000.

North Dakota Development Fund: Provides flexible gap financing through debt and equity investments for new or expanding primary sector businesses. It makes investments of up to $1,000,000 through direct loans, participation loans and subordinated debt and equity investments. The board may adjust the limit when deemed appropriate.

PACE Program: The PACE Fund is designed to assist North Dakota communities in expanding their economic base by providing for new job development. The borrower can be any person or entity whose business is in manufacturing, processing, value-added processing and targeted service industries. Targeted service industries are businesses involved in data processing, telemarketing, telecommunications, major tourist attractions, holding companies involved in leasing assets to entities otherwise defined as a PACE qualified business, intermodal service facilities and all other service companies and wholesalers that generate 75% or more of their sales outside of the state of North Dakota. A lead lender is required. The PACE Fund may provide an interest rate buy down up to a maximum of $300,000. The buy down is matched by the community at the designated participation level.

- **Flex PACE:** This special feature of the PACE program will provide interest buy down to non-PACE qualifying businesses where the Community determines eligibility and accountability standards. Flex PACE will allow communities the ability to provide assistance to businesses that would not meet the current requirements of PACE, such as: jobs retention, technology creation with no new jobs, retail, smaller tourist businesses and essential community businesses. Each borrower is capped at $100,000 of PACE funds per biennium under Flex PACE.

Value-Added Agriculture Equity Loan Program (Envest): The borrower must be a North Dakota resident. To be eligible under this program, the borrower may own no more than 25% of the project. For the purchase of shares in start-up or expansion of ag processing plants intended to process North Dakota grown products. Use of loan proceeds is for the purchase of equity shares in a North Dakota feedlot or dairy operation that must feed a byproduct of an ethanol or biodiesel facility. Loans are eligible for an interest buy down of up to 4% that may be used to reduce the borrower¹s interest rate on loans made by a local lender and BND, subject to a minimum rate of 1% to the borrower.

TAX INCENTIVES

Agricultural Commodity Processing Plant Construction Materials Sales Tax Exemption: Construction materials used to construct an agricultural commodity processing facility are exempt from sales and use taxes.

Agricultural Commodity Processing Facility Investment Credit: An income tax credit may be allowed for investing in an agricultural commodity processing facility in ND certified by the Dept. of Commerce Division of Economic Development and Finance (EDF). An investment may consist of a direct cash payment, a transfer of a fee, simple interest in ND real property or a direct transfer of cash from a retirement plan for which the investor controls where the plan¹s assets are invested. The credit is equal to 30% of the investment. No more than $50,000 of the credit may be used in any year. An unused credit may be carried forward up to 10 years. A taxpayer is allowed no more than $250,000 in credits for all years.

Angel Fund Investment Credit: An income tax credit is allowed for investing in an angel fund in ND certified by the Department of Commerce EDF. Angel funds must be organized for the purpose of investing in at least three early-stage or mid-stage private, non-publicly traded, primary sector businesses with strong growth potential. Investments in real estate or real estate holding companies are not eligible. The credit is equal to 45% of the investment, up to a maximum credit of $45,000 per year. An unused credit may be carried forward up to seven tax years. For credits based on investments made on or after January 1, 2013, a taxpayer is allowed no more than $500,000.

Automation Credit: Allowed only for the 2013, 2014 and 2015 through 2017 tax years, it is an income tax credit for purchasing machinery and equipment for the purposes of automating a manufacturing process in ND. The credit is equal to 20% of the cost of the machinery and equipment approved by the Department of Commerce EDF. The business must be certified by EDF as a primary sector business to be eligible for the credit. An unused credit may be carried forward up to five tax years. In the case of a pass through entity, such as a partnership or S corporation, the credit is passed through to its owners in proportion to their ownership interests. Total credits are limited to $2 million in any per calendar year for 2013-2015 and $500,000 per calendar year for 2016 and 2017.

Biodiesel Equipment Sales Tax Exemption: The sale of equipment not installed by the seller to a facility licensed under N.D.C.C. § 57-43.2-05 to enable the facility to sell diesel fuel containing at least 2% biodiesel fuel or green diesel fuel by volume is exempt from sales tax.

Biodiesel Tax Credits: An income tax credit for adapting or adding equipment to retrofit a facility or to construct a new facility in North Dakota that either (1) produces or blends biodiesel fuel or (2) crushes soybeans or canola. The credit is equal to 10% of the direct costs incurred, and is allowed in each of five tax years, starting with the tax year in which the production, blending or crushing begins. An unused credit may be carried forward up to five tax years. A corporation is allowed no more than $250,000 of credits for all tax years.

- A licensed fuel supplier who blends at least 5% biodiesel fuel is allowed an income tax credit of five cents per gallon of blended fuel. An unused credit may be carried forward up to five tax years.
- A licensed seller of biodiesel fuel having at least a 2% blend is allowed an income tax credit for adapting or adding equipment to the seller's facility to enable it to sell the biodiesel blend. The credit is equal to 10% of the direct costs incurred, and is allowed in each of five tax years, starting with the tax year in which the facility begins selling the biodiesel fuel. An unused credit may be carried forward up to five tax years. A seller is allowed no more than $50,000 of credits for all years.

Biomass, Geothermal, Solar or Wind Energy Credit: An income tax credit for the cost of a geothermal, solar, wind or biomass energy device installed before January 1, 2015, in a building or on property owned or leased in North Dakota. The credit provided for the actual cost of acquisition and installation of a device installed before January 1, 2001 is equal to 5% per year for three years, and for devices installed after December 31, 2000, is equal to 3% per year for five years. If the device is a part of a system which also uses other means of energy, only that portion of the total system directly attributable to the cost of the geothermal, solar, wind or biomass energy device may be included in determining the amount of the credit. Installation costs may not include costs of redesigning, remodeling or otherwise altering the structure of a building in which the device is installed.

Note: Except for certain wind devices, this credit expires on December 31, 2014, and is not allowed for devices installed on or after January 1, 2015. In the case of a wind energy device for which construction commenced before January 1, 2015, the credit is allowed if the installation of the device is completed before January 1, 2017.

An income tax credit for installing a biomass, geothermal, solar or wind energy device in a building or on property owned or leased in North Dakota. The credit is equal to 3% of the cost of acquisition and installation and is allowed in each of the first five tax years, starting with the year in which installation is completed. A credit allowed to a corporation included in a consolidated North Dakota income tax return may be used to reduce the aggregate tax liability of all corporations included in the return. If a corporation holds an interest in a partnership (or a limited liability company treated like a partnership) that installs a device, the credit is passed through to the corporation in proportion to its interest in the entity.

An individual, estate, or trust is allowed an income tax credit for installing a geothermal energy device in a building or on property owned or leased in North Dakota. To qualify, the device must be installed after December 31, 2008, and before January 1, 2015. The credit is equal to 3% of the cost of acquisition and installation and is allowed in each of the first five tax years starting with the year in which installation is completed. If an individual, estate, or trust holds an interest in a pass through entity, such as a partnership or S corporation, that installs a geothermal energy device after December 31, 2008, and before January 1, 2015 the credit is passed through to the individual, estate, or trust in proportion to its interest in the entity.

For devices installed after September 30, 2008, an unused credit may be carried forward up to ten tax years; however, the carry forward period is thirty tax years for a wind device installed after September 30, 2009 and before January 1, 2012. (For devices installed before October 1, 2008, different carry forward periods apply.)

If ownership of a device is transferred immediately upon completion of installation, and the device is fully operational, the credit transfers to and may be claimed by the purchaser of the device.

Carbon Dioxide for Enhanced Oil & Gas Recovery Sales Tax Exemption: The sale of carbon dioxide to be used for enhanced recovery of oil or natural gas is exempt from sales and use tax.

Certified Nonprofit Development Corporation Investment Credit: An income tax credit for buying membership in, paying dues to, or contributing to a certified nonprofit development corporation. The credit is equal to 25% of the qualifying payments, up to a maximum credit of $2,000. The unused credit may be carried forward seven years.

Coal Mine Machinery or Equipment Sales Tax Exemption: A sales and use tax exemption may be granted for machinery or equipment used to produce coal from a new mine in North Dakota. The exemption for each new mine is limited to the first $5 million of sales and use tax paid. The exemption extends to replacement machinery or equipment if the capitalized investment in the new mine exceeds $20 million.

Computer & Telecommunications Equipment Sales Tax Exemption: For primary sector businesses other than manufacturers and recyclers, a sales and use tax exemption is allowed for purchases of computer and telecommunications equipment. To qualify, the equipment must be an integral part of a new primary sector business or create an economic expansion of an existing business, and the primary sector business must be certified by the Department of Commerce Division of Economic Development and Finance. The exemption does not extend to the purchase of replacement equipment.

Electrical Generating Facilities (Coal-Powered) Sales Tax Exemption: An exemption may be granted for purchasing building materials, production equipment and other tangible personal property used in the construction or expansion of coal-powered electrical generating facilities. To qualify, the facility must convert beneficiated coal or coal from its natural form into electrical power and have at least one single electrical generation unit with a capacity of 50,000 kilowatts or more.

Electrical Generating Facilities (Wind-Powered) Sales Tax Exemption: An exemption is allowed for purchasing building materials, production equipment and other tangible personal property used in the construction or expansion of wind-powered electrical generating facilities between July 2001 and January 2015. To be eligible, a facility must have at least one single electrical energy generation unit with a nameplate capacity of 100 kilowatts or more.

Electrical Generating Facilities (Other) Sales Tax Exemption: An exemption may be granted for purchasing building materials, production equipment and other tangible personal property used in the construction or expansion of an electrical generating facility other than a coal- or wind-powered facility.

To qualify, the facility must produce electricity for resale or for consumption in a business activity and have at least one single electrical generation unit with a capacity of 100 kilowatts or more.

Gas Processing Facilities Sales Tax Exemption: An exemption may be granted for purchasing building materials, equipment and other tangible personal property used in the expansion or construction of a gas processing facility. Also, tangible personal property used to construct or expand a system to compress, process or gather gas recovered from an oil or gas well in ND may qualify for an exemption. In addition, purchases of machinery, equipment and related facilities for environmental upgrades that exceed $100,000 and that reduce emissions, increase efficiency or enhance reliability of equipment may also qualify for an exemption.

Hydrogen Generation Facility Sales Tax Exemption: Sales of hydrogen used to power an internal combustion engine or fuel cell are exempt from sales tax. Equipment used directly and exclusively in the production and storage of this hydrogen by a hydrogen generation facility is also exempt from sales tax.

Income Tax Exemption: A primary sector or tourism business may qualify for an income tax exemption for up to five years. "Primary sector" refers to a business that adds value to a product, process or service that produces new wealth in ND. Eligibility is limited to a new business or existing business that expands its operations in the state. A business is not eligible for the exemption if it has received a property tax exemption under tax increment financing; there is an outstanding recorded lien for delinquent property, income, sales or use taxes against the business; or the exemption fosters unfair competition or endangers existing business.

Internship Employment Credit: An income tax credit for employing an individual under an internship program located in North Dakota. The credit is equal to 10% of the compensation paid to an intern. An employer is allowed to employ a maximum of five interns at the same time. A maximum of $3,000 of credits for all years is allowed under the program.

Manufacturing, Agricultural or Recycling Equipment Sales Tax Exemption: A new or expanding plant may exempt machinery or equipment from sales and use taxes if it is used primarily for manufacturing or agricultural processing, or used solely for recycling. The expansion must increase production volume, employment or the types of products that can be manufactured or processed.

Microbusiness Income Tax Credit: An income tax credit for new investment and new employment in a microbusiness—defined as a business with up to five employees that is located in a community of 100 to 2,000 people having an active economic development organization, a relationship with a regional or urban economic development organization, or a city sales tax of which part or all is dedicated to economic development. The business may not compete with other established businesses within 15 miles of the business, and may not be located within 15 miles of a city with a population of 2,000 or more. The business must be certified by the Commerce Department's Division of Economic Development and Finance, and no more than 200 businesses may be certified as a microbusiness. The credit is equal to 20% of the amount of new investment and new employment during the tax year. A taxpayer is allowed no more than $10,000 of credits for all years. An unused credit may be carried forward up to five years.

Oil Refineries Sales Tax Exemption: An exemption may be granted for building materials, equipment and other tangible personal property used to expand or construct an oil refinery in ND. To qualify, the facility must have a nameplate capacity of processing at least 5,000 barrels of oil per day. In addition, purchases for environmental upgrades that exceed $100,000 and that reduce emissions, increase efficiency or enhance reliability of equipment may also qualify for an exemption.

Personal Property Tax Exemption: North Dakota imposes no personal property tax, except that of certain oil and gas refineries and utilities.

Property Tax Exemption: Any new or expanding business project may be granted a property tax exemption for up to five years. All buildings, structures or improvements used in, or necessary to, the operation of the project qualify. The structure might be the project¹s buildings or the project¹s quarters within a larger building. Land does not qualify for an exemption. Two extensions are available:

- Agricultural processors may be granted a partial or full exemption for up to five additional years.
- A project located on property leased from a government entity qualifies for an exemption for up to five additional years upon annual application by the project operator.

In addition to, or instead of, an exemption, local governments and any project operator may negotiate payments in lieu of property tax for a period of up to 20 years from the date project operations begin.

Renaissance Zones: Businesses and individuals may qualify for one or more tax incentives for purchasing, leasing or making improvements to real property located in a North Dakota renaissance zone. A renaissance zone is a designated area within a city that is approved by the Department of Commerce Division of Community Services. The tax incentives consist of a variety of state income and financial institution tax exemptions and credits, and local property tax exemptions.

Research Expense Credit: An income tax credit for conducting research in ND. The credit is equal to a percentage of the excess of qualified research expenses in ND over the base amount in North Dakota.

The applicable percentage is 25% for the first $100,000 of excess expenses in a tax year. For excess expenses over $100,000 in a year, the applicable percentage is 8%, if qualified research in North Dakota first begins after 2010. For tax years after 2016, the applicable percentage for excess expenses over $100,000 in a year is 8% for all taxpayers, regardless of when qualified research first begins.

SEED Capital Investment Credit: An income tax credit for investing in a business certified by the Department of Commerce EDF. The credit is equal to 45% of the investment. No more than $112,500 of the credit may be used in any year. An unused credit may be carried forward up to four tax years. Only the first $500,000 of eligible investments in the business are eligible for the tax credit. The total amount of tax credits allowed for investments made in all certified businesses in any calendar year is limited to $3.5 million.

Wage & Salary Credit: A corporation doing business in North Dakota for the first time is allowed an income tax credit if it did not receive a property or income tax exemption under N.D.C.C. ch. 40-57.1; was not created from a reorganization or acquisition of an existing ND business; and is engaged in assembling, fabricating, manufacturing, mixing or processing of an agricultural, mineral or manufactured product. The credit is equal to:

- 1% of wages and salaries paid during the tax year for each of the first three tax years of operation, and
- .5% of wages and salaries paid during the tax year for the fourth and fifth tax years.

Wind Turbine Electric Generation Property Tax Reduction: A property tax reduction applies to a centrally assessed wind turbine electric generation unit—a unit that produces electric power for public use—with a nameplate generation capacity of 100 kilowatts or more. For an eligible wind turbine on which construction is completed before January 1, 2015, the taxable value is calculated at 3% of assessed value instead of at 10% which applies to other centrally assessed property. The taxable value is calculated at 1.5% of assessed value if:

- construction of the wind turbine is completed after June 30, 2006, and before January 1, 2015, or
- a purchased power agreement was executed after April 30, 2005, and before January 1, 2006, and the construction of the wind turbine was completed after April 30, 2005, and before July 1, 2006.

Workforce Recruitment Credit: If extraordinary recruitment methods are used to hire employees for hard-to-fill positions in ND, an income tax credit equal to 5% of the compensation paid during the first

12 consecutive months to the employee hired is allowed in the first tax year following the tax year in which the employee completes the 12 consecutive month employment period. Unused credit may be carried forward up to four tax years. To qualify, an employer must pay an annual salary that is at least 125% of North Dakota's average wage and must have employed all of the following recruitment methods for at least six months to fill a position for which the credit is claimed:

- Contracted with a professional recruiter for a fee;
- Advertised in a professional trade journal, magazine or publication directed at the trade or profession;
- Provided employment information on a web site for a fee; and
- Paid a signing bonus, moving expenses or atypical fringe benefits.

In addition, if an employer claims the credit, the employee hired in the hard-to-fill position is allowed a deduction for the signing bonus, moving expenses or atypical fringe benefits paid by the employer that are included in the employee's federal taxable income.

WORKFORCE DEVELOPMENT

North Dakota New Jobs Training Program: The program provides a mechanism for primary sector businesses to secure funding to help offset the cost of training new employees for business expansion and/or startup.

Funding Assistance

Under the New Jobs Training Program, the business obtains funds in the form of:

- Grant – This may be obtained from the state, a city, or a local economic development corporation.
- Loan- May be obtained from a commercial lender, a local development corporation, the bank of North Dakota, or other qualified lender.
- Self-financing option.

Funds are made available through the capture of the state income tax withholding generated from permanent, full time new positions that are created. Reimbursements to repay the loan (plus interest) are made directly to the lender.

Reimbursements for a grant are made directly to the granting community or local economic development corporation. Under the self-financing option, 60% of the allowable state income tax withholding can be reimbursed directly to the participating business. The state income tax withholding can be captured for up to a ten year period or until the loan is repaid, or the self-financing or grant obligations have been met, whichever comes first.

A one-time five percent administration fee is due JSND after the final agreement is in place, due and payable when the final agreement has been signed. This fee is based on the project amount of the agreement over the ten year period.

Workforce 20/20: Workforce 20/20 is a state-funded program that assists employers who provide retraining and upgrade training to support the introduction of new technologies and work methods into the workplace. The funding is provided for current workers and new employees. Training funded under Workforce 20/20 is limited to North Dakota residents who are or will be employed in the state. The program is a funding source to assist in reducing the cost of training for the employer.

Businesses and industries that bring new revenue to the state by selling a majority of products and services outside of North Dakota will be given priority for funding. Businesses that sell products or services in the local area are eligible, but need to demonstrate compelling economic benefit to the community or state. Requirements for training projects include;

- Projects must emphasize job skill training or basic skill training. Only training for permanent jobs which have significant career opportunities and require substantive instructions will be considered for funding.
- For projects that train new employees for expansion and startups, who successfully complete training, must be given priority in hiring by the business.
- If the occupation for which training is being conducted is covered by a collective bargaining agreement, union concurrence is required.
- If new job openings are created through upgrade training, the sponsoring company should give priority consideration to individuals eligible for other state and federal job training programs.
- Costs for training needs assessments and the preparation of an application are the responsibility of the company.
- Only DIRECT training costs can be reimbursed. Costs can include:

    - Instructor wages, per diem and travel
    - Tuition and registration fees
    - Curriculum development and training materials
    - Lease of training equipment and training space
    - Misc. direct training costs.
- Workforce 20/20 funds CANNOT be used to reimburse salaries, fund in-house trainers, purchase equipment, software, non-expendable supplies or use of in-house training space.
- Grants will be based on a cost reimbursement of those actual costs expended and identified in the contract
- The company will be required to submit a report identifying individuals participating in the training program.
- Follow-up reports on these individuals who participated in Workforce 20/20 funded training will be submitted by the employer 90 days, 180 days, and 365 days after training.

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

https://www.business.nd.gov/finance/FinancialPackages/IncentivesDatabase/

SOUTH DAKOTA

FINANCING / LOAN PROGRAMS

Revolving Economic Development & Initiative (REDI) Fund:

- Provides permanent financing for land, buildings, machinery and equipment
- 2% fixed interest rate
- 10 to 20 year amortization, based on useful life of assets financed
- Five year balloon payment
- Take-out financing
- Minimum 10% equity contribution; REDI Fund loan amount may not exceed 45% of total project costs
- Job creation is a factor in determining loan amount – must meet program minimum wage and benefit requirements
- Low origination fee

SBA 504:

- Provides permanent fixed rate financing for fixed assets
- Available to for-profit businesses, including retail operations
- Take-out financing
- As a Certified Development Corporation (CDC), the South Dakota Development Corporation offers 504 loans statewide
- Loan amounts: maximum of $5 million; may increase to $5.5 million if project meets national objectives
- Subordinate lien position to bank
- Up to 20 year term, fully amortized

Economic Development Finance Authority (EDFA):

- Designed for more capital-intensive projects; $1 million minimum
- Provides small businesses access to the public bond market backed by the EDFA's "AA" rating by Standard and Poors
- Up to 20 year fixed-rate financing for fixed assets
- Bonds may be tax-exempt on projects that are less than $20 million in total project costs

- Ideal for ag processing or manufacturing projects
- Take-out financing

South Dakota Microloan/Microloan Express:

- Offers access to working capital for small enterprises; may also be used for fixed assets
- Up to 10 year term
- Maximum loan amount of $100,000; minimum $1,000; total project costs cannot exceed $500,000. Application fee, due at the time of funding, is the greater of 1.5 percent of loan amount or $50
- 3% interest rate
- 50% of total financing must be provided by a bank, credit union, or local regional revolving loan fund; balance from Micro LOAN and equity injection (if required by lender); Micro LOAN may subordinate to lender involved

South Dakota Works:

- Provides equipment, working capital and interim construction financing
- Eligible borrowers include: businesses seeking new financing and certified development financial institutions (CDFIs)
- Must meet US Treasury guidelines
- Term: 1-5 years
- Fixed interest rate, typically 1% less than lead lender
- Bank must provide no less than 20% of "at risk" financing toward eligible costs
- May take second position on collateral behind the lead lender

Local Infrastructure Improvement Program:

- Provides matching grants to assist in funding the construction or reconstruction of infrastructure for the purpose of assisting economic development projects that facilitate job creation or retention
- Eligible applicants include: any political subdivision of the state, tribal governments, or local development corporations
- Board evaluates the feasibility, available funding options, and the economic impact of the project to be served by the proposed infrastructure improvements

Community Development Block Grant Program:

- Provides matching grants to local governments (incorporated municipalities/counties) to assist with eligible community projects and workforce development training
- Primarily benefits low and moderate income persons
- Projects must meet federal requirements
- Environmental review must be completed
- Grants administered by local planning districts

Economic Development Partnership Program:

- Provides matching grants for the purpose of developing or expanding community development programs
- May also be used to establish or replenish local revolving loan funds
- Eligible applicants include: nonprofit development corporations, tribal governments, or other political subdivisions of the state

Reinvestment Payment Program:

- Assists companies in offsetting the upfront costs associated with expanding operations and/or upgrading equipment
- Total project costs in excess of $20 million or equipment upgrades in excess of $2 million
- One key criteria considered by the board when reviewing an application is the likelihood the project will occur without the Reinvestment Payment Program
- Grant may not exceed state sales/use tax paid on eligible project costs

South Dakota Jobs Program:

- Assists companies in offsetting the upfront costs associated with expanding operations and/or upgrading equipment
- Total project costs less than $20 million or equipment upgrades less than $2 million
- One key factor considered by the board when approving or denying an application is the likelihood the project will occur without the South Dakota Jobs grant
- Grant may not exceed state sales/use tax paid on eligible project costs

New Frontiers:

- Assists companies in offsetting R&D costs, such as clinical trial costs, associated with gaining regulatory approval of products
- Companies can apply for reimbursement of sales tax associated with R&D and testing expenditures
- R&D plan and projected expenditures must be submitted with the application

Proof of Concept Fund:

- Provides up to $25,000 to conduct research demonstrating the technical and economic feasibility of an innovation
- Eligible parties include: entrepreneurs, universities, existing South Dakota companies or other entities committed to commercializing the results in South Dakota
- Requires a matching cash or in-kind investment of at least 10% of the total project cost
- Investment proceeds may be used to pay consultant contracts, materials and supplies, salaries for employees in South Dakota, and necessary services for technical feasibility or marketing studies

TAX INCENTIVES

South Dakota has:

- No corporate income tax
- No personal income tax
- No personal property tax
- No business inventory tax
- No inheritance/estate tax
- South Dakota does have a low 4.5% state sales tax, low unemployment taxes and low real estate taxes. New qualified businesses are eligible for both sales tax refunds and property tax abatements.

WORKFORCE DEVELOPMENT

Workforce Development Program:

- Provides matching grants to assist companies with up to 50% of eligible training expenses
- Funding is released on a reimbursement basis upon the completion of the training
- Assists with new and current employee upgrade training
- Jobs must meet minimum wage and benefit requirements
- Training must focus on the technical aspects of the job

Dakota Seeds:

- Designed to help employers establish a pipeline for future skilled employees
- Internship must provide a meaningful work experience for the student that will help them further their career pathway
- Internships are open to both high school and postsecondary students
- Positions must have a link to science, technology (computer science), engineering, mathematics, accounting or manufacturing
- The internships cannot be filled by family members of the business ownership group
- Students must be paid a minimum wage of $10 per hour

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

http://sdreadytowork.com/Financing-Incentives.aspx

NEBRASKA

Talent & Innovation Initiative (TI2): Four parts, it was developed to enhance momentum in Nebraska's fastest growing industries and others positioned to integrate new technologies:

- **Angel Investment Tax Credit:** Encourages investment in high-tech and other startup enterprises in Nebraska by providing refundable state income tax credits to qualified investors investing in qualified early stage companies. Capped at $3 million annually, the program requires a minimum investment of $25,000 for individuals and $50,000 for investment funds. Eligible small businesses must have fewer than 25 employees, with the majority based in the state. The application cycle begins each January 1 and applications are accepted on a continuous basis throughout the year. Applications for the next calendar year are accepted starting December 1 of the prior year.
- **Business Innovation Act:** Intended to help businesses develop new technologies to enhance quality job opportunities in the state. The program provides capital to Nebraska's start-ups and technology related businesses through competitive grants, equity financing and debt financing. The capital can be used for market potential research at Nebraska post-secondary educational institutions, new product development and testing, prototype development, and commercialization. Various matching requirements apply, depending on the program under the Act.
- **Nebraska Internship Program:** The Intern Nebraska (InternNE) program connects college students and employers from across the state, providing a unique opportunity for them to co-invest in the future. The InternNE Grant Program provides financial assistance to companies in Nebraska that are creating new internships. Businesses may be awarded a grant that reimburses up to 50% of the wages paid to a student intern, up to $5,000. Businesses that hire students receiving Pell Grants will be eligible to receive up to 75% and up to $7,500 per internship. The Program may grant up to five interns per location and up to 10 company-wide per year, though the company must have at least a 1:1 match of interns to employees. Applications are reviewed on a competitive bi-monthly cycle, with reviews beginning on the first day of all odd-numbered months. Competitive internships typically include complex tasks and responsibilities that are related to the professional goals of the intern and are beyond the work that a regular employee would routinely perform. Businesses must apply to the InternNE Grant Program prior to hiring interns. For businesses

with 100 or more employees, each position must be newly created (cannot have existed during prior year). All internships must pay at least minimum wage and be of a sufficient duration to allow students to gain valuable work experience.

- **Site & Building Development Fund:** Intended to help increase industrial and commercial sites available and ready for business development. Communities will provide matching funds toward projects that can involve demolition, new construction and rehabilitation. State funding will be focused on land and infrastructure costs with 40% of funding available to non-metro areas.

FINANCING

Community Development Block Grant (CDBG) Program: Loans designed to create quality jobs and promote new investment. CDBG funds must be used to benefit low-to-moderate income persons, aid in the prevention or elimination of slums or blight or meet other community development emergency needs. CDBG funds can be used to purchase machinery, equipment and inventory, meet working capital needs, develop community infrastructure, construct or renovate existing buildings and real estate.

Nebraska Angel Sidecar Fund: Encourages greater private investment in Nebraska-based start-up companies thereby increasing the overall investment impact. Invest Nebraska Corporation will award seed capital funds that match private angel fund investments. Seed capital may be used by the start-up company for advanced intellectual property development and evaluation, advanced proof of concept work for scientific discovery, advanced prototype design and development, key personnel hires and related activities.

Nebraska Progress Loan Fund (NPLF): Makes loans to qualifying small businesses, generally representing existing and start-up businesses experiencing financing challenges. The minimum loan to any business is $50,000, with a maximum of $2 million. The NPLF also can apply for interim loans to qualifying small businesses for a term not to exceed three years. An interim loan maximum amount is $5 million with longer terms negotiated on a case-by-case basis. Funding must be matched 1 to 1 by private sources.

Rural Enterprise Assistance Project (REAP) Loan Programs: Focus on providing loan capital to rural Nebraska based microenterprises and existing businesses. Its loan products are coupled with business technical assistance and counseling to clients to help them prosper in their business.

TAX INCENTIVES

Nebraska Advantage Act: Contains six tiers of benefits:

1. *TIER 1:* Nebraska Small Business Advantage—Businesses that invest $1 million and create 10 new jobs are eligible for a refund of half of the sales tax paid for qualified property purchases at the project, the full sliding scale wage credit of 3% to 6% depending on wage level, and a 3% investment tax credit. This tier is available to manufacturers, R&D or testing businesses and listed technology related services where at least 75% of the sales and licensing are to out-of-state customers or to the federal government.
2. *TIER 2:* Businesses that invest $3 million and create 30 new jobs qualify for sales tax refunds for capital purchases at the project, the sliding scale wage credit, and a 10% investment credit. *TIER 2 DATA CENTER:* $200 million investment and creation of 30 new jobs at data center are eligible for sales tax refunds for capital purchases at the project, the sliding scale wage credit, 10% investment credits and a 10-year exemption on all personal property.
3. *TIER 3:* Jobs-only tier—Businesses that create 30 new jobs can receive the sliding scale wage credit. No capital investment is required to qualify.
4. *TIER 4:* Businesses that invest $12 million and create 100 new jobs receive a personal property tax exemption for turbine-powered aircraft, mainframe computers, agricultural product processing machinery and personal property used in a distribution facility for up to 10 years. This is in addition to qualifying for the sales tax refund, jobs credit, and the investment credit.
5. *TIER 5:* Investment-only tier. This requires $37 million in new investment. Companies receive a refund of sales taxes paid on eligible property with the project.
6. *TIER 6, NEBRASKA SUPER ADVANTAGE:* Specifically rewards all non-retail companies that create higher-paying jobs. To qualify, the new jobs must pay at least 150% of the state average wage or 200% of the county average, whichever is greater. Companies that create 75 new jobs and make a $10-million capital investment—or 50 new jobs and a $109-million investment—can receive a sales and use tax refund on capital purchases; a 10% wage credit on new employee compensation; a 15% investment tax credit; and a 10-year exemption on all personal property.

Nebraska Microenterprise Partnership Fund: Provides a 20% refundable tax credit to micro businesses on increased compensation for employees or increased investment in targeted communities. Microenterprise applicants, companies with five or fewer employees at the time the application is filed, including start-ups, may qualify for a maximum of $10,000 throughout the life of the program. Credits are earned on increased expenditures for wages, buildings, certain expenses, and non-vehicle depreciable personal property.

Renewable Energy Credit: Businesses that produce electricity for sale by using renewable energy resources may qualify for Nebraska Advantage incentive benefits. A project may qualify under Tier 5 with a minimum investment in qualified property of $20 million and maintain employment at the renewable energy project. A renewable energy project may also be including in any other tier, except Tier 1, by meeting applicable investment and employment thresholds.

R&D Credit: Offers a refundable tax credit for qualified research and development activities undertaken by a business entity for 21 years. The credit is equal to 15%of the federal credit allowed under Section 41 of the Internal Revenue Code of 1986 for R&D. The credit is increased to 35% of the federal credit allowed under Section 41 of the Internal Revenue Code of 1986 for expenditures on the campus of a college or university in Nebraska or a facility owned by a college or university in Nebraska.

Tax Increment Financing (TIF): Primarily designed to finance the public costs associated with a private development project. Essentially, the property tax increases resulting from a development are targeted to repay the public investment required by a project.

WORKFORCE DEVELOPMENT

Nebraska Customized Job Training Advantage: Provides flexible and discretionary custom job training program to help ensure the State's workforce is prepared for advances in rapidly changing technology and industries. The Program provides employee training assistance to businesses that maintain, expand and diversify the state's economic base, and, in the process, retain and create quality jobs for Nebraska residents. Eligible projects are limited primarily to businesses engaged in activities that sell to a non-Nebraska market and are projects that result in increased investment and employment.

Source: https://businessfacilities.com/state-by-state-incentives-guide/
http://www.neded.org/business/tax-incentives

KANSAS

Rural Opportunity Zones (ROZ): Designed to spur economic development in and expand job growth in 77 key counties around the state. The program offers one or both of the following financial incentives to new full-time residents:

- Kansas income tax waivers for up to five years
- Student loan repayments up to $15,000

To be eligible for Kansas income tax waivers, individuals must have:

- established residency in a ROZ county on or after the date the county became part of the program (Please note that these dates vary by county. To learn what dates specific counties became eligible for the income tax waivers, please visit our FAQs page).
- lived outside Kansas for five or more years immediately prior to establishing residency in a ROZ county
- earned less than $10,000 in Kansas Source Income in each of the five years immediately prior to establishing residency in a ROZ county

FINANCING

Community Development Block Grant (CDBG): Eligible small city and county governments may apply for Community Development Block Grant economic development funds to assist an expanding or new business in Kansas. There are two parts to the program: business finance and infrastructure.

1. Under business finance, funds are available for working capital, machinery and equipment and real property. The interest rate is currently set at 3% below prime or 4%, whichever is greater. The term of the loan is based on the asset being financed—working capital loan is 6.5 years, machinery and equipment 10 years and real property is 15 years. For business loans, a match is required of $.50 to every $1 of CDBG funds.
2. For infrastructure, funding is available for water lines, sewer lines, roads, rail spurs and pre-treatment facilities. Infrastructure funding requires that a quarter of the funds be paid back over a 10-year period at a rate of 0%. Funding requires the creation or retention of one full-time job per $35,000 of CDBG assistance up to the maximum of $750,000. At least 51% of the jobs created or retained must be held by individuals, who at the time of hire, meet

HUD's low and moderate income test, which is based on median family income in the county in which the project is located.

Industrial Revenue Bonds (IRBs): Industrial Revenue Bonds are a popular method of financing up to 100% of a growing business' land, building and equipment. IRBs are securities issued by cities and counties to provide funds for creditworthy companies to acquire land, construct and equip new facilities or remodel and expand existing facilities. IRBs allow fixed-rate financing for the life of the bond for the project.

Partnership Fund: The Kansas Partnership Fund is a revolving loan fund program created to provide low-interest State funds to cities and counties for infrastructure improvements that support Kansas basic enterprises. Partnership Fund loans are designed to assist city and county governments in their efforts to attract new businesses and expand existing businesses.

Eligible projects may include the construction, reconstruction, rehabilitation, alteration, expansion, or improvement of public facilities including, but not limited to roads, streets, highways, storm drains, water supply and treatment facilities, water distribution lines, waste water collection lines, and any related improvements. These improvements must directly lead to the creation of new jobs in Kansas basic enterprises. Kansas basic enterprises include businesses that are, or propose to be, located or principally based in Kansas and are, or will be, primarily engaged in any one or more of the Kansas basic industries.

Promoting Employment Across Kansas (PEAK): This program is created to encourage economic development in Kansas by incenting companies to relocate, locate or expand business operations and jobs in Kansas. The Secretary of Commerce has discretion to approve applications of qualified companies and determine the PEAK benefit. During the benefit term, participating PEAK companies may receive 95 percent (95%) of the Kansas withholding tax of PEAK-Eligible employees/jobs that are paid at or above the county median wage where the PEAK business facility is located. Depending on the number of PEAK jobs/employees to be hired over a five-year period and their wage levels, the Secretary can approve a PEAK benefit for up to 10 years.

PEAK requires the qualified company to commit to creating five new jobs in non-metropolitan counties or ten (10) new jobs in the metropolitan counties of Shawnee, Douglas, Wyandotte, Johnson, Leavenworth and Sedgwick within a two-year period. The qualified company must also pay wages to the PEAK jobs/employees, that when aggregated, meet or exceed the county median wage or North American Industry Classification System (NAICS) average wage for their industry. Qualified applicants include for-profit companies in eligible NAICS codes and not-for-profit headquarters facilities. Such companies must make available to its full-time employees “adequate” health insurance coverage (see PEAK Guidelines and Application Definitions) and be paying at least 50% of the premium.

TAX INCENTIVES

High Performance Incentive Program (HPIP): The High Performance Incentive Program provides tax incentives to employers that pay above-average wages and have a strong commitment to skills development for their workers. This program recognizes the need for Kansas companies to remain competitive and encourages capital investment in facilities, technology and continued employee training and education. A substantial investment tax credit for new capital investment in Kansas and a related sales tax exemption are the primary benefits of this program.

HPIP offers employers four potential benefits:

- A 10 percent income tax credit for eligible capital investment that exceeds $50,000 ($1M in five metro counties) at a company’s facility, with a carry-forward that can be used in any of the next 16 years in which the qualified facility re-qualifies for HPIP.
- A sales tax exemption to use in conjunction with the company’s eligible capital investment at its qualified facility.
- A training tax credit of up to $50,000.
- Priority consideration for access to other business assistance programs.

Machinery & Equipment Expensing Deduction: Eligible Kansas taxpayers are allowed to claim an expense deduction for business machinery and equipment, placed into service in Kansas. This is a one-time deduction for each qualified purchase of machinery and equipment in the year that it is placed in service. Unused expense deduction is treated as a Kansas net operating loss that may be carried forward for 10 years. Eligible investment is machinery and equipment depreciable under the Modified Accelerated Cost Recovery System (MACRS) in section 168 of the Internal Revenue Code, or canned software as defined in section 197 of the Internal Revenue Code. Examples of eligible equipment include manufacturing equipment, office furniture, computers, software and racking.

Machinery & Equipment Property Tax Exemption: Commercial and industrial machinery and equipment acquired by qualified purchase or lease or transferred into the state is exempt from state and local property tax. The exemption pertains to machinery and equipment used in the expansion of an existing facility or the establishment of a new facility. The exemption covers machinery and equipment used in manufacturing or warehousing/distribution, commercial equipment, computers, desks and chairs, copiers and fax machines.

Property Tax Abatement: Cities or counties may exempt real property from ad valorem taxation. The tax abatement can include all or any portion of the appraised buildings, land and improvements. A total or partial tax abatement may be in effect for up to 10 years after the calendar year in which the business commences its operations. Any property tax abatement is the decision of the city or county.

Research Tax Credit: Kansas offers an income tax credit equal to 6.5% of a company's investment in research and development above the average expenditure of the previous three-year period. 25% of the allowable annual credit may be claimed in any one year.

WORKFORCE DEVELOPMENT

Kansas Industrial Retraining Program: The Kansas Industrial Retraining program is a job retention tool that helps employees of restructuring companies who are likely to be displaced because of obsolete or inadequate job skills and knowledge.

Eligible industries include basic enterprises that are restructuring operations through incorporation of new technology, diversification of production or the development and implementation of new production activities. At least one current employee must be trained to qualify for assistance.

Examples of eligible expenditures include instructor salaries, curriculum development, materials, supplies, textbooks and minor training equipment.

To be eligible, a company must retrain at least one existing position at an average wage equal to or greater than the median wage for their county.

Kansas Industrial Training Program: The KIT program may be used to assist firms involved in job creation. Training can include pre-employment, classroom and on-the-training by in-house instructors or vendors. Pre-employment training may be used to allow the company and prospective employees an opportunity to evaluate one another before making employment commitments.

Prospective employees are given the knowledge and specific skills necessary for job entry. Trainees may receive instruction on the company's own production equipment on the plant floor or on similar machinery in a classroom setting.

Examples of eligible expenditures include instructor salaries, curriculum planning and development, materials, supplies, textbooks and minor training equipment.

To be eligible, a company must retrain at least one existing position at an average wage equal to or greater than the median wage for their county

Source: https://businessfacilities.com/state-by-state-incentives-guide/
http://www.kansascommerce.com/index.aspx?nid=93

MINNESOTA

FINANCING & GRANTS

Angel Loan Fund (ALF): The program offers an additional funding option for businesses that are certified to participate in Minnesota's Angel Tax Credit Program. The program provides a direct loan for 10% of the total amount of new equity investment that the business raises from one or more investors. Only one loan may be issued to each business. At least one equity investment must be made by an investor that is both certified by the Minnesota Angel Tax Credit Program and qualified as an accredited investor per the U.S. Securities and Exchange Commission. The maximum loan cannot be more than $250,000; the minimum loan available is $20,000. ALF provides loans at 0% interest and a seven-year term. Payments are deferred, with a balloon payment in seven years. If the business is sold during the term, the business will submit risk mitigation fee compensation equal to 30% of the original loan principal.

Businesses certified to participate in the Angel Tax Credit Program during any of the program years with fewer than 500 employees are eligible applicants. Minnesota's Angel Tax Credit Program provides a 25% credit to investors or investment funds that put money into startup companies focused on high technology or new proprietary technology.

Border-to-Border Broadband Development Grant Program: This new program promotes the expansion of access to broadband service in unserved and underserved areas of the state. Grants will be awarded for last mile or middle mile broadband infrastructure acquisition and installation. The infrastructure deployed through the project must be scalable to broadband speeds of at least 100 megabits per second download and upload. A grant awarded to a single project may not be for more than 50% of the project cost and not exceed $5 million.

