ECONOMIC DEVELOPMENT INCENTIVES

OF THE FIFTY STATES

State Tax, Financial and Workforce Development Incentives

West South Central Region:

Compiled by the New Mexico Economic Development Department

New Mexico State Data Center: www.nmstatedatacenter.com

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ARKANSAS

FINANCING & GRANTS

Amendment 82 Bond Financing: Recognizing the importance of economic development and the tools necessary to be competitive in the global market for jobs and investment, Arkansans passed Amendment 82 to the Arkansas Constitution in 2004 authorizing ADFA to issue general obligation bonds for major economic development projects approved by the Arkansas General Assembly. These projects may include, but are not limited to: land acquisition; site preparation; road and highway improvements; rail spur construction; water service; wastewater treatment; employee training which may include equipment for such purpose; environmental mitigation; and training and research facilities and the necessary equipment therefore.

Bond Guaranty Program: Under the Bond Guaranty Program, the Commission “guarantees” timely payment of principal and interest, up to $5 million principal per bond issue, to the bondholders. This guaranty gives the bonds a better rating, thereby making the bonds more attractive to investors and reducing the company’s cost to borrow money. The Commission charges a one-time upfront 5% fee for guaranteeing bond issues. The applicant must demonstrate to the Commission:

- They can make the required debt-service payments.
- The project provides substantial employment opportunities to Arkansans as a direct result of the project.

The Arkansas Development Finance Authority (ADFA) also provides a bond guaranty program that enables a company to obtain competitive, fixed interest rates. The total amount ADFA can guarantee is up to $6 million per borrower; therefore, a business could obtain up to $11 million per project through combining the guaranty programs of ADFA and AEDC. ADFA has the capacity to issue bonds for a single project or for several projects on a pooled basis. The pooled or composite issue allows small businesses needing financing for fixed assets to take advantage of low interest financing and to share the costs for issuing bonds, an option which gives more financing opportunities which otherwise would not be available. ADFA can also provide interim financing to approve projects before bond proceeds are available.

Community Development Block Grant (CDBG): CDBG funds may be loaned to eligible businesses for fixed-asset financing on projects that create jobs for low-to-moderate income families. Examples of eligible activities for this Set-Aside Loan Program include acquisition of property, purchase of equipment, leasehold improvements and construction or expansion of buildings or physical plants. Loans are provided at competitive interest rates with flexible repayment terms. Under this program, job creation is required and 51% of the new jobs must benefit low-to-moderate-income persons. This means that 51% of the new positions should be made available to those persons without substantial work experience or education beyond high school.

Create Rebate (Cash Rebate): Incentives are negotiated and offered at the discretion of the Executive Director of the Arkansas Economic Development Commission (AEDC). Create Rebate provides annual cash payments based on a company's annual payroll for new, full-time, permanent employees. In order to qualify, the company must create a minimum of $2 million annually in new payroll. The minimum payroll must be met within 24 months of the effective date of the financial incentive agreement. No benefits may be claimed until the $2 million annual payroll threshold is met.

Create Rebate benefits are available after the business certifies to the Arkansas Department of Finance & Administration that it has fulfilled the minimum payroll requirements and the reported payroll has been verified. The percentage of the benefit depends on the tier assignment of the county where the job creation occurs.

Industrial Revenue Bonds (IRBs): Commonly known as "Act 9 Bonds" in Arkansas, IRBS provide eligible existing companies with competitive financing options for property, plant and equipment expenses. Under Arkansas Act 9 of 1960, cities and counties are authorized to issue IRBs to benefit private companies. Because Act 9 IRBs do not obligate cities or counties to make payment except from project income, the bonds must be underwritten on the financial strength of the company or guaranteed by the Arkansas Economic Development Commission and/or the Arkansas Development Finance Authority.

Interest on tax-exempt issues is normally 80% of prime, but may vary depending on terms of the issue. The primary goal is to enable manufacturers to purchase land, buildings and equipment to expand their operations. In addition to tax-exempt IRBs, taxable IRBs may be used for eligible existing businesses at long-term fixed rates and for manufacturing projects that exceed $20 million in capital costs or do not meet other federal guidelines relative to tax-exempt bond financing. Tourism attractions and facilities may also qualify for taxable bonds. Businesses that use either tax-exempt or taxable IRB financing can negotiate with the local community for property tax relief for eligible businesses in the form of Payment in Lieu of Tax Agreement (PILOT Agreement).

- *Tax-Exempt Bonds:* Regulated by the IRS Code and any prospective borrower must meet basic requirements to use tax-exempt bonds to finance the project, including but not limited to: The firm must be engaged in manufacturing, processing or other activities directly supporting or related to manufacturing or processing. The project must be for expansion or acquisition of fixed assets that are needed for the manufacturing process. The business's total outstanding tax-exempt bond debt nationwide cannot exceed $40 million. The total capital cost may not exceed $20 million for a six-year period.
- *Taxable Bonds:* Can be issued for projects not eligible for tax-exempt status. Cities, counties or ADFA may issue taxable bonds with no dollar limitation for the acquisition of land, building and equipment for manufacturing, warehousing, distribution, and corporate and management offices for industry. The issuer may then lease the property to a private company. Qualified borrowers are not limited to manufacturing companies. There are no capital expenditure limitations as there are with tax-exempt bonds. It is possible to finance the acquisition of used equipment with taxable bonds

TAX INCENTIVES

Advantage Arkansas (Income Tax Credit): Advantage Arkansas offers a state income tax credit for job creation based on the payroll of new, full-time, permanent employees hired as a result of the project. In order to qualify for the Advantage Arkansas program (all tiers), the proposed average hourly wage of the new employees hired as a result of the project must be equal to or greater than the lowest county average hourly wage. Currently, the average hourly wage threshold for the Advantage Arkansas program is $11.05. The Advantage Arkansas income tax credit is earned each tax year for a period of five years. The income tax credit cannot offset more than 50% of a business' income tax liability in any one year and may be carried forward for nine years beyond the tax year in which the credit was first earned. The credit begins in the tax year in which the new employees are hired. Employees included in the new additional payroll under the project must be Arkansas taxpayers.

ArkPlus (Income Tax Credit): ArkPlus is a state income tax credit program that provides tax credits of 10% of the total investment in a new location or expansion project. This discretionary incentive is offered in highly competitive situations. ArkPlus requires both a minimum investment and a minimum payroll of new, full-time, permanent employees hired as a result of the project, depending on the tier in which the business locates. Total project expenditures must be incurred within four years of the date the project is approved by AEDC. New, full-time, permanent employees must be hired within 48 months of the date the financial agreement is signed. The income tax credits may be used to offset 50% of the Arkansas income tax liability in the tax year the credit is earned. Any unused credits may be carried forward for nine years beyond the tax year in which the credit was first earned.

Digital Production/Film Requirements: Prior to beginning preproduction activities in Arkansas, register with the film office and submit an application along with an estimate of expenditures; meet the minimum spending requirement of at least $50,000 within a six-month period in connection with a postproduction project or $200,000 within a six-month period in connection with the production of one project; and apply for a production rebate certificate no later than 180 days after the last production expenses are incurred. Qualified spending includes costs incurred in Arkansas in the development, preproduction, production or postproduction of a qualified production; the first $500,000 of wages or salaries paid to each resident and nonresident that are subject to Arkansas income taxes; pension, health and welfare contributions; and stipends and living allowances. Payments for production and postproduction expenses are recommended (but not required) to be made from the checking account of an Arkansas institution. Cash payments to vendors may not exceed 40% of the total verifiable costs.

