

BUSINESS INCENTIVES PRACTICE

MAJOR INCENTIVE PROGRAMS WISCONSIN

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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

WISCONSIN’S RECENTLY AWARDED INCENTIVES (USD M)

COMPANY	INVESTMENT	JOBS	INCENTIVES
Exact Sciences	\$26.3	758	\$9.00 M
Toolamation Services	\$1.4	16	\$0.79 M
Novation Companies	\$0.4	88	\$0.75 M
MasterMold	\$15.2	165	\$1.10 M
4imprint	\$10.8	150	\$1.00 M
Infiniti Metals	\$1.0	65	\$0.37 M
Pratt Industries	\$52.0	140	\$7.95 M
Cambridge Major Laboratories	\$20.0	75	\$0.80 M
OEM Industries	\$3.0	100	\$1.70 M
Agropur	\$55.0	22	\$1.65 M
Baker Cheese Factory	\$7.0	40	\$0.80 M
Dynamic Fabrication & Finishing	\$15.9	75	\$1.10 M

OVERVIEW OF MAJOR WISCONSIN INCENTIVE PROGRAMS

MAJOR ECONOMIC DEVELOPMENT PROGRAM

The Major Economic Development Program (MED) is designed to assist businesses that invest private funds and create jobs as they expand in – or relocate to – Wisconsin. Eligibility for this discretionary grant program is subject to (1) a significant capital investment relative to the State as a whole, and (2) involve the retention or creation of a significant number of jobs. Eligible activities include construction and expansion; working capital; and acquisition of existing businesses, land, buildings, and equipment. The amount of the award available in the program varies between \$3,000 and \$10,000 per full-time job created.

ECONOMIC DEVELOPMENT TAX CREDIT

Businesses that begin operating in, relocate to, or expand an existing operation in Wisconsin may be eligible for Economic Development Tax Credits (ETC). Under the program, tax credits are allocated for the creation or the retention of full-time jobs. The amount of credits available are based on the wage range of the jobs, number of jobs to be created or retained, capