

BUSINESS INCENTIVES PRACTICE

MAJOR INCENTIVE PROGRAMS

MAINE

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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

MAINE’S RECENTLY AWARDED INCENTIVES (USD M)

COMPANY	INVESTMENT	JOBS	INCENTIVES
Fresh Off the Farm	N/A	9	\$0.3
Athens Energy	\$30.3	200	\$12.0
Pleasant River Lumber	\$0.8	8	\$0.2
Bath Iron Works	\$32.0	N/A	\$3.7
Lincoln Street Hoteliers	\$12.3	17	\$7.0
C&L Aerospace	\$5.0	70	\$0.6
Millennium Marine	\$0.1	50	\$1.4
Hodgdon Shipbuilding	N/A	70	\$0.3
Maine Standards Company	\$4.0	25	\$0.5
Kestrel Aircraft Company	\$100.0	600	\$27.8

OVERVIEW OF MAJOR MAINE INCENTIVE PROGRAMS

EMPLOYMENT TAX INCREMENT FINANCING

Employment Tax Increment Financing (ETIF) is a state program that helps new and established Maine businesses to hire new employees by refunding from 30-80% of the state withholding taxes paid by the business for up to ten years. The reimbursement rate rises with the level of local unemployment, with those in Pine Tree Development Zones receiving the highest rate. Eligible businesses must hire 5 or more new, full-time employees over a two-year period. Retail-only and not-for-profit businesses are **not** eligible for ETIF.

PINE TREE DEVELOPMENT ZONES

The Pine Tree Development Zone (PTDZ) program offers eligible businesses the chance to greatly reduce or virtually eliminate state taxes for up to ten years when they create new, quality jobs in certain business sectors or move existing jobs in those sectors to Maine. Depending on business sector and location, a business may be eligible for corporate tax credits, sales and use tax exemptions for both personal and real property, withholding tax reimbursements of 80%, and reduced electricity rates. Eligible sectors are:

- Biotechnology
- Aquaculture and Marine Technology
- Composite Materials Technology
- Environmental Technology
- Advanced Technologies for Forestry and Agriculture
- Manufacturing and Precision Manufacturing
- Information Technology
- Financial Services

A new, quality job is defined as one that:

- Meets the income requirements for the current year. Income includes “income derived from employment” (IDE) or employee earnings, and employer payments toward employee benefits including retirement, health insurance, education, and dependent care.
- Includes access to group health insurance with an employer contribution encouraged but not required
- Includes access to group retirement benefits subject to ERISA with an employer contribution encouraged but not required.

PTDZ benefits do not apply to jobs moved from one area to another within the state.

Maine shows an average deal value of \$3.52 million with 82 new jobs created per deal

TECHNOLOGY TAX CREDITS

Maine offers tax credits and sales tax exemptions for businesses engaged in certain specialized areas. In general, R&D tax credits are based on federal IRS rules and applied for as part of a company’s state corporate tax return. Sales tax exemptions are applied either at the time of purchase using an Industrial Users Blanket Sales Tax Certificate of Exemption or as a refund with the Refund Form.

- **Research Expense Credit:** Based on a percentage of the federal credit for increasing research activities. Limitations: the credit is equal to 5% of the excess qualified research expenses over the previous three-year average plus 7.5% of the basic research payments. For corporate taxpayers, the credit is further limited to 100% of the first \$25,000 in tax liability plus 75% of the tax liability in excess of \$25,000. The credit cannot be carried back, but can be carried forward for up to 15 years.
- **Super Research & Development Credit:** Based on qualified research payments exceeding 150% of the average for the three-year period prior to the effective date of the credit. Limitations: the credit is limited to 50% of the tax otherwise due after all other credits. Further, the credit cannot reduce tax liability below the amount due the previous year after credits. The credit cannot be carried back, but can be carried forward for up to five years.
- **High-Technology Investment Tax Credit:** Based on the adjusted basis of eligible equipment. Limitations: the credit is limited to high-tech equipment purchased (or leased) by businesses engaged primarily in high-tech activities. The credit cannot reduce tax to an amount below the previous year’s tax after credits. The credit cannot be carried back, but can be carried forward for up to five years.

OTHER MAINE INCENTIVE PROGRAMS

- Cluster Initiative Program
- Maine Technology Asset Fund
- R&D Seed Grant Program
- R&D Development Loans
- Techstart Program
- Commercial Loan Insurance Program
- Small Enterprise Growth Seed Fund
- State Small Business Credit Initiatives
- Economic Recovery Loan Program
- Commercial Facilities Development Program
- Maine Economic Development Venture Capital Revolving Investment Program
- Agricultural Marketing Loan Fund
- Energy Conservation Loan Program
- Community Development Block Grant Program
- Small Enterprise Growth Fund
- Seed Capital Tax Credit
- Maine New Markets Capital Investment Program
- Tax Increment Financing
- Certified Media Production Tax Credit

For more information, contact:

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