Summary: Each project submitted for funding under this program is evaluated on a case-by-case basis. An eligible production company may earn a 20% rebate on all qualified production expenditures in Arkansas. Salaries and wages paid to resident and nonresident above-the-line employees, as well as resident and nonresident below-the-line employees, will qualify for the 20% rebate and an additional 10% may be earned on the payroll of below-the-line employees who are full-time Arkansas residents for a total rebate of 30% on such wages. Below-the-line does not include directors and producers but for purposes of the additional 10%, resident actors and writers are defined as below-the-line. *The incentive program is scheduled to sunset on June 30, 2019.*

Equity Investment Tax Credit: A a discretionary incentive targeted toward new, technology-based businesses paying wages in excess of the state or county average wage. If offered, this program allows an approved business to offer an income tax credit to investors purchasing an equity investment in the business. The income tax credit/credits issued under this program are equal to 33 1/3% of the amount invested by an investor in an eligible business. The income tax credit earned may be used to offset 50% of the investor's Arkansas income tax liability in any one tax year. Any unused credit may be carried forward for a period of nine years. The income tax credit earned may be sold upon approval by AEDC.

InvestArk (Sales and Use Tax Credit): InvestArk is a sales and use tax credit program available to businesses establishedin Arkansas for two years or longer that invest five million dollars ($5,000,000) or more at a single location in plant or equipment for new construction, expansion or modernization. The business must be approved for the program prior to beginning construction or incurring eligible project costs and the company must obtain a direct-pay sales and use tax permit from the State of Arkansas. A credit against the business' state direct-pay sales and use tax liability, equal to 1/2% above the state sales and use tax rate in effect at the time of application, is earned based on the total eligible project cost. Currently, the percentage that may be earned as credit is 7% of eligible project expenditures. In any year, tax credits claimed under this program cannot exceed 50% of the business' sales and use tax liability on taxable purchases. All reported expenditures will be audited by the Arkansas Department of Finance and Administration. The credit is earned in the year the eligible expenditure is made and can be applied against the business' state direct-pay sales and use tax liability in the year following the year of expenditure. Any unused credits may be carried forward for a period of up to five years. Total project expenditures must be incurred within four years of the date the project is approved by AEDC.

Non-Profit Incentive Program: Offered at the discretion of the AEDC Executive Director, it provides an annual payroll rebate for up to five years equal to 4% of the payroll of new, full-time, permanent employees, hired by national or regional non-profit headquarters locating or expanding in Arkansas. Eligible non-profit organizations must create a payroll for new, full-time, permanent employees of at least $500,000 and pay an average wage in excess of 110% of the state or county average wage (whichever is less) in the county in which the organization locates or expands. In addition, the non-profit organization must receive 75% of its income from out-of-state sources. In addition to the payroll rebate, this program also provides a sales and use tax refund for eligible projects that invest a minimum of $250,000. The refund is eligible for taxes paid on construction materials, and machinery and equipment associated with the approved project.

Research and Development (R&D) Tax Credits and Incentives: Intended to provide incentives for university-based research, in-house research and R&D in start-up, technology-based enterprises. Tax credits under these programs may be carried forward for nine years and may offset up to 100% of a business' tax liability in a given year.

- *In-House R&D:* New and existing eligible businesses that conduct "in-house" research that qualifies for federal R&D tax credits may qualify for in-house research income tax credits. The credit allowed is 20% of qualified research expenditures that exceed the base year, for a period of three years and the incremental increase in qualified research and expenditures for the succeeding two years. For a new in-house research facility, the base year is zero. Therefore, in the first three years following the date of the financial incentive agreement, all eligible expenditures can qualify for the credit.

- *In-House Research by a Targeted Business* (Act 182 of 2003 § 15-4-2708(c)): Targeted businesses, at the discretion of the AEDC Executive Director, may be offered income tax credits equal to 33% of the qualified R&D expenditures incurred each year for up to five years. The application for this income tax credit shall include a project plan, which clearly identifies the intent of the project, the expenditures planned, the start and end dates of the project and an estimate of total project costs.
- *R&D in Area of Strategic Value:* The Strategic Value R&D incentives are for qualifying businesses that invest in: 1) in-house research in an area of strategic value; or 2) a R&D project offered by the Arkansas Science and Technology Authority. Research in an area of strategic value means research in fields having long-term economic or commercial value to the state, and that have been identified in the research and development plan approved from time to time by the Board of Directors of the Arkansas Science and Technology Authority. The income tax credit is equal to 33% of qualified research expenditures. The maximum tax credit that may be claimed by a taxpayer under this program is $50,000 per tax year.
- *University Based R&D:* An eligible business that contracts with one or more Arkansas colleges or universities in performing research may qualify for a 33% income tax credit for qualified research expenditures.

Qualified research expenditures include in-house expenses for taxable wages paid and supplies used in the conduct of qualified research. Qualified research must satisfy all of the following tests in order to qualify:

- The activity must be undertaken for the purpose of discovering information which is technological in nature;
- The application of technological information must be intended to be useful in the new or improved business component; and
- Substantially all of the activities related to the research effort must constitute elements of a process of experimentation relating to a new or improved function, performance, reliability or quality.

Income tax credit for R&D earned by targeted businesses may be sold. The business must make application to AEDC for the sale of credits earned under this section. Upon application and approval by AEDC, the business may sell earned income tax credits. A targeted business earning R&D tax credits is prohibited from earning job creation tax credits, as authorized by § 15-4-2709 or research tax credits as authorized by § 15-4-2708(a), for the same expenditure. The income tax credit for research by a targeted business authorized by 15-4-2708(c) may not be used with:

- Other in-house research and development incentives as authorized by § 15-4-2708(b) or § 15-4-2708(d)(1)(A); or
- Any other incentive in Act 182 of 2003 (Consolidated Incentive Act of 2003) for the same expenditures.

Targeted Business Incentives: At the discretion of the AEDC Executive Director, targeted businesses may qualify for three special incentives designed to help new, knowledge-based businesses in their early years. These discretionary incentives are for start-up companies in emerging sectors (Advanced materials and manufacturing systems; Agriculture, food and environmental sciences; Biotechnology, bioengineering and life sciences; Information technology; Transportation logistics; and Bio-based products):

- A refund of sales and use taxes paid on the purchase of building materials and machinery and equipment associated with the approved project
- A transferable income tax credit equal to 10% of payroll for up to five years
- A transferable income tax credit equal to 33% of eligible research and development expenditures

Companies must be less than five years old; have an annual payroll between $100,000 and $1 million; show proof of an equity investment of at least $250,000; pay at least 150% of the lesser of the state or county average hourly wage where the business is located; and meet requisite payroll thresholds. Additional eligibility criteria may be required for individual targeted programs (sales and use tax refund for targeted businesses, payroll income tax credit for targeted businesses, payroll rebate for targeted business and targeted ArkPlus)

Tax Back (Sales and Use Tax Refund): The Tax Back program provides sales and use tax refunds on the purchase of building materials and taxable machinery and equipment to qualified businesses investing at least $100,000 and who either a) sign a job creation agreement under the Advantage Arkansas or Create Rebate programs within 24 months of signing the Tax Back agreement or b) have met the requirements of an Advantage Arkansas or Create Rebate agreement within the previous 48 months. Applicants for Tax Back must also obtain an endorsement resolution from a local governing authority authorizing the refund of its local taxes. Applicants must meet the qualification criteria under the requisite Advantage Arkansas or Create Rebate program in which they are participating and must be approved by AEDC. The refund of sales and use taxes shall not include the refund of taxes dedicated to the Educational Adequacy Fund provided in §19-5-1227 or the taxes dedicated to the Conservation Tax Fund provided in §19-6-484; which totals 1%. The state tax rate is 6.5% so the eligible refund would be 5.5%.

Tourism Development Incentives: The Arkansas Tourism Development Act provides state sales and use tax credits and income tax credits to businesses initiating approved tourism attraction projects. Sales tax credits shall be determined in accordance with the following criteria:

- Eligible minimum project costs must be $1 million, except in high unemployment counties,* where it is $500,000.
- The sales tax credits are calculated based upon 15% of eligible project cost for projects spending more than $1 million; credits are 25% of eligible project cost for the projects in high unemployment counties.*
- The sales tax credit may be applied against the business's increased sales tax liability that results from the project.
- Other review criteria may be requested by AEDC to determine whether the tourism attraction project meets the intent of the Act.

Additionally, eligible businesses may receive a state income tax credit equal to 4% of the annual payroll of new, full-time, permanent employees. The income tax credits begin in the year in which the new employees are hired. Any unused portion of the credit may be carried forward against corporate income tax for the succeeding nine years.