Eligible applicants may include an incorporated business or partnership, a political subdivision, an Indian tribe, a Minnesota nonprofit organized under state law, or a Minnesota limited liability corporation organized under state law for the purpose of expanding broadband access.

Business and Industry Loan Guarantee Program: These are loan guarantees with an upper limit of $10 million. Some high-priority projects may be guaranteed up to $25 million by the administrator in Washington. Most business purposes are eligible, such as building and equipment purchase or development; working capital (no lines of credit); aquaculture; commercial nurseries; tourist and recreation facilities (except golf courses); hotels and motels; community facility-type projects; facilities for lease to private businesses; and housing development sites.

Eligible borrowers generally may be an individual, cooperative, corporation, partnership, nonprofit corporation, Indian tribes or public body. Applications are made by the lender and business to the U.S. Department of Agriculture. Rates and terms are negotiated between lender and borrower. A minimum of 20% tangible balance sheet equity is required on a new business and 10% on an existing business.

Federal Rural Development Financing Renewable Energy Program: Loans, loan guarantees and grants are available to help agricultural producers and rural small businesses purchase renewable energy systems and make energy efficiency improvements. Rural is defined as an area of fewer than 50,000 people or its immediately adjacent incorporated communities. Renewable energy means energy derived from wind, solar, biomass or a geothermal source; or hydrogen derived from biomass or water using one of those energy sources. It does not include hydropower.

Growth Acceleration Program: The program provides consulting services to help small manufacturers that employ up to 100 workers become more efficient, more competitive, and more likely to thrive and grow. The program provides grants of up to $50,000, which must be matched dollar-for-dollar by participating companies.

Indian Business Loan Program: The program supports the development of Indian-owned and operated businesses and promotes economic opportunities for Indian people throughout Minnesota. DEED evaluates all applications and forwards a recommendation to the appropriate tribal council for final consideration. The Minnesota Chippewa Tribe has authority to use program funds to make loans to businesses owned and operated by an enrolled member of its six participating bands Bois Forte, Fond du Lac, Grand Portage, Leech Lake, Mille Lacs and White Earth.

Applicants must be enrolled members of a federally recognized Minnesota-based band or tribe. Businesses must be wholly owned by an enrolled member and can be located anywhere in the state, although the bulk of the loans are made to businesses on a reservation. Loan proceeds may cover startup and expansion costs, including normal expenses such as machinery and equipment, inventory and receivables, working capital, new construction, renovation and site acquisition. The interest rate may be between 2% and 10%. Terms for real estate purposes are limited to no more than 20 years. Non-real estate loans are limited to no more than 10 years. Loans may not exceed 75% of project costs or the balance of the funds available to any one tribe. Owners must provide a portion of the financing needed to undertake the project. The amount varies from 5% to 10%, depending upon the requirements of each band or tribe.

Innovation Voucher Pilot Program: DEED is developing the Innovation Voucher Pilot Program for businesses with fewer than 40 employees. The program provides financing to purchase technical assistance and services from public higher education institutions and nonprofit entities. The goal of the program is to assist in the development or commercialization of innovative new products or services. Funds available under this section may be used by a small business to access technical assistance and other services such as research, technical development, product development, commercialization, technology exploration and improved business practices. Up to $25,000 is available per business. Vouchers require a 50% match by recipients.

Intermediary Relending Program: Loans are provided to an entity (intermediary) to establish a revolving loan fund to relend to eligible ultimate recipients (businesses) at reasonable rates and terms. Eligible intermediaries are private nonprofit corporations, any state or local government, an Indian tribe or a cooperative. Program funds can be used to finance business facilities and community development projects in rural areas, innovative projects, land, building construction or repair, equipment, working capital, interest, feasibility studies and fees for professional services. Ultimate recipients must be located in a rural area of fewer than 25,000 people.

Local Energy Improvements Financing Program: Low-interest loans are available to building owners who want to make their properties more energy-efficient. Open to qualified residential, commercial and industrial property owners in Minnesota, the program is funded through revenue bonds issued by participating local governments. Building owners pay back the loans through a special tax assessment that may not exceed 20 years. The energy improvements can be any permanent change to a building that leads to a net reduction in energy consumption without altering the principal source of energy. Installing renewable energy systems such as solar thermal, solar photovoltaic, wind or geothermal also will qualify for loans under this program

Minnesota Investment Fund: The fund provides grants to help add new workers and retain high-quality jobs on a statewide basis. The focus is on industrial, manufacturing and technology-related industries to increase the local and state tax base and improve economic vitality statewide. Funds are awarded to local units of government, which then provide loans to assist expanding businesses. Cities, counties, townships and recognized Indian tribal governments are eligible for this fund.

All projects must meet minimum criteria for private investment, number of jobs created or retained, and wages paid. Only one award per state fiscal year may be provided to a government unit. At least 50% of total project costs must be privately financed through owner equity and other lending sources. Terms are for a maximum of 20 years for real estate and a maximum of 10 years for machinery and equipment. Interest rates are negotiated.

Minnesota Job Creation Fund: This new program provides financial incentives to new and expanding businesses that meet certain job creation and capital investment targets. Companies deemed eligible to participate may receive up to $1 million for creating or retaining high-paying jobs and for constructing or renovating facilities or making other property improvements. In some cases, companies may receive awards of up to $2 million.

The program is available to businesses engaged in manufacturing, warehousing, distribution, technology-related industries and other eligible activities. Companies must work with the local government (city, county or township) where a project is located to apply to DEED to receive designation as a Job Creation Fund business. Approved businesses must invest at least $500,000 in real property improvements within one year of becoming a designated Job Creation Fund business and create at least 10 new full-time permanent jobs within two years of becoming a Job Creation Fund business, while maintaining existing employment numbers.

Minnesota Minerals 21st Century Fund: This program makes loans or equity investments in innovative mineral processing facilities, such as taconite processing, direct reduction processing and steel production. Loans or equity investments from the fund require matching investments from facility owners. For facilities in the state's taconite tax relief area, the Iron Range Resources and Rehabilitation Board may match the fund's investment. Owners of innovative mineral processing facilities are eligible.

Minnesota Reservist and Veteran Business Loan Program: This program provides loans to companies that are affected when certain employees are called to active military duty. It also gives loans to individual veterans who have returned from active duty and want to start their own businesses. The program provides one-time, interest-free loans of $5,000 to $20,000. Business loans are for existing small businesses that have an essential employee called to active service in the military reserves for 180 days or longer on or after Sept. 11, 2001. The business must be injured substantially due to the employee's absence. Startup loans are for veterans who were on active duty on or after Sept. 11, 2001, and are seeking financial assistance to start their own businesses.

Rural Business Enterprise Grant Program: Applicants are public bodies, nonprofit associations and Indian tribes. The purpose of the grant is to assist in financing and developing small and emerging private businesses. Funds can be used for a revolving loan program to provide financing to businesses that meet all of the following requirements:

- 50 or fewer new employees
- Less than $1 million in projected gross revenues
- Use new processes
- Use technological innovations and commercialization of new products that can be produced in rural areas

Rural Business Opportunity Grant Program: Grant funds may be used to assist in the economic development of rural areas by providing technical assistance for business development and economic development planning. Grant requests are limited to $50,000 per state. Grants may be used to:

- Identify and analyze business opportunities that will use local rural materials or human resources
- Identify, train and provide technical assistance to existing or prospective rural entrepreneurs and managers
- Establish business support centers and otherwise assist in the creation of new rural businesses
- Conduct local community or multi-county economic development planning
- Establish centers for training, technology and trade that will help rural businesses use interactive communications technologies to develop international trade opportunities and markets
- Conduct leadership development training of existing or prospective rural entrepreneurs and managers
- Pay reasonable fees and charges for professional services necessary to conduct the technical assistance, training or planning functions

Rural Economic Development Loan and Grant Program: This program provides financing to develop projects that will result in a sustainable increase in economic productivity, job creation, and incomes in rural areas. Eligible borrowers (or grantees) of this program are current or prepaid Rural Utility Service electric and telephone borrowers. Funds are either a zero-interest loan or a grant to the utility, which in turn re-loans the money at 0% interest to the eligible business for a specific project.

Grant funds must be matched 20% up-front by the borrower utility company. Grant funds will be used initially as a zero-interest revolving loan for community development assistance to nonprofit entities and public bodies; business incubators established by nonprofits; and facilities and equipment for education, training or medical care of rural residents owned by public, for profit and nonprofit entities. Projects may include business startups and expansions, community development, incubator projects, medical and training projects, and feasibility studies. Funds from other sources must equal at least 20% of the loan amount.

Small Business Development Loan Program: Loans are available for business expansions that result in the creation of new jobs. Small business loans of up to $5 million are made by the Minnesota Agricultural and Economic Development Board through the issuance of industrial development bonds. Eligible companies must be located or intending to locate in Minnesota, have manufacturing and industrial operations, and meet the federal definition of a small business (500 or fewer employees).

State Small Business Credit Initiative: This initiative uses federal funding to stimulate private sector lending and improve access to capital for small businesses and manufacturers that are creditworthy but not getting loans they need to expand and create jobs. It allocates up to $15.4 million into the following four state programs:

- **Capital Access Program:** Banks, credit unions and community development finance institutions operating in Minnesota are encouraged to make loans that fall just outside the lenders[1] normal underwriting The program provides insurance based on a reserve account funded by the borrower, lender and the state. A participating lender may use money in the reserve account to cover some or all of the losses it might experience if an enrolled loan is not fully paid. The lender and borrower contribute, in equal parts, a combined 3% to 7% of the loan amount to the reserve fund. The Minnesota Department of Employment and Economic Development (DEED) matches the combined contribution. The lender may make a loan of up to $5 million. Each qualified program lender has the authority to determine interest rates, terms and collateral requirements.

Minnesota businesses that have up to 500 employees are eligible. Lenders must be qualified for the program by DEED to participate.

- **Emerging Entrepreneurs Fund (EEF):** The fund primarily supports microenterprises and small businesses with fewer than 50 employees, focusing on minority- and women-owned businesses and those located in economically distressed areas. EEF helps provide loans to eligible businesses through qualified program lenders. Program funds may total up to $150,000 per loan and must be matched by a private source with at least a 1-to-1

Participating lenders are encouraged to structure loan proposals so that EEF funds are matched by a private source with a 1-to-5 match. Each qualified program lender has authority to determine interest rates and collateral requirements within program guidelines.

Businesses with fewer than 500 employees are eligible for the program. Lenders must be qualified by DEED to participate.

