

BUSINESS INCENTIVES PRACTICE

MAJOR INCENTIVE PROGRAMS INDIANA

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The Business Incentives Practice (“BIP”) strategically assists companies through the process of securing optimal incentive packages for projects considering an expansion, consolidation, or relocation. BIP leverages a project’s unique strengths and benefits to identify, negotiate, and implement all feasible economic development or government incentives (“Incentives”) opportunities. Moreover, BIP provides ongoing support and administration for a project to address any issues that may arise. By engaging BIP to work in parallel to the site selection team, businesses can have assurance that the optimal level of Incentives is secured and realized.

SERVICES

BIP’s mission is to develop a strategy that enhances business performance, while reducing a project’s up-front capital and ongoing operational costs through the procurement of Incentives. Many businesses are not aware they may be entitled to Incentives benefits for certain expansion, consolidation, and relocation activities. BIP identifies said opportunities through a multifaceted methodology that begins with careful analysis of project-specific data. The process continues with a detailed due diligence on all aspects of site-specific Incentives opportunities and concludes with the negotiation, implementation, and administration of Incentives.

RESULTS

BIP has successfully secured Incentives packages for a broad range of clients globally. The BIP team maintains a robust incentives database and along with its vast experience it facilitates the best possible results for a project. Since its inception, BIP professionals have negotiated in excess of \$3.0 billion in savings for its clients.



KEY PROJECT TYPES

BIP enables its clients to identify, negotiate, and quantify the myriad of incentives available through the federal, state, and municipal governments, as well as utilities service providers. BIP clients represent all industry sectors, ranging in size from Fortune 100 corporations to private owners, occupiers and developers. Almost any type of corporate location initiative can benefit from the use of C&W’s Business Incentives Practice:

- Corporate Headquarters Facilities
- Manufacturing Facilities
- R&D Centers
- Warehouse and Distribution Facilities
- Call Centers
- Data Centers
- Back-Office Centers
- Mixed-Use Developments

INDIANA’S RECENTLY AWARDED INCENTIVES (USD M)

COMPANY	INVESTMENT	JOBS	INCENTIVES
Asons	\$2.3	316	\$2.8
FCC Indiana	\$15.5	57	\$0.3
T&B Tube Company	\$5.6	100	\$0.9
Fred Smith Store Fixtures	\$8.5	40	\$0.2
Royal Interpack North America	\$11.9	135	\$0.7
Ward Corporation	\$6.2	42	\$0.3
Langham Logistics	\$0.9	20	\$0.1
American Stair Corporation	\$2.9	180	\$1.7
D-A Lubricant	\$3.9	25	\$0.2
American Stair	\$2.9	180	\$1.7
Healthx	\$0.2	40	\$0.6
Stratice Healthcare	\$0.7	43	\$0.8

OVERVIEW OF MAJOR INDIANA INCENTIVE PROGRAMS

ECONOMIC DEVELOPMENT FOR A GROWING ECONOMY (EDGE)

The EDGE Tax Credit is a refundable corporate income tax credit and is calculated as a percentage (not to exceed 100%) of the expected increased tax withholdings generated from new jobs creation. The credit certification is phased in annually for up to 10 years based upon the employment ramp-up outlined by the Project.

To be eligible for the tax credit:

- Project will result in net new jobs that were not previously performed by employees of the applicant;
- Project is economically sound and will benefit the people of Indiana by increasing opportunities for employment and strengthening the economy of Indiana;
- Project is being provided incentives by the municipalities affected by the Project; and
- Project must acknowledge that receiving the tax credit is a major factor in the decision to move forward with the Project and not receiving the tax credit will result in the applicant not creating new jobs in Indiana.

HOOSIER BUSINESS INVESTMENT (HBI) TAX CREDIT PROGRAM

The HBI Tax Credit provides a non-refundable corporate income tax credits calculated as a percentage of the eligible capital investment to support the project. The credit may be certified annually, based on the phase-in of eligible capital investment, over a period of two full calendar years from the commencement of the project.

To be eligible for the tax credit:

- Project will result in net new jobs that were not previously performed by employees of the applicant;
- Project is economically sound and will benefit the people of Indiana by increasing opportunities for employment and strengthening the economy of Indiana;
- Project is being provided incentives by the municipalities affected by the project; and,
- Project must acknowledge that receiving the tax credit is a major factor in the decision to move forward with the project and not receiving the tax credit will result in the applicant not creating new jobs in Indiana.

¹ Research and development equipment is defined as tangible personal property that consists of the following: laboratory equipment, computers, computer software, telecommunications equipment, or testing equipment. The equipment cannot have been used in Indiana previously for any other purpose. The acquired equipment must also be directly devoted to laboratory research and development for new products, new uses of existing products, or improving or testing existing products.

Indiana shows an average deal value of \$1.77 million with 112 new jobs created per deal

RESEARCH & DEVELOPMENT TAX CREDIT RESEARCH EXPENSE CREDITS

For expenses incurred after January 1, 2008, the credit is equal to the taxpayer's qualified research expense for the taxable year minus the base period amount up to \$1 million multiplied by 15 percent. A credit percentage of 10 percent is applied to any excess of qualified research expense over a base period amount greater than \$1 million. Credits awarded under this program may be carried forward for 10 taxable years. A taxpayer who qualifies for the exemption must claim the exemption in a manner prescribed by the Indiana Department of Revenue.

RESEARCH AND DEVELOPMENT SALES TAX EXEMPTION

There is a 100 percent sales tax exemption for qualified research and development equipment¹ bought on or after July 1, 2007. The amount varies based upon the amount of the qualifying transaction. A taxpayer who qualifies for the exemption must claim the exemption in a manner prescribed by the Indiana Department of Revenue.

SKILLS ENHANCEMENT FUND (SEF)

The SEF provides assistance to businesses to support training and upgrading skills of employees required to support new capital investment. The grant may be provided to reimburse a portion (typically 50%) of eligible training costs over a period of two full calendar years from the commencement of the project. Eligible training expenses include all expenses associated with employee training **except**:

- Trainee wages;

- Orientation related to new hires; and,
- Safety training (OSHA).

OTHER INDIANA INCENTIVE PROGRAMS

- Hoosier Alternative Fuel Vehicle Manufacturer Credit
- Headquarters Relocation Tax Credit
- Industrial Recovery Tax Credit
- Venture Capital Investment Tax Credit
- Patent Income Exemption
- Right-To-Work
- Industrial Development Grant Fund
- Certified Technology Ready Program
- Indiana Shovel Ready Program
- Small Business Innovation Research Initiative & Small Business Technology

For more information, contact:

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