*The following Arkansas counties are designated as "high unemployment" counties based upon the 2013 statewide annual labor force statistics compiled by the Arkansas Department of Workforce Services: Ashley, Chicot, Clay, Crittenden, Desha, Drew, Lee, Mississippi, Phillips, St. Francis, and Stone.

WORKFORCE DEVELOPMENT

Business and Industry Training Program (BITP): The BITP program recruits workers, provides pre-employment training and on-the-job training for new and expanding business and industry. Eligible businesses include manufacturing firms, national and regional corporate headquarters, distribution centers, intermodal facilities, knowledge-based companies, biotechnology companies, office sector businesses and scientific & technical services.

Existing Workforce Training Program (EWTP): The EWTP program provides financial assistance to Arkansas' eligible businesses for upgrading the skills of the existing workforce to remain competitive and economically viable. Training is for full-time, permanent employees who work at least 30 hours a week and are subject to Arkansas' personal income tax. Reimbursements are calculated according to a set of scoring criteria.

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

LOUISIANA

FACILITY INCENTIVES

Competitive Projects Tax Exemption: Provides 10-year property tax abatement on qualifying capital investments of at least $25 million in targeted non-manufacturing industry sectors. The abatement applies to ad valorem taxes exceeding $10 million, or 10% of the fair market value of the property, whichever is greater. The exemption is available in selected parishes.

Corporate Headquarters Relocation Program: Provides a rebate of up to 25% of facilities and relocation costs, to be claimed in equal parts over five years.

Economic Development Award Program: Provides funding for site and/or infrastructure improvements for projects creating new jobs.

Industrial Tax Exemption: Provides a 100% property tax abatement for up to five years on local property taxes (ad valorem) on a manufacturer's new investment and annual capitalized additions, and up to 80% abatement for an additional three years.

Modernization Tax Credit: Provides a 5% refundable state tax credit for manufacturers modernizing or upgrading existing facilities in Louisiana.

Restoration Tax Abatement: Provides a five-year 100% property tax abatement for the rehabilitation of an existing structure.

PRODUCTION & INVESTOR INCENTIVES

Angel Investor Tax Credit: Louisiana's Angel Investor Tax Credit (AITC) encourages accredited investors to invest in early stage, small wealth-creating Louisiana businesses that seek startup and expansion capital.

- Provides a 25.2% tax credit on investments by accredited investors who invest in businesses certified by Louisiana Economic Development as Louisiana Entrepreneurial Businesses (LEB).
- $3.6 million annual program cap.
- Investors can invest $720,000 per business per year and $1.44 million per business over the life of the program.

Corporate Tax Apportionment Program: Provides single-sales factor apportionment to highly competitive projects in order to secure jobs and business investment in target industry sectors.

Digital Interactive Media and Software Development Incentive: Louisiana's Digital Interactive Media and Software Development refundable tax credit is helping innovative digital media and software development companies of all sizes gain a competitive edge.

- Provides a 25.2% tax credit on qualified payroll for in-state labor and 18% for qualified production expenses for expenditures through June 30, 2018, and a 35% tax credit on qualified payroll for in-state labor and 25% for qualified production expenses for expenditures on or after July 1, 2018.
- No cap and no minimum requirement.
- The tax credit is available for a refund of 100% of its value claimed on Louisiana state tax return OR certified applicants can receive 85% of the value earned as a rebate any time during the year.

Live Performance Tax Credit: Provides a tax credit of up to 25% on qualified production or infrastructure development expenditures, with up to an additional 10% tax credit available for payroll expenditures to Louisiana residents. For infrastructure development eligibility, the project must be located on the campus of a higher education institution.

Motion Picture Investor Tax Credit: Motion Picture Investor Tax Credit provides motion picture productions up to a 30% transferable tax credit on total qualified in-state production expenditures, including resident and non-resident labor. For productions using in-state labor, Louisiana offers an additional 10% payroll tax credit.

- Provides up to a 40% transferable tax credit.
- $50,000 threshold for local Louisiana productions meeting certain qualifications.
- $300,000 minimum in-state expenditure requirement.
- For fiscal years 2016-2018 the maximum amount of credits that can be claimed per fiscal year is $180 million.
- Tax credits may be used to offset personal or corporate income tax liability in Louisiana.
- Tax credits may be transferred to Louisiana taxpayers.
- Tax credits may be transferred back to the State for 85% of face value

Research and Development Tax Credit: The Research and Development Tax Credit encourages existing businesses with operating facilities in Louisiana to establish or continue research and development activities within the state and provides up to a 40% tax credit on qualified research expenditures incurred in Louisiana — with no cap and no minimum requirement.

Sound Recording Investor Tax Credit: The Sound Recording Investor Tax Credit provides an 18% tax credit for sound recording projects made in the State of Louisiana. Louisiana also offers some of the world's finest talent and great recording studios to complement the attractive financial benefits of recording in state. Sound recording investor tax credits are issued as rebates.

- Provides an 18% tax credit on sound recording expenses.
- Starting July 1, 2018, program is subject to a cap of $3 million in tax credits per calendar year.

Technology Commercialization Credit and Jobs Program: The Technology Commercialization Tax Credit provides a 28.8% refundable tax credit for companies that invest in the commercialization of Louisiana technology and a 4.32% payroll rebate for the creation of new, direct jobs.

SMALL BUSINESS INCENTIVES

CEO Roundtables: Louisiana Economic Development's CEO Roundtables bring together groups of 15 to 18 key decision makers from Louisiana-based small businesses 10 times over the course of a year for collaborative, growth-oriented roundtable sessions that support a trusting environment in which CEOs can safely explore business and personal issues with the guidance of experienced facilitators. Participation in the roundtables provides access to numerous benefits, including:

- Peer-to-peer learning through discussion, interaction and the sharing of experiences that allow participants to learn from each other’s achievements and mistakes.
- Support through highly qualified facilitators, expert guest speakers and connection to various small business resources.

Hudson Initiative: Louisiana's Hudson Initiative is a certification program that is designed to help eligible Louisiana small businesses gain greater access to purchasing and contracting opportunities that are available at the State government level.

- Your business and contact information will be accessible to State purchasing officials and prime contractors looking for subcontractors.

- State agencies are encouraged to get quotes from and use qualified, certified companies whenever possible.
- For small purchases of less than $15,000, State agencies can waive the requirement of getting additional quotes if a certified company submits a quote that is reasonable.
- 10% of the total evaluation points can be added to your bid on a Request for Proposal (RFP).
- Prime contractors who use your business as a subcontractor on a bid for an RFP are also eligible to receive additional percentage points on their bid.

Louisiana Economic Gardening Initiative: Louisiana Economic Development's Economic Gardening Initiative provides Louisiana-based small businesses with the information they need to grow and succeed. Through accelerated technical assistance and research, an experienced economic gardening team will provide customized services tailored to your business needs, including:

- Review of core strategies, including threats and opportunities, business strategy and niche markets.
- Business development opportunities through market research and qualified sales leads.
- Improved internet presence by increasing your company's visibility and credibility within the market, and advice on how to best use technology to connect with customers.

Small and Emerging Business Development Program: LED's Small and Emerging Business Development (SEBD) Program provides the managerial and technical assistance training needed to grow and sustain a small business.

- Provides for developmental assistance, including entrepreneurial training, marketing, computer skills, accounting, business planning, and legal and industry-specific assistance.
- Consideration for bidding on select products or services purchased by state agencies.
- SEBD Intermediaries provide a free needs assessment and assistance with accessing other program benefits.

Small Business Loan and Guaranty Program: The Small Business Loan and Guaranty Program facilitates capital accessibility for small businesses by providing loan guarantees to banks and other small business lenders in association with the federal State Small Business Credit Initiative (SSBCI). The program's purpose is to provide financial assistance, which will help with the development, expansion and retention of Louisiana's small businesses. The program is administered by Louisiana Economic Development through Louisiana Economic Development Corporation (LEDC).

- Guarantees may range up to 75% of the loan amount, not to exceed $1.5 million.