- **Small Business Loan Guarantees:** This program uses federal funding to stimulate private sector lending and improve access to capital for small businesses and manufacturers that are creditworthy but not getting loans they need to expand and create jobs.

Eligible loan applicants are businesses with no more than 500 employees company-wide. Funds may be used for construction; remodeling or renovation; leasehold improvements; purchase of land, buildings, machinery and equipment; maintenance or repair; expenses related to moving into or within Minnesota; and working capital (if secured by fixed assets). The program guarantees up to 70% of a loan made by nontraditional lenders like community development financial institutions, certified development companies and other nonprofit lenders to help increase small business access to credit.

Tourism Business Septic Tank Replacement: This program makes low-interest financing available to existing tourism-related businesses that provide overnight lodging and need to replace a failed septic system. Loans in cooperation with financial institutions can be made for up to 50% of the total cost of the project. Corporations, sole proprietorships or partnerships engaged in an existing tourism-related business that provides overnight lodging are eligible, including resorts, bed and breakfast inns, hotels, motels, ski lodges, campgrounds and recreational vehicle trailer parks. Projects that replace an existing septic system that has failed are eligible. However, project costs incurred more than 30 days before submission of a completed application are ineligible.

Urban Initiative Loan Program: The program was created to support the growth of minority-owned and operated businesses and to create jobs in economically distressed areas of the Twin Cities. DEED provides grants to a network of nonprofit lenders, which use those funds for loans to startup and expanding businesses. Startup and expansion costs, including normal expenses such as machinery and equipment, inventory and receivables, working capital, new construction, renovation and site acquisition, are eligible for the program.

Businesses eligible for loans include technologically innovative industries, value-added manufacturing and information industries. Each project must demonstrate potential to create jobs for low-income people, be unable to obtain sufficient capital from traditional private lenders, and demonstrate the potential to succeed. Businesses must be located in Minneapolis, St. Paul, Bloomington, Brooklyn Center, Brooklyn Park, Burnsville, Columbia Heights, Coates, Coon Rapids, Fridley, Lauderdale, Lexington, Mendota, Miesville, New Germany, New Brighton, New Hope, Newport, Richfield, Spring Lake Park, South St. Paul and West St. Paul. Micro enterprises, including retail businesses, may apply for up to $25,000. Businesses that are seeking more than $25,000 will be required to find private financing to match the state's investment. The maximum Urban Initiative investment in any one business is $150,000.

Value-Added Producer Grants: Grants help producers expand their customer base by entering into emerging markets for their products or commodities and ensure that a greater portion of the revenue derived from the value-added activity is available to the producer. Independent producers, farmer-owned cooperatives, agricultural producer groups and majority-controlled producer-based groups are eligible to apply. Four categories are considered value-added under this program:

- Ventures in which agricultural producers add value to their products by changing the physical state or form of the product (processing wheat into flour, corn into ethanol, slaughtering livestock)
- Producing products in a manner that enhances its value (organic)
- Physical segregation of an agricultural commodity or product in a manner that enhances the value of that product
- Any agricultural commodity or product that is used to produce renewable energy on a farm or ranch (methane digesters, wind turbines)

COMMUNITY FINANCING

Cleanup Revolving Loan Program: This program provides low-interest loans through the U.S. Environmental Protection Agency to clean up contaminated sites that can be returned to marketable use. Loans may pay for contamination cleanup, related site sampling and monitoring, and costs associated with meeting requirements for public participation in project review.

Cities, counties, developers, economic development authorities, housing redevelopment authorities, port authorities and for-profit and non-profit organizations are eligible. Applicants must own or demonstrate legal control of the site to be developed.

Contamination Cleanup and Investigation Grant Program: This program helps communities pay for assessing and cleaning up contaminated sites for redevelopment. The program assists development authorities in contamination investigations, cleanup of contamination and the development of response plans. Grants are awarded to sites where redevelopment is planned. Contamination cleanup grants pay for up to 75% of the costs of cleaning up contaminants (defined under state law) or petroleum contamination not eligible for reimbursement under Minnesota's Petro fund.

Cities, port authorities, housing and redevelopment authorities, economic development authorities or counties are eligible. Both publicly- and privately-owned sites with known or suspected soil or groundwater contamination qualify.

Demolition Loan Program: This program helps development authorities with the costs of demolishing blighted buildings on sites that have development potential but where no immediate development plans exist. The following terms apply:

- Loans will be low-interest (2%).
- Loans will be interest-free for the first two years.
- Principal and interest payments will start in year three.
- Loan terms cannot exceed 15 years.
- If the site is developed, the remaining principal and interest (up to 50% of the loan) could be forgiven based on development benefits.

Eligible applicants are development authorities, including cities, counties, port authorities, housing and redevelopment authorities and economic development authorities.

Infrastructure Programs: Minnesota supports industrial development and redevelopment through two programs:

- *The Greater Minnesota Public Infrastructure Program:* The program provides grants to cities for up to 50% of the capital costs of industrial park development or other projects that will keep and enhance jobs, increase a city's tax base, and expand or create new economic development.
- *The Innovative Business Development Public Infrastructure Grant Program:* This program also provides grants to local units of government for up to 50% of the capital costs directly related to innovative businesses. Eligible projects are innovative business development capital improvement projects that may include manufacturing; technology; warehousing and

distribution; research and development; innovative business incubator; agricultural bioprocessing; and industrial, office or research park development that is bioscience-related.

Redevelopment Grant Program: This program helps communities with the costs of redeveloping blighted industrial, residential or commercial sites and putting land back into productive use. Grants pay up to half of redevelopment costs for a qualifying site, with a 50% local match. For additional qualifications, see DEED's website.

Eligible applicants are cities, counties, port authorities, housing and redevelopment authorities and economic development authorities. Grants can pay for land acquisition, demolition, infrastructure improvements, soil stabilization when infill is required, ponding, or other environmental infrastructure and adaptive reuse of buildings, including remedial activities.

Small Cities Development Program: This program provides financial assistance to communities by supporting local economic development, including housing, public infrastructure and commercial rehabilitation projects. The maximum grant award for a Single Purpose project is $600,000. The maximum grant award for a Comprehensive Project is $1.4 million. The timeline to complete projects is normally 30 months, depending on project size and scope. DEED receives funding for the program from the U.S. Department of Housing and Urban Development. There are three categories of funds under the program: housing grants, public facility grants and comprehensive grants, which frequently include housing and public facility activities.

Cities with fewer than 50,000 residents and counties with fewer than 200,000 residents are eligible.

Transportation Economic Development Program (TED): TED is a competitive grant program available to communities for highway improvement and public infrastructure projects that create jobs and support economic development. TED may provide up to 70% of the costs for trunk highway interchanges and other improvements or the state's share as determined by the Minnesota Department of Transportation's cost participation policy, whichever is less. TED is a collaboration between DEED and the Department of Transportation.

Eligible applicants must be governmental entities as defined by state law. Although private entities are not eligible, they may enter into agreements with eligible borrowers to request funding for eligible public transportation projects. Projects must support the manufacturing, technology, warehousing and distribution, research and development, agricultural processing, bioscience, or tourism and recreation industry.

TAX INCENTIVES

Angel Tax Credit Program: This program provides tax incentives to investors or funds that invest in startup businesses that are primarily focused on high technology or new proprietary technology. Key features include a 25% tax credit for investments in small, emerging businesses and a maximum credit of $125,000 per person per year ($250,000 if married filing jointly). Some credits are reserved for investments in women-owned and minority-owned businesses and firms located outside the Twin Cities metro area.

Four types of businesses qualify for angel investments:

- Those using proprietary technology to add value to a product, process or service in a qualified high-technology field
- Those researching or developing a proprietary product, process or service in a qualified high-technology field
- Those researching, developing or producing a new proprietary technology for use in agriculture, tourism, forestry, mining, manufacturing or transportation
- Those researching or developing a proprietary product, process or service for use in agriculture, tourism, forestry, mining, manufacturing or transportation

Border Cities Enterprise Zone Program: The Border-Cities Enterprise Zone Program provides business tax credits (property tax credits, debt financing credit on new construction, sales tax credit on construction equipment and materials, and new or existing employee credits) to qualifying businesses that are the source of investment, development, and job creation or retention in the western Minnesota cities of Breckenridge, Dilworth, East Grand Forks, Moorhead and Ortonville.

Capital Equipment Exemption: Beginning July 1, 2015, businesses that buy or lease qualifying capital equipment (machinery and equipment used in manufacturing) for use in Minnesota are eligible for an up-front exemption from Minnesota state and local sales or use. Until then, businesses must continue to pay sales tax and then request a refund from the Minnesota Department of Revenue.

Data Center Sales Tax Exemptions: For qualified data centers, enterprise information technology equipment, electricity used in the operation of the center and computer software (refund) are exempt from sales taxes. A qualified data center is a facility in Minnesota that consists of at least 25,000 square feet. The total cost of construction or refurbishment, investment in information technology equipment and computer software must be at least $30 million within 48 months.

Greater Minnesota Internship Tax Credit Program: Employers may claim a refund credit of up to $2,000 for each internship provided to an eligible student in Greater Minnesota. The credit is available for tax years beginning in 2014 or later. Students must attend a participating college or university, have completed 50% of the credits required to complete their program, and be employed as an intern in Greater Minnesota. Employers must enter into an agreement with a participating college to employ an eligible student intern. Employers who are eligible to apply for the tax credit must meet certain other requirements and certify student interns will work under certain conditions and fulfill requirements.

Greater Minnesota Job Expansion Program: This tax refund program provides sales tax rebates to existing businesses in Greater Minnesota that are approved by DEED and meet job creation, wage levels and other eligibility requirements. Businesses must meet the following requirements:

- Have operated for at least one year in Greater Minnesota
- Meet wage and compensation requirements
- Add at least two employees or 10% of current staff, whichever is greater, within three years
- Meet industry eligibility, including not being engaged in retail, gambling and entertainment, among other industries

Research & Development Tax Credit: Companies that engage in certain research and development (R&D) activities in Minnesota may qualify for the Credit for Increasing Research Activities. The R&D credit is equal to 10% of qualifying expenses up to $2 million, and 2.5% for expenses above that level. Qualifying expenses are the same as for the federal R&D credit defined in Section 41 of the Internal Revenue Code but must be for research done in Minnesota.

Seed Capital Investment Credit Program: The SEED Capital Investment Program provides tax incentives for investing in innovative business located in the western Minnesota border cities of Breckenridge, Dilworth, East Grand Forks, Moorhead and Ortonville. Investors may receive a 45% tax credit on their investment, up to $112,500 per year. The credit is non-refundable and may be carried forward up to four years.