- Guarantee fee may be waived (determined by risk).

Loan Amount: $5,000 to $1.5 million

Maximum Guarantee: 75%

Minimum Equity Requirement: 15% to 20%

Application Fee: $0

Quick Turnaround for Loans: $500,000 or less.

Louisiana Contractors Accreditation Institute: The Louisiana Contractors Accreditation Institute, a partnership between Louisiana Economic Development, Louisiana Community & Technical College System and the Louisiana State Licensing Board for Contractors offers small and emerging construction businesses critical information about construction management and how to prepare for the General Contractors State Licensing Exam.

- Six-week course, with two-hour sessions twice a week
- Taught by industry leaders
- Offered via interactive distance learning to multiple locations throughout the State
- Topics covered include but are not limited to:
  - Bid process
  - Contract management
  - Estimating
  - Equipment management
  - Scheduling
  - Occupational safety
  - Risk management
  - Financial and business management
  - Bonding and access to capital
  - Certifications and available resources
  - Entrepreneurship training
  - Classes may also include additional information such as working in the energy sector or with coastal restoration

Bonding Assistance Program: Louisiana Economic Development's Bonding Assistance Program provides access to quality bid, payment and performance bonds at reasonable rates from surety companies when bonding capacity is needed on public or private jobs.

- Offers 25% of contract price or $100,000, whichever is less, in bond guarantee to surety
- Sureties perform all underwriting and offer competitive rates
- LED's Bond guarantees may mitigate some risk to Surety Company, leading to a positive underwriting decision.

Veteran Initiative: Louisiana's Veteran Initiative (LAVETBIZ) is a certification program that is designed to help eligible Louisiana Veteran-owned and Service-Connected Disabled-Veteran-owned small businesses gain greater access to purchasing and contracting opportunities that are available at the state government level.

- Your business and contact information will be accessible to state purchasing officials and prime contractors who are looking for subcontractors.
- State agencies are encouraged to get quotes from and use qualified, certified companies whenever possible.
- For small purchases (less than $15,000), state agencies can waive the required additional quotes if a certified company submits a quote that is reasonable.
- 10% of the total evaluation points can be added to your bid on a Request for Proposal (RFP).
- Prime contractors who use your business as a subcontractor on a bid for an RFP are also eligible to receive additional percentage points on their bid.

WORKFORCE INCENTIVES

Competitive Projects Payroll Incentive: The Competitive Projects Payroll Incentive (CPPI) Program provides an incentive rebate of up to 15 percent of a participating company's new payroll for up to 10 years. Additionally, a participating company will be eligible for either a rebate of state sales and use taxes on capital expenditures or a 1.2 percent project facility expense rebate.

Enterprise Zone Program: The Enterprise Zone, or EZ program is a jobs incentive program that provides Louisiana income and franchise tax credits to a new or existing business located in Louisiana creating permanent net new full-time jobs, and hiring at least 50% of those net new jobs from one of four targeted groups. The benefit provides:

- Either a one-time $3,500 or $1,000 tax credit for each net new job created.
- A rebate of state sales and use taxes paid on qualifying materials, machinery, furniture, and/or equipment purchased or a 1.5% refundable investment tax credit on the total capital

investment, excluding tax exempted items. The rebate shall not exceed $100,000 per net new job.

LED FastStart: Provides customized workforce recruitment, screening and training to new and expanding Louisiana companies at no cost. All phases are completely designed, developed and delivered via LED FastStart team members with company's expectations.

Quality Jobs: The Quality Jobs, or QJ, program provides a cash rebate to companies that create well-paid jobs and promote economic development.

- The program provides up to a 6% cash rebate on 80% of gross payroll for new direct jobs for up to 10 years. Effective July 1, 2018, the rebate is available on 100% of gross annual payroll.
- Provides a 4% sales/use rebate on capital expenditures or a 1.5% refundable investment tax credit on the total capital investment, excluding tax exempted items.

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

https://www.opportunitylouisiana.com/business-incentives

OKLAHOMA

FINANCING

Quality Jobs Program: The Oklahoma Quality Jobs Program serves as an incentive for companies to expand or relocated jobs to Oklahoma by providing a rebate of a portion of newly created payroll in the state. The program induces the creation of well-paid jobs and promotes economic development. Companies may receive benefits during the first three years of participation while working to achieve the required payroll threshold for full qualification.

Benefits:

- Cash payments of up to 5% of new taxable payroll for up to 10 years.

Requirements:

- Company must be in a qualifying industry as noted by NAICS description.
- Must pay newly created jobs equal to the average county wage or the state threshold wage, whichever is lower.
- Company must achieve $2.5M new annual taxable payroll within 3 years.
- Must offer basic health insurance to employees within 180 days of employment. Employee must not pay any more than 50% of the premium.
- May be combined with Investment/New Jobs Tax Credit under certain circumstances ($40 million or more in investment within 3 years).
- Up to 6% rebate if at least 10% of new payroll is comprised of qualified military veterans.

21st Century Quality Jobs Program: This incentive was created to attract growth industries and sectors to Oklahoma in the 21st Century through a policy of rewarding businesses with a highly skilled, knowledge-based workforce. It also maximizes the eligible incentive payment by incorporating expanded state benefits by allowing a net benefit rate of up to 10% of payroll.

- Requires at least 10 full-time jobs at an annual average wage of the lesser of $95,243 or 300% of the county's average wage.
- Allows a net benefit rate of up to 10% of payroll for up to 10 years.
- Out-of-state sales must be at least 50% for most participants.
- Companies may receive reduced benefits for jobs/wages less than the 10 required while they work towards full qualification, so long as the required average wage is met.

- Target Industries include knowledge-based service industries, including professional, scientific and technical services; music, film and performing arts; and specialty hospitals.

A state wage of $95,243, which is indexed every year, treats the program similarly as the Quality Jobs Program, which requires the wages to be the lower of the average county wage or the state index wage.

Small Employer Quality Jobs Program: The Small Employer Quality Jobs Program Allows qualifying small businesses (90 employees or less) to receive up to a 5% cash-back incentive for up to 7 years to locate or expand in Oklahoma. Qualifying payroll must be attributable to annual salaries that are 110% to 125% of the average wage of the county in which the jobs are located. Benefits are not payable until the participant has attained both the minimum number of new jobs and the required average wage.

Key elements of the program include:

- Cash payments of up to 5% of new payroll for up to 7 years.
- Must have 90 employees or less at the time of application.
- Must have an average of 90 employees or less over the past four (4) quarters at the time of application.
- Must create as few as 5 and as many as 15 new jobs minimum, based on the population of the community where the company is located
- Must pay the newly created jobs at 110% of the average county wage.
- Must have 75% out-of-state sales within one year of start date.
- Must offer basic health insurance within 180 days of employment. *Employee must not pay any more than 50% of the premium.*

Oklahoma Quick Action Closing Fund: In the 2013 legislative session the budget agreement included appropriating $3,000,000 to the Oklahoma Quick Action Closing Fund. The fund is to be used for economic development and related infrastructure development when expenditure of funds is likely a determining factor in locating a high-impact business. This is an important job creation tool that will help Oklahoma recruit new businesses and retain existing businesses.

The Oklahoma Quick Action Closing Fund can be expended by the Governor for economic development and related infrastructure development to locate or retain a high-impact business project or facility in Oklahoma.

The business making an application must be engaged in a business activity that is eligible for Oklahoma

Quality Jobs Program Act incentive payments (68 O.S. § 3603) or in a "basic industry" as set forth in the 21st Century Quality Jobs Incentive Act (68 O.S. § 3913).

The Oklahoma Department of Commerce is responsible for the administration of the Oklahoma Quick Action Closing Fund. The application will be made available once funds are appropriated to the Oklahoma Quick Action Closing Fund by the Oklahoma Legislature.

Oklahoma Community Economic Development Pooled Finance: The Oklahoma Community Economic Development Pooled Finance incentive targets business expansion projects which include job creation and significant investment in facilities, machinery, and equipment. With a $200 million capacity, this incentive is comprised of two funding options: Company-Purchased Debt option and a Public Finance Debt option. Their makeup is as follows:

Company-Purchased Debt Option: A for-profit entity in conjunction with one or more units of local government may make application to the Oklahoma Department of Commerce. The application must move through a competitive scoring process and requires a letter of determination from the Oklahoma Department of Commerce that the project is net benefit positive for the state. If awarded funds, the for-profit entity works through the approval process of the Oklahoma Development Finance Authority (ODFA) to finalize the incentive agreement.

The incentive is in the form of annual cash payments from the State of Oklahoma which are due on a Promissory Note issued by ODFA. Debt (Promissory Note) issued from the Economic Development Pool may be paid from withholdings taxes, and other revenue, at the for-profit entity benefitted by the financing.

Public Finance Option: A for-profit entity in conjunction with one or more unit of local government may make application to the Oklahoma Department of Commerce. The application must move through a competitive scoring process and requires a letter of determination from the Oklahoma Department of Commerce that the project is net benefit positive for the state. Complete financial information for three years prior, detailed business plan, detailed budget for expansion project, and other financial information may be required. If awarded funds, the for-profit entity works through the approval process of the Oklahoma Development Finance Authority (ODFA) to finalize the private bond issuance.

The incentive is in the form of cash proceeds from the sale of the private bonds, less the cost of issuance. Debt issued from the Economic Development Pool may be paid from withholdings taxes, and other revenue, at the for-profit entity benefitted by the bond financing.

For debt obligations issued under the Oklahoma Community Economic Development Pooled Finance Act, there is a maximum maturity of 25 years and a maximum coupon rate of 14%. Sixty-five percent of the net proceeds from both the Infrastructure Pool and the Economic Development Pool shall be used by ODFA for municipalities that do not exceed 300,000 people. The remaining thirty-five percent may be used by the ODFA for any eligible local government.

Effective September 1, 2010 an evergreen clause permits the renewal of issuing capacity by ODFA.

The pooled finance statute is clear that a “business” that benefits from Pooled Finance cannot participate in Quality Jobs or claim Investment Tax Credit.

Community Incentive for Locating and Expanding Businesses: Grants of up to $500,000 are available to Oklahoma communities to assist companies in business expansion, or up to $1 million for communities to assist new out-of-state companies who are moving their business to Oklahoma. Companies must pay at least 110% of the average county wage for all new jobs. At least 51% of the new jobs must be made available to low and moderate income persons.

Industrial Access Road Assistance: The Industrial Access Road Program is designed to provide assistance to local industrial development efforts by funding, within practical limitations, access facilities connecting a specific industry or industrial area directly to the state or local road system. Application is through local governing bodies that in turn contact the Oklahoma Department of Transportation.

Sales Tax Financing: Oklahoma cities and counties are authorized, upon a vote of the people, to build facilities and provide other economic development benefits for businesses financed by sales tax collections. Some have pooled economic development funds from this method.

TAX INCENTIVES

Quality Jobs + Investment Tax Credits: This incentive is available for manufacturers who have capital investments greater than $40 Million in addition to creating skilled jobs. The incentive lays the foundation for attracting “top-notch” companies to Oklahoma and demonstrates a policy of incentivizing businesses with large – greater than $40 million - capital investments that create jobs that pay higher than average wages.

Qualifying Requirements:

- Same as present Quality Jobs Program job creation requirements but the wages must be greater than the state's average wage. Average county wage requirements change every year at the same time as the Quality Jobs Program's wage;
- Capital investment must be greater than $40 million within three years of start date to qualify for Investment Tax Credits - a 2% tax credit per year for 5 years;
- With the ability to take both Quality Jobs and Investment Tax Credits incentives, the number of the Quality Jobs portion is equal to the calculated number;
- There are no automatic 5% areas;
- Companies may not exceed the 5% net benefit rate;
- Quality Jobs + Investment Tax Credits may not be combined with Small Employer Quality Jobs or 21st Century Quality Jobs;
- Only the manufacturing industries that presently qualify for Investment Tax Credits may qualify for this incentive.

The Investment/New Jobs Income Tax Credit: Investment/New Jobs Tax Credits provide growing manufacturers a significant tax credit based on either an investment in depreciable property OR on the addition of full-time-equivalent employees engaged in manufacturing, processing, or aircraft maintenance. Participation in this benefit prohibits a manufacturer from participating in the Quality Jobs Program unless the manufacturer makes a qualifying capital investment in excess of $40 million.

Manufacturers that invest in qualified new depreciable property and also hire new employees may compute the five-year tax credit either:

- By calculating 1% of the qualifying investment; or
- By multiplying $500 per new employee, and then choosing whichever credit is larger.

Investment in depreciable property must equal at least $50,000, and the number of employees must not decrease as a result of the investment. Qualified property includes all machinery, fixtures and buildings, including warehousing or substantial improvements to buildings used in a manufacturing operation on a manufacturing site. Eligibility is initially determined each year by the taxpayer on its income tax return.

The credit is computed on a year-by-year basis. Therefore, a company that had qualified in one year for the credit based on new employees hired, but experiences a reduction in employment the next year, would still qualify for a partial credit, unless employment fell below the employment level for the year prior to the first year the credit was allowable. If, in later years, additional qualifying employees were added, a new base employment level would be calculated, and the new series of credits could be taken for the number of employees above that base level of employment.

The number of jobs may fluctuate if the credit is based on investment. However, a loss in number of jobs must not be attributable to the new investment.

Aerospace Engineer Workforce Tax Credit: Aerospace companies hiring engineers in a variety of fields will receive tax credit equal to 5% of the compensation paid to an engineer and 10% if the engineer graduated from an Oklahoma college or university, plus another credit of up to 50% of the tuition reimbursed to an employee. Additionally, the engineer hired receives a tax credit of $5,000 per year.

American Indian Lands Tax Credit: Two-thirds of Oklahoma, because of its unique Native American heritage, qualifies for special federal tax treatment. Businesses locating or expanding in these areas benefit by accelerated depreciation of investment and by employment tax credits when employing tribal members or their spouses.

New Products Development Income Tax Exemption: Royalty earned by an inventor from a product developed and manufactured in this state shall be exempt from state income tax for a period of seven (7) years from January 1 of the first year in which such royalty is received as long as the manufacturer remains in the state.

An instate manufacturer of a product developed in this state by an inventor shall be eligible for a tax credit, as provided for in Section 2357.4 of Title 68 of the Oklahoma Statutes. In addition, such manufacturer may be excluded from Oklahoma taxable income, or in the case of an individual, the

Oklahoma adjusted gross income, sixty-five percent (65%) of the cost of depreciable property purchased and utilized directly in manufacturing the product. The maximum exclusion shall not exceed Five Hundred Thousand Dollars ($500,000).

To qualify for the incentives, the product shall be patented or have patent pending pursuant to federal law and shall be registered with the Oklahoma Center for the Advancement of Science and Technology

(OCAST).

If the exclusion allowed exceeds the Oklahoma taxable income, or in the case of an individual, the

Oklahoma adjusted gross income, the amount of the exclusion that is in excess of such income may be carried forward as an exclusion against subsequent Oklahoma taxable income or in the case of an individual, subsequent Oklahoma adjusted gross income, for a period not to exceed four (4) years.

Manufacturing Sales Tax Exemptions: Oklahoma has a comprehensive sales tax exemption for manufacturers who qualify for and obtain a Manufacturer's Sales Tax Exemption Permit (MSEP). The exemptions cover purchases of machinery and equipment, energy and tangible personal property used in design, development and the manufacturing operation at the manufacturing site.

Five-Year Ad Valorem Tax Exemption: A qualifying manufacturing company can abate ad valorem taxes upon new, expanded or acquired manufacturing facilities and equipment for a period of five years. This incentive is available for manufacturing, research and development, warehouse and distribution, certain computer/data processing services, refinery and aircraft repair.

New Market Tax Credits: To spur private investment in low-income urban and rural communities, investors receive a 39% federal tax credit.

Freeport Inventory Benefits: Exempts from taxation goods, wares and merchandise that come from outside the state and leave the state within nine months if such goods, wares and merchandise are held for assembly, storage, manufacturing, processing or fabricating purposes within the state.