Single Sales Factor Apportionment: Apportionment formulas determine how much of a business' income is taxable in a state. Many states apportion corporate income using the in-state proportions of the corporation's sales, payroll and property to determine corporate franchise tax. Minnesota uses only sales in-state to apportion corporate income. Single sales apportionment is beneficial to Minnesota businesses whose Minnesota sales factor is lower than the average of their Minnesota property and payroll factors. All other things being equal, increasing non-Minnesota sales will reduce the amount of

Minnesota taxable income, since more income will be attributed to or apportioned outside of Minnesota.

Tax Abatement: Cities, counties and school districts may use tax abatement to help finance certain economically beneficial projects. Property taxes are forgiven for a period of time to allow the project to cash flow. Or the taxes are captured for a period of time and an up-front payment is made by the political subdivision to help the project cover startup costs.

Tax Increment Financing (TIF): Cities, counties and development authorities may use tax increment financing to help finance costs of real estate development to encourage developers to construct buildings or other private improvements and to pay for public improvements, such as streets, sidewalks, sewer and water, and similar public infrastructure improvements that are related to the development.

Throwback: More than half of the states with corporate taxes also use “throwback rules” in defining the sales factor. Throwback rules treat sales to out-of-state buyers as in-state sales, if the buyer’s state cannot tax the business/seller or if the purchaser is a federal government agency. These “thrown-back” sales increase in-state sales factor and corporate tax, decreasing the benefits to the taxpayer of single sales apportionment. Minnesota does not have a throwback rule.

WORKFORCE DEVELOPMENT

Job Training Incentive Program: This Minnesota Job Skills Partnership pilot program provides grants of up to $100,000 to new or expanding businesses for training new workers as quickly and efficiently as possible. Eligible businesses must have no more than 150 employees and must be expanding their full-time workforces by at least 10%, with a minimum of five new jobs that pay workers at least $12.45 in 2014 and $12.61 in 2015. The business should be engaged in manufacturing, warehouse, distributions, information technology, finance, insurance, or professional or technical services activities. Businesses in the retail, health clinics, lobbying, gambling, sports facilities and hospitality services industries are not eligible.

Low-Income Program: The Low-Income Worker Training Program helps workers whose incomes are at or below 200% of the federal poverty guidelines gain new skills necessary to move up the career ladder to higher-paying jobs and greater economic self-sufficiency. The program provides grants of up to $200,000 to Minnesota public, private or nonprofit entities that provide employment services to low-income people. No match from grant recipients is required. The goal of the program is to target short-term training for full-time employment in the growth sectors of the state's economy.

Minnesota Jobs Skills Partnership Program: The Minnesota Job Skills Partnership (MJSP) Board awards grants to educational institutions that partner with businesses to develop new-job training or retraining for existing employees. Targeted MJSP funds are directed to the Low-Income Worker Training Program, which helps low-income people receive training to acquire higher-paying jobs and economic self-sufficiency. Accredited Minnesota public and private educational institutions are eligible, with preference given to nonprofit institutions serving economically disadvantaged people, minorities or victims of economic dislocation, as well as businesses located in rural areas.

Pathways Program: The program focuses on providing training, new jobs and career paths for people who have incomes at or below 200% of the federal poverty guidelines or those who are making a transition from public assistance to work.

Projects must include at least one participating business and an accredited Minnesota educational institution or training provider. Grants of up to $400,000 per project may be awarded to develop and deliver training specific to business needs. Cash or in-kind contributions from each participating business must match program funds on at least a one-half-to-one ratio. Eligible applicants include accredited Minnesota educational institutions and workforce development intermediaries partnering with businesses within the state. Workforce development intermediaries are defined as public, private or nonprofit entities that provide employment services to low-income individuals. A short-form application is available for grants of up to $50,000.

Source: https://businessfacilities.com/state-by-state-incentives-guide/
https://mn.gov/deed/business/locating-minnesota/incentives/

IOWA

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Demonstration Fund: Provides financial awards up to $100,000 to encourage commercialization activities by small and medium-sized Iowa companies in the advanced manufacturing, biosciences, and information technology industries. The fund is designed to encourage product refinements, market planning and market entry activities of unique products to foster competitive, profitable companies that create high paying jobs and wealth in Iowa.

Export Trade Assistance: The International Office at the Iowa Economic Development Authority offers financial assistance to eligible Iowa small companies to help companies market their products and services to a global audience. The Export Trade Assistance Program (ETAP) Program may reimburse Iowa companies for up to 75% of its international marketing expenditures in a qualifying trade show or IEDA trade mission held outside the U.S., to explore new markets or provide support to expand current markets.

High Quality Jobs Program (HQJP): The state's premier financial assistance program designed to support innovation and job growth. The program provides both direct financial assistance to companies in the form of loans and/or forgivable loans and tax credits. To qualify for this very flexible assistance package that includes loans/forgivable loans, tax credits, exemptions and/or refunds, a business must be a non-retail or non-service business. Actual award amounts will be based on the business' level of need; the quality of the jobs; the percentage of created or retained jobs defined as high quality; and the economic impact of the project. Created jobs must pay at least 100% of the qualifying wage threshold at the start of the project and 120% of the qualifying wage threshold by project completion and through the project maintenance period. Retained jobs must pay at least 120% of the qualifying wage threshold throughout the project completion and maintenance periods. The business must provide a sufficient benefits package to all full time employees.

Iowa Innovation Acceleration Fund: The Iowa Innovation Acceleration Fund promotes formation and growth of businesses that engage in the transfer of technology to competitive, profitable companies that create high-paying jobs. Funds are designed to accelerate the pace of market development, leverage private investment and industrial expansion efforts that result in significant capital investment. The fund provides financing to eligible businesses through two program components that correspond to different stages of growth for investment-grade, high-growth enterprises.

Awards in the form of royalty arrangements or loans with a 1:1 (private:public) match

The fund is split into these programs:

- PROPEL awards up to $300,000 to accelerate market development for companies that have critical management in place, have a validated business model and an established customer base that's generating substantive revenue
- INNOVATION EXPANSION awards up to $500,000 to encourage expansion of product lines in companies that have a complete management infrastructure, a demonstrated historical profitability and an established customer base; funding provides assistance for product refinement and market expansion activities for unique, innovative and competitive products.

Funds can be used for:

- Advanced intellectual property development and evaluation, including in-depth analysis of market potential (bioscience)
- Further competitive analysis, advanced development of a scientific discovery (bioscience)
- Product focus group research (medical device)
- Enhancement of existing product for additional platform applicability to extend addressable market (software)
- Recruitment and hiring of key personnel and related activities
- Achievement of product economies of scale
- Expansion of marketing and sales-related activities
- Equipment purchase
- Construction costs

TAX INCENTIVES

Brownfield/Grayfield Tax Credit Program: Offers qualifying projects tax credits of up to 24% for qualifying costs of a Brownfield project and 30% if the project meets green building requirements. Grayfield" is also included in the tax credit program. A Grayfield project can receive tax credits of up to 12% of qualifying costs and 15% if the project meets green building requirements. Tax credits are available on a first come first served basis, with a maximum tax credit per project of $1,000,000 and a$10,000,000 maximum for each fiscal year. An audit of qualifying expenses from an independent Iowa certified public accountant is required prior to issuance of all tax credit certificates.

New Jobs Tax Credit: This one-time, corporate income tax credit is available to participants in the New Jobs Training (260E) Program. Iowa offers this credit as an incentive for businesses that provide additional training to employees and expand their workforce.

- Maximum tax credit in 2017 is $1,758 per new employee
- Tax credit amount depends upon wages paid and the year in which the tax credit is first claimed
- Unused tax credits may be carried forward for up to 10 years

Eligibility

- Must be entered in a New Jobs Training (260E) agreement
- Must commit to expand their Iowa employment base by 10% or more.

Research Activities Tax Credit: Iowa sets itself apart as being one of the few states to offer a refundable research activities credit. Iowa companies earn refundable tax credits for research and development investments that may be paid directly in cash to the company once its tax liabilities have been met. A company must meet the qualifications of the federal research credit in order to be eligible. Supplemental research credits are also available through the High Quality Jobs (HQJ) program.

- Tax credits are available for expenditures including:
    - Wages paid to an employee for performing or supporting a research activity conducted at an Iowa facility or for an employee in Iowa who directly supervises or directly supports research activities
    - Supplies including tangible property other than land, improvements to land and depreciable property
    - 65% of expenses related to contract research
- Research may include manufacturing process improvements and time spent by engineers, management and other employees designing and testing new manufacturing processes
- Tax credit calculation is based on the total amount of research expenses, the company's gross receipts and a fixed base percentage, which changes based on the number of years the company has been incurring qualified research expenditures in Iowa

Targeted Jobs Withholding Tax Credit: The Targeted Jobs Withholding Tax Credit is a pilot program that allows diversion of withholding funds paid by an employer to be matched by a designated pilot city to create economic incentives directed toward the growth and expansion of targeted businesses locally. Match for every withholding dollar received. This match can be provided by a private donor, the pilot city, the employer, or a combination of all three; and can be in cash or in-kind contributions.

- Withholding agreement allows up to 3% of gross wages paid by the employer to be directed to the project budget on a quarterly basis
- All designated withholding funds and matching funds are to be used for an urban renewal project related to the employer as defined in the withholding agreement
- Must be approved by the Iowa Economic Development Authority Board prior to the execution of any withholding agreement
- Withholding agreement may have a term of up to 10 years

Eligibility

- Must be located in Burlington, Council Bluffs, Fort Madison, Keokuk or Sioux City
- Must be relocating to Iowa from another state and creating jobs at or above the hourly wage threshold for the city, OR
- Be an existing Iowa business creating or retaining 10 new jobs at or above the hourly wage threshold for the city, OR
- Be an existing Iowa business making a qualifying investment of $500,000 within an urban renewal area
- Effective July 1, 2016, FY 2017 hourly wage thresholds are the following:
  - Burlington: $18.50
  - Council Bluffs: $17.93
  - Fort Madison: $21.49
  - Keokuk: $21.49
  - Sioux City: $18.72

INVESTOR TAX CREDITS

Endow Iowa: Administered by the Iowa Economic Development Authority, it was created to enhance the quality of life for Iowa citizens through increased philanthropic activity by encouraging new investments to existing community foundations and facilitating the creation of new community foundations. The major component of the program is a state tax credit equal to 25% of a qualifying gift to a community foundation. The gift must be to an endowment fund within the qualified foundation or community affiliate organization. The tax credits can be claimed by individuals, businesses or financial institutions.