WORKFORCE DEVELOPMENT

Customized Industry Training Program: CareerTech's Customized Industry Training Program is an economic development tool that helps Oklahoma companies remain at the cutting edge by helping to defray the cost for training needed for their existing workforce.

This program is designed specifically to train the employees of one or a specific group of businesses or industries. Training must be job-related and the local technology center must have material participation in the delivery of training.

Companies work with their local CareerTech to determine if they are qualified for Customized Industry

Training funds to be leveraged in order to support their training goals. Training is, traditionally, company focused and operates on a fast-track schedule.

Training for Industry Program (TIP): The American dream is alive and well in Oklahoma, as companies secure their future with a talented, skilled and productive workforce. Whether a new or an expanding company in Oklahoma, the nationally acclaimed Training for Industry Program (TIP) can help a company create the trained workforce it needs in order to be productive from the start. And best of all – it's low or in some cases, at no cost to the company.

In existence since 1968, TIP has served thousands of companies. From manufacturing to warehouse and distribution centers, business services to aviation, biotech to food processing, CareerTech has the experience and expertise to build a skilled workforce. Totally customized and extremely flexible, TIP is delivered through Oklahoma's CareerTech System with 29 state-of-the-art technology centers in 59 locations across the state. The application process is very simple, has no cost and is quick to complete, especially with the free assistance of the state CareerTech staff and the local technology center.

Beyond start-up, CareerTech's technology centers provide ongoing, customized training for existing employees at significant cost savings. Each year thousands of Oklahoma companies keep their employees on the leading edge by taking advantage of programs like Customized Business and Industry Training, Management and Organization Development, Career Development for Adults, and the award-winning Safety Training. Whether using TIP or any of the programs for existing industry, there is expertise in a wide variety of disciplines, including:

- software skills training
- inventory management
- customer service
- safety training
- industrial maintenance
- ISO certification and maintenance
- SPC
- Lean
- Six Sigma
- team building
- front-line supervisor skills
- blueprint reading
- and far more

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

TEXAS

FINANCING & GRANTS

Texas Enterprise Fund: The 78th Texas Legislature established the Texas Enterprise Fund (TEF) to provide financial resources to help strengthen the state's economy. The Governor, Lieutenant Governor, and the Speaker of the House must unanimously agree to support the use of TEF for each specific project.

Projects that are considered for TEF support must demonstrate a project's worthiness, maximize the benefit to the state and realize a significant rate of return of the public dollars being used for economic development in Texas. Capital investment; job creation; wages generated; applicant's financial strength; applicant's business history; analysis of the relevant business sector; and federal and local government and private sector financial support of a project are all significant factors in approving the use of TEF.

The Economic Development & Tourism division of the Office of the Governor administers the Texas Enterprise Fund. Contact Nicole Ryf, Economic Development Finance Director, at Nicole.Ryf@gov.texas.gov if you have a project you believe may be a good applicant for TEF or visit https://texaswideopenforbusiness.com/services/texas-enterprise-fund.

Texas Enterprise Zone Program: Under the statewide cap of 105 projects per biennium a community with less than 250,000 in population may have up to six enterprise projects. A community with 250,000 in population or greater may have up to nine enterprise projects.

Upon a community designating a business as an enterprise project, and upon that project's designation being approved by the state, the business would be eligible for the following incentives:

State Sales and Use Tax refunds: An enterprise project is eligible for a refund for all state sales and use taxes paid and used at the qualified business site. The total amount of any refund will continue to be predicated on investment amount and number of jobs created/retained.

The refund for each designation can be an amount ranging from a minimum of $2,500 per job to a maximum of $7,500 per job as follows:

1. Half Enterprise Project:
    a. If project investment amount is greater than $40,000 and less than $400,000, then refund amount is $2,500 per job based on a minimum of 10 jobs created/retained;

    b. If project investment amount is equal to or greater than $400,000 and less than $1 million, then refund amount is $2,500 per job up to a maximum of 25 jobs created/retained;
    c. If project investment amount is equal to or greater than $1 million and less than $5 million, then refund amount is $2,500 per job up to a maximum of 125 jobs created/retained;
    d. If project investment amount is equal to or greater than $5 million or more, then refund amount is $2,500 per job up to a maximum of 250 jobs created/retained;
2. Enterprise Project: If project investment amount is equal to or greater than $5 million or more, then refund amount is $2,500 per job up to a maximum of 500 jobs created/retained;
3. Double Jumbo Enterprise Project: If project investment amount is equal to or greater than $150 million and less $250 million, then refund amount is $5,000 per job up to a maximum of 500 jobs created;
4. Triple Jumbo Enterprise Project: If project investment amount is equal to or greater than $250 million then refund amount is $7,500 per job up to a minimum of 500 jobs created. Maximum refund available is $3.75 million;

Receipts for purchases of building materials and machinery and equipment and payroll information are required to be retained as part of the audit process. The refund for sales and use tax must be for all eligible items for use at the qualified business site. For more information, please visit https://texaswideopenforbusiness.com/services/tax-incentives

Governor's University Research Initiative: The Governor's University Research Initiative (GURI) was enacted in 2015 by the 84th Legislature with a goal to bring the best and brightest distinguished researchers in the world to Texas. This program is a matching grant program to assist eligible institutions of higher education in recruiting distinguished researchers.

The GURI grant program is operated within the Office of the Governor, Economic Development and Tourism Division. For additional information please visit: http://gov.texas.gov/ecodev/guri/home

Texas Capital Fund Infrastructure / Real Estate Programs: The Texas Capital Fund Infrastructure Development and Real Estate Programs (INFRA/RE) are economic development tools designed to provide financial resources to non-entitlement communities. Funds from the infrastructure program can be utilized for public infrastructure needed to assist a business that commits to create and/or retain permanent jobs, primarily for low and moderate income persons. Funds from the real estate program must be used for real estate development to assist a business that commits to create and/or retain permanent jobs, primarily for low and moderate-income persons. The real estate and/or improvements must be owned by the community and leased to the business. These programs encourages new business development and expansions.

Eligible applicants are non-entitlement general purpose units of local government including cities and counties. Non-entitlement cities are located predominately in rural areas and are cities with populations less than 50,000 thousand persons; cities that are not designated as a central city of a metropolitan statistical area; and cites that are not participating in urban county programs.

Non-entitlement counties are also predominately rural in nature and are counties that generally have fewer than 200,000 persons in the non-entitlement cities and unincorporated areas located in the county. Businesses or individuals may not directly submit applications.

Award Amounts (Minimum/Maximum): $100,000/$1,500,000

The Texas Department of Agriculture administers the Texas Capital Fund programs. For more information, please visit http://texasagriculture.gov/GrantsServices/RuralEconomicDevelopment/TexasCapitalFund.aspx

Texas Leverage Fund: The Texas Leverage Fund (TLF) provides a source of financing to communities that have adopted an economic development sales tax. Communities may leverage future sales tax revenues to expand economic development through business expansions, business recruitment and exporting. Awarding loans from $25,000 to $5 million, the TLF is available for interim, long-term or gap financing.

TLF loans provide flexible financing terms to match the unique needs of communities. The funds are low-cost loans, providing capital to communities at floating Prime Rate, as published in the Wall Street Journal.

Generally, economic development corporations are eligible to borrow up to $5 million. Future sales tax revenues serve as collateral for loan repayment with required debt service coverage ratios specified in the Texas Leverage Fund Program Guidelines. Pledged tax collections not needed for actual debt service are available for other projects. Loan proceeds must be used to pay eligible "costs" of "projects" as defined by the amended Development Corporation Act of 1979. Under the Act, examples of eligible projects include land, buildings, machinery and equipment for manufacturing and industrial operations as well as sports, athletic, entertainment and public park purposes and events.

For more information and/or to request an application packet, please contact the Governor's Economic Development Finance department at (512) 936-0100 or visit https://texaswideopenforbusiness.com/services/financing.

Event Trust Funds: The Event Trust Funds applies local and state gains from sales and use, auto rental, hotel and alcoholic beverage taxes generated over a specified period of time. Eligible events are not restricted to sports, but the venue must have been selected through a highly competitive selection process.

The Events Trust Fund can be used to help pay costs related to preparing for or conducting an event, including equipment, or to pay principal and interest on notes used to build or improve facilities to host the proposed event. One hundred percent of allowable expenses can be funded provided sufficient tax receipts are deposited in the trust fund. The state has three separate event trust fund programs (the Events Trust Fund, Major Events Reimbursement Program and Motor Sports Racing Trust Fund), each designed to support different types of events.

For more information regarding the Event Trust Funds, please email the the Governor's Economic Development Finance team at eventsfund@gov.texas.gov or visit https://texaswideopenforbusiness.com/services/event-trust-funds

Sales Tax Bonds: Sales Tax Bonds do not fall under the volume cap and are eligible to communities that have passed the economic development sales tax (Type A and/or B). Ineligible projects include for-profit hospitals, multi-family projects, and municipal services.

Exempt-Facility Bonds: Bonds can be issued to finance certain facilities such as airports, dock and wharf facilities, mass commuting facilities, high-speed inter-rail facilities, or certain qualified hazardous waste facilities (including certain training and storage facilities). There is no limit on the amount of the issue and these issues do not require a reservation under the volume cap. Although the facility must be governmentally owned, it may be leased or subject to management contracts with the business.

Other types of exempt bonds include projects for water, sewage and solid waste facilities, facilities for the local furnishing of electricity or gas, and local district heating or cooling facilities. These types of exempt-facility issues must reserve a portion of the volume cap. Exempt-facility bonds that are not governmentally owned may reserve up to $25 million in tax-exempt volume cap allocation each year. However, there is no project size restriction.

Tax-Exempt Industrial Revenue Bonds: Tax-Exempt Industrial Revenue Bonds are designed to provide tax-exempt financing to finance land and depreciable property for eligible industrial or manufacturing projects. The maximum bond amount is $10 million, and can include certain capital and administrative costs.

On January 1, 2007, the maximum bond amount increased to $20 million. These issues must receive a reservation under the State's volume limitation ("volume cap") managed by the Texas Bond Review Board. Generally, the reservation of state ceiling issues is allocated by lottery in October of each program year. For more information, contact the Texas Bond Review Board at (512) 463-1741.

https://texaswideopenforbusiness.com/services/financing

Defense Economic Adjustment Assistance Grant (DEAAG): The Defense Economic Adjustment Assistance Grant Program (DEAAG), created in 1997, is a job creation grant program designed to assist adversely impacted defense communities that are responding to or recovering from a U.S. Department of Defense Base Realignment and Closure (BRAC) action, or reductions or termination of defense contracts. The program was later expanded to assist defense communities that have been positively affected by BRAC with new or expanded military missions, as well as qualified job retention.

DEAAG funding is available to local municipalities, counties, defense base development authority, junior college districts and Texas State Technical College campuses, and regional planning commissions representing these communities. Funding is available to meet matching requirements for federal funding or for the purchase of Department of Defense property, new construction, rehabilitation of facilities or infrastructure, or purchase of capital equipment or insurance. Grants awarded may range from $50,000 to $2 million per project. For more information please contact Keith Graf with the Office of the Governor at (512) 475-0487 or visit http://gov.texas.gov/military/grants

Texas Military Value Revolving Loan Fund: Created by the 78th Legislature and signed into law by Governor Rick Perry, the Texas Military Value Revolving Loan Fund, or the "Revolving Loan Fund" as it has become known, is designed to:

- Assist defense communities in enhancing the military value of a military facility in their area.
- Provide financial assistance to defense communities for job creating economic development projects that minimize the negative effects of a defense base realignment or closure decision that occurred in 2005 or later.

- Provide financial assistance to defense communities for an infrastructure project to accommodate new or expanded military missions resulting from a base realignment and closure decision that occurred in 2005 or later.

The Revolving Loan Fund provides a low cost source of revenue to eligible communities who meet the application criteria. The minimum amount of a loan is $1 million, while the maximum amount of a loan is determined by the availability of funds and the creditworthiness of the applicant, State funding will be obtained through the sale of general obligation bonds. The State may provide up to 100 percent of the cost of the described project, dependent upon the creditworthiness of the applicant.

For additional information please contact Keith Graf with the Office of the Governor's Texas Military Preparedness Commission at (512) 475-0487 or visit http://gov.texas.gov/military/loans

Product Development & Small Business Incubator Fund (PDSBI): The Texas Product Development and Small Business Incubator Fund, collectively PDSBI, is a revolving loan program financed through original bond issuances. The primary objective of the program is to aid in the development, production and commercialization of new or improved products and to foster and stimulate small business in the state. The fund provides asset-based lending with flexible loan terms, competitive Loan-to-Value (LTV) and interest rates. Loan proceeds can be used for a broad range of capital and operating expenditures. Your company can secure loans with property, plant and equipment which can be amortized over the life of the asset. Communities or individual investors can assist as Guarantors.

To be eligible, applicants must have at least 3 years of operating history and have unencumbered assets available for collateral. Preference for funding is given to the state's defined industry clusters including, but not limited to: nanotechnology, biotechnology, biomedicine, renewable energy, agriculture and aerospace. Texas is interested in creating and retaining high-quality jobs. The Governor's Economic Development Finance department administers the Texas Product/Business Fund at the direction of the Governor's appointed nine member board. For more information, contact (512) 936-0100 or TexasProduct.Fund@gov.texas.gov.

Texas Moving Image Industry Incentive Program

In 2007, the 81st Texas Legislature establishing the Texas Moving Image Industry Incentive Program which is administered by the Texas Film Commission under the Economic Development and Tourism Division of the Office of the Governor. The program is designed to provide grants to qualified applicant production companies to promote film, television, video game, animation and commercial industry and workforce growth in Texas.

The incentive is available in the form of a cash grant from 5 to 22.5 % of qualified in-state spending for eligible projects. Commercial and reality television projects are eligible for a cash production grant from 5 to 12.5% of qualified in-state spending. Both live action and animated projects are eligible. Grants are available upon project completion and submission of proof of eligible spending to the Texas Film Commission. There are no maximum grant amounts.

Specific eligibility qualifications for projects including investment thresholds, employment requirements, and content are available through the Texas Film Commission at http://governor.state.tx.us/film/incentives/miiip/

TAX INCENTIVES

State Sales & Use Tax Exemptions

Manufacturing Machinery & Equipment: Leased or purchased machinery, equipment, replacement parts, and accessories that are used or consumed in the manufacturing, processing, fabricating, or repairing of tangible personal property for ultimate sale, are exempt from state and local sales and use tax.

Texas businesses are exempt from paying state sales and use tax on labor for constructing new facilities.

Texas businesses are exempt from paying state sales and use tax on the purchase of machinery exclusively used in processing, packing, or marketing agricultural products by the original producer at a location operated by the original producer. https://texaswideopenforbusiness.com/services/tax-incentives

Natural Gas & Electricity: Texas companies are exempt from paying state and local sales and use tax on electricity and natural gas used in manufacturing, processing, or fabricating tangible personal property. The company must complete a "predominant use study" that shows that at least 50 percent of the electricity or natural gas consumed by the business directly causes a physical change to a product.

https://texaswideopenforbusiness.com/services/tax-incentives

Data Center Exemption: Texas provides 100% exemption on sales tax for computers, equipment, cooling systems, power infrastructure, electricity and fuel for Data Centers meeting the minimum thresholds of

$200 million in capital investment, 20 new jobs, and an average salary at least 120% of the county average salary. https://texaswideopenforbusiness.com/services/tax-incentives

Franchise Tax Exemption & Deduction for Business Relocation: Effective Jan 1, 2014 House Bill 500 provides authorization for a company to deduct moving expenses from their apportioned margin while calculating their franchise liability. Companies must relocate their principle place of business from out of State into Texas to obtain the deduction. A taxable entity may deduct relocation costs incurred in relocating the taxable entity's main office or other principal place of business to this state from another state if the business meets the criteria in Texas Tax Code Section 171.109(b). The taxable entity must take the deduction on the entity's first annual report described by Rule 3.584(c) (1)(C)(i). The deduction may not reduce apportioned margin below zero, and no carryover of unused deduction is allowed.