Iowa Community Based Seed Funds: Two programs, the Qualifying Business tax credit and the Community-Based Seed Capital Fund tax credits – are offered to increase the availability and accessibility of venture capital, particularly for ventures at the seed capital investment stage. Both programs work together to encourage the creation of wealth through high-paid, new jobs while promoting industrial development and innovation. The total amount of tax credits available per fiscal year is $2 million.

Tax Increment Financing (TIF): Businesses are given the incentive to construct new industrial or commercial facilities by receiving direct benefit from the property tax increase caused by the added value of those new facilities.

How It Works:

- Business constructs new industrial or commercial facility
- New facility increases property tax assessed on the business
- City councils or county board of supervisors may use the additional property tax to:
    1. Finance direct grants or loans to the business.
    2. Offset the costs of public improvements or provision of utilities to serve the new private development.
    3. Provide the local match for federal or state economic development assistance programs.

WORKFORCE DEVELOPMENT

To help Iowa companies maintain their competitive edge, the Iowa Economic Development Authority will help develop a workforce and training program to meet the specific needs of a company. By leveraging training resources, filling funding gaps in human resource development initiatives and sponsoring business consortia that address common employment training needs, the skills of Iowa's workers are enhanced, allowing its industries to grow.

Accelerated Career Education Program (260G): Assists Iowa's community colleges in establishing/expanding programs that train individuals in the occupations most needed by Iowa businesses.

Community College Consortium (260F): Provides funding assistance for community college-sponsored employee training projects in which two or more businesses participate. For participating businesses, the advantages include valuable employee training at a reduced – or no – cost.

Iowa Apprenticeship Program: Provides training grants to eligible apprenticeship programs.

Iowa Industrial New Jobs Training Program (260E): Provides no-cost or reduced-cost job training services to new employees of eligible businesses through Iowa's community college system.

Iowa Jobs Training Program (260F): Provides job training services to current employees of eligible businesses that are located in Iowa. For participating businesses, the advantages include valuable employee training at a reduced – or no – cost.

Iowa Student Internship Program: Links college students from Iowa schools to internship opportunities in small and medium sized firms in the biosciences, advanced manufacturing and information technology industries with the goal of transitioning the interns to full-time employment in the state upon graduation.

STEM Internship Program: Assists in placing Iowa students studying in the fields of science, technology, engineering, and mathematics into internships that lead to permanent positions with Iowa employers. IEDA provides assistance on a reimbursement basis for every two dollars of wages earned by the student, one dollar paid by the business is matched by one dollar from IEDA.

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

MISSOURI

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Action Fund Loan: Provides a loan to certain types of for-profit companies that need funds for start-up or expansion and have exhausted other sources. Projects can only be in a "non-entitlement" area—a city under 50,000 in population or a county under 200,000 in population.

Brownfield Redevelopment Program: Provides financial incentives for the redevelopment of commercial/industrial sites that are contaminated with hazardous substances and have been abandoned or underutilized for at least three years.

Building Use Incentives for Large-Scale Development (BUILD): Provides a financial incentive for the location or expansion of large business projects. The incentives are designed to reduce necessary infrastructure and equipment expenses if a project can demonstrate a need for funding. An eligible industry in manufacturing, processing, assembly, R&D, agricultural processing or services in interstate commerce must invest a minimum of $15 million; or $10 million for an office industry (regional, national or international headquarters, telecommunications operations, computer operations, insurance companies or credit card billing and processing centers) in an economic development project; and create a minimum of 100 new jobs for eligible employees at the project or a minimum of 500 jobs if the project is an office industry or a minimum of 200 new jobs if the project is an office industry located within a distressed community as defined in Section 135.530, RSMo. Retail, health or professional services, intra-state relocations or replacement facilities are ineligible. The minimum bond issue is $500,000. The bonds may be used to finance public or private infrastructure to support the project, or the new capital improvements of the business at the project location. Bond proceeds may not be used for working capital, inventory or other operating costs of the business or another entity. This tax credit can be applied to:

- 143 Income tax, excluding withholding tax
- 148 Bank Tax, Insurance Premium Tax, Other Financial Institution Tax

Industrial Infrastructure Grant: Assists local governments in the development of public infrastructure that allows industries to locate new facilities, expand existing facilities, prevent the closing of a facility or the relocation of a facility outside the state. Projects can only be in a "non-entitlement" area—a city under 50,000 in population or a county under 200,000 in population. More than one business must potentially benefit from the facilities to be funded. For-profit manufacturing, processing and assembly companies that will have wages above the county average and provide medical benefits are prioritized. Grant funds may be used for public streets, water or sewer lines, engineering and other public facilities necessary to support the project. A public entity must own the facilities to be funded.

TAX INCENTIVES

Chapters 100 Sales Tax Exemption, Personal Property: Provides a sales tax exemption on tangible personal property purchased through Chapter 100 bonds for non-manufacturing purchases. Any company for which Chapter 100 bonds are issued that purchases personal property is eligible. Companies eligible for Chapter 100 bond financing include manufacturing, warehousing, distribution, office, research and development, agricultural processing, and services in interstate commerce. Retail, services in intrastate commerce and others are not eligible. The project cannot have been announced; bonds already approved/issued; or personal property already purchased. The project must:

- Involve competition with another state; therefore, a comprehensive state/local incentive proposal will be involved in an attempt to win the project;
- Have above-average wages with benefits, or be in an economically distressed or blighted area;
- Include local incentives provided to the project commensurate with the state incentives, relative to the new state/local tax revenues created by the project;
- Have a positive state fiscal benefit, including all the state incentives proposed for the project; and
- Have an indication that the city and county have approved the local sales tax exemption. (The local sales tax exemption may also be provided independent of the state sales tax.)

Data Center Sales Tax Exemption Program: Provides an incentive to locate and expand data centers in the state by providing a time-specified exemption of sales and utility taxes. This exemption includes state and local sales and use taxes for a specified maximum amount each year for 10 years for existing facilities, and 15 years for new facilities. The threshold for participation for an expanding facility includes at least five new full-time jobs with average wages at 150% of the county average wage within 24 months and $5 million in new investment within 12 months of the conditional approval of a Notice of Intent (NOI). The threshold for participation for a new facility includes at least 10 new full-time jobs with average wages at or above 150% of the county average wage and $25 million in new investment within 36 months of the conditional approval of an NOI. The applicant must submit a proposed plan that includes estimated investment and full-time job creation at the project facility. The Department of Economic Development determines if the fiscal impact of the proposed plan provides a positive net fiscal return to the State. Eligible applicants include taxpayers engaged in data processing, hosting or related services, and taxpayers engaged in Internet publishing, broadcasting, and web search portals (NAICS codes of 518210 or 519130) at its business facility.

Missouri Works: Facilitates the creation of new jobs by targeted business projects for for-profit and non-profit businesses (except for gambling, retail trade, food and drinking places, public utilities, educational services, religious organizations, ethanol distillation or production facilities, biodiesel production facilities, healthcare, and public administration companies or businesses that are delinquent in non-protested taxes or other payments or any company that has filed for or has publicly announced its intention to file for bankruptcy). Headquarters, administrative offices and R&D of otherwise excluded businesses that serve a multi-state area may qualify in some cases. The average wage of the new jobs must equal or exceed 90% of the county average wage (as published by DED), and the company must offer health insurance and pay at least 50% of the premium for all full time employees in MO. The business must create a minimum number of 10 new jobs at the project facility prior to the deadline[2] date. There is no annual cap on the retained withholding taxes.

Work Opportunity Tax Credit: Provides a federal income tax credit to businesses for hiring from nine targeted groups with barriers to employment. The Internal Revenue Service specifies that the State Workforce Agency (SWA) is responsible for administering the Work Opportunity Tax Credit Program. The Missouri Department of Economic Development, through the Division of Workforce Development, administers the program in the state of Missouri. Eligible applicants include any private, for-profit business. There is no limit on the number of qualifying new hires per business or total amount of tax credits distributed per year.

Business Facility Tax Credit Program: New or existing Missouri companies looking to embark on locating or expanding their headquarters in the state may be able to access incentives based on the number of news jobs and investment associated with the project.

Pursuant to HB 191 (2009), “headquarters” that commence operations and “headquarters” of certain “employee-owned” businesses that commence or expand operations on or before December 31, 2019 may be eligible for the program.

To receive credits in any of the ten years, the “headquarters” facility must create at least 25 new jobs and make $1,000,000 in investment in that year as compared to the base year (the year prior to the commencement of operations at the facility).

The investment credits are based on the original cost of machinery, equipment, furniture, fixtures, land and building, and/or eight times the annual rental rate paid for the same. Inventory is not eligible.

Sales Tax Exemption For Manufacturers: To grow the state’s manufacturing industry, a variety of producers (electrical energy, coal, gas, machinery equipment, chemicals, energy sources, materials, etc), can access a 4.225 state sales tax exemption as well as a local use tax.

This program is exclusively for manufacturing companies. The Missouri Department of Revenue will issue a state sales tax exemption to a manufacturing company for:

- Electrical energy
- Gas, whether natural, artificial, or propane
- Water
- Coal
- Energy sources
- Chemicals
- Machinery equipment
- Materials

The Sales/Use Tax Exemption Certificate must be given to the seller by the purchaser. The items listed above may be exempt if they are:

- Used or consumed in the manufacturing, processing, compounding, mining or producing of any product; or
- Used or consumed in the processing of recovered materials; or
- Used or consumed in research and development related to manufacturing, processing, compounding, mining, or producing any product

WORKFORCE DEVELOPMENT

Missouri Works Training Program: Provides assistance in reducing the cost associated with training or retraining the workforce. Businesses that are expanding a workforce or locating a new facility and creating a substantial number of new jobs in the state of Missouri can access customized industry training or general occupation skill training through the state's network of training institutions at no cost to the business. Or, some businesses may also be able to receive funding directly to pay for training outside of the state's training network. Financing is also available to Missouri businesses with needs to retrain an existing workforce for the purpose of retaining jobs in Missouri. These businesses must have retained at that site the level of employment for at least one year, have a minimum of 100 employees for two consecutive calendar years preceding the year in which the application for the program was made, and make a capital investment of at least one million dollars to acquire long-term assets. Lastly, training funds are available to eligible Missouri businesses wanting to retrain its workforce and improve productivity. Individual businesses creating net new jobs in the state or retaining existing jobs in Missouri as a result of a substantial capital investment are eligible. Funding for this program is contingent on the availability of funds.

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