The bill also makes permanent an exemption for businesses that gross less than $1 million in revenue while providing a $1 million deduction for businesses once they pass the gross receipts revenue threshold. The bill also amends the margin calculation accordingly for equity.

Chapter 380 /381 Economic Development Agreements: Chapter 380 (Section 380.001) of the Local Government Code, authorizes municipalities to offer a range of incentives designed to promote state or local economic development. Specifically, it allows for the provision of loans and grants of city funds, as well as the use of city staff, city facilities or city services, at minimal or no charge.

To establish a loan or grant or to offer discounted or free city services, the city must meet the requirements contained in the Texas Constitution and in applicable Texas statutes. Additionally, cities must review their city charters and any other local provisions that may limit the city's ability to provide such a grant or loan. To determine the latitude of whether a municipality is able to offer a particular incentive of combination of incentives, local communities should consult their city attorney.

Chapter 381 of the Local Government Code allows counties to provide incentives encouraging developers to build in their jurisdictions.

A county may administer and develop a program to make loans and grants of public money to promote state or local economic development and to stimulate, encourage and develop business location and commercial activity in the county. The county also may develop and administer a program for entering into a tax abatement agreement. This tool allows counties to negotiate directly with developers and businesses. http://texasahead.org/tax_programs/ch380-381/

Ad Valorem/ Property Tax Exemption

Freeport Exemption: A community may choose to offer the Freeport exemption for various types of goods that are detained in Texas for a short period of time. Freeport property includes goods, wares, merchandise, ores, and certain aircraft and aircraft parts. Freeport property qualifies for an exemption from ad valorem taxation only if it has been detained in the state for 175 days or less for the purpose of assembly, storage, manufacturing, processing, or fabricating. For certain aircraft parts, a community, by official action, may extend the deadline to 730 days. For more information, please visit the following links:

- Texas Constitution Article 8, Section 1-J: http://www.statutes.legis.state.tx.us/Docs/CN/htm/CN.8.htm
- Application for Exemption of Goods Exported from Texas (50-113): http://www.window.state.tx.us/taxinfo/taxforms/50-113.pdf

Goods-in-Transit Incentive: House Bill 621 of the 80th Texas Legislature amends the Tax Code and the Government Code to add an exemption from ad valorem taxation for goods-in-transit.

To qualify for the exemption, personal property used for assembling, storing, manufacturing, processing, or fabricating purposes would have to be acquired in Texas or imported into Texas and stored at a Texas location in which the owner of the goods does not have a direct or indirect ownership interest. The goods-in-transit would have to be transported to another location in Texas or out of state no later than 175 days after the property was acquired in or imported into the state. Oil and gas and their immediate derivatives, aircraft, and dealer's special inventories would not qualify for the exemption.

For more information, please visit the following links:

- http://www.capitol.state.tx.us/BillLookup/BillSummary.aspx?LegSess=80R&Bill=HB621
- http://www.capitol.state.tx.us/tlodocs/80R/fiscalnotes/html/HB00621F.HTM

Pollution Control Equipment Incentive: A Texas constitutional amendment providing an exemption from property taxation for pollution control was approved in 1993. The intent was to ensure that compliance with environmental mandates, through capital investments, did not result in an increase in a facility's property taxes. A facility must first receive a determination from the Texas Commission on Environment Quality (TCEQ) that property is for pollution control purposes. That positive use determination is then provided to the local appraisal district, which must accept the TCEQ's decision and grant the property an exemption from property taxes.

To be eligible for a positive use determination, the property must have been purchased, acquired, constructed, installed, replaced, or reconstructed after January 1, 1994, to meet or exceed federal, state, or local environmental laws, rules, or regulations. For more information, please visit https://texaswideopenforbusiness.com/services/tax-incentives or contact David Greer with the Texas Commission on Environmental Quality at (512) 239-5344.

Renewable Energy Incentives

Wind and Solar Energy Tax Exemptions and Deductions: Tax Code Section 171.056 extends a franchise tax exemption to manufacturers, sellers, or installers of solar energy devices. The state also permits a corporate deduction from the state's franchise tax for renewable energy sources. Business owners may deduct the cost of the system from the company's taxable capital or deduct 10 percent from the company's income.

Wind energy qualifies under the term "solar energy" for the exemption and deduction under Sections 171.056 and 171.107. For more information on the tax exemption, visit the State Energy Conservation Office's web site at http://www.seco.cpa.state.tx.us/re/incentives-taxcode-statutes.php or contact the Comptroller of Public Accounts.

Texas property tax code permits a 100 percent exemption on the appraised value of solar, wind or biomass energy devices installed or constructed for the production and use of energy on-site. See Texas property tax Form 50-123, "Exemption Application for Solar or Wind-Powered Energy Devices" to claim this exemption.

Texas also offers a loan program for eligible efficiency technologies. The "LoanSTAR" program is available to schools, hospitals and local governments. The low interest loans are capped at a $5 million maximum and are required to meet certain technical guidelines including a detailed energy assessment report.

- Franchise tax questions: (800) 531-5441, ext. 5-9952 or (512) 305-9952
- Property tax questions: (800) 531-5441, ext. 5-9806 or (512) 305-9806
- Other Renewable and Conservation Incentives: http://www.seco.cpa.state.tx.us/funding/

Texas Research & Development Tax Credit: In 2013, the 83th Texas Legislature enacted House Bill 800 creating a Research & Development tax credit effective Jan. 1, 2014.

Providing companies a choice between a franchise tax credit and a sales tax exemption for materials, software, and equipment used for R&D purposes. Tax Code Chapter 171, subchapter M effectively establishes the qualifications, definitions and eligibility criteria for the credit. https://texaswideopenforbusiness.com/services/tax-incentives

Texas Economic Development Act / Chapter 313: In 2001, the 77th Texas Legislature enacted House Bill 1200 creating Tax Code Chapter 313, Texas Economic Development Act, to encourage large-scale manufacturing, research and development, renewable energy, nuclear and integrated gasification combined cycle electric generation facilities and other large capital investment projects in the State of Texas. It requires companies to invest a specified amount of money to qualify for a ten year limitation on the appraised value of a property for the maintenance and operations portion of the school district property tax. The local school district must elect to participate in order for the company to recognize this benefit. The Act also requires that the limitation on appraised value be a determining factor in the applicant's decision to invest capital and construct the project in the state and requires that the Comptroller state in writing the basis for that determination.

The qualifying investment amount is determined on a sliding scale that begins at $100 million for large urban areas and $30 million for rural areas. The qualifying investment amount is reduced for areas with a lower tax base. For more information, please visit http://www.texasahead.org/tax_programs/chapter313/

WORKFORCE DEVELOPMENT

Skills Development Fund: The Skills Development Fund is an innovative program created to assist Texas public community and technical colleges finance customized job training for their local businesses. The Fund was established by the Legislature in 1995 and is administered by the Texas Workforce Commission. Grants are provided to help companies and labor unions form partnerships with local community colleges and technical schools to provide custom job training. Average training costs is $1,800 per trainee; however, the benefit may vary depending on the proposal.

For more information, please contact Dale Robertson with the Texas Workforce Commission at (512) 463-8844 or visit http://www.twc.state.tx.us/partners/skills-development-fund.

Self-Sufficiency Fund: The Self-Sufficiency Fund is a job-training program that is specifically designed for individuals that receive Temporary Assistance for Needy Families (TANF). The program links the business community with local educational institutions and is administered by the Texas Workforce Commission.

The goal of the Fund is to assist TANF recipients become independent of government financial assistance.

The Fund makes grants available to eligible public colleges or to eligible private, nonprofit organizations to provide customized job training and training support services for specific employers. A joint application from the employer and the eligible public college and/or eligible private, nonprofit organization is required to be submitted to the Local Workforce Development Board for review and comment prior to approval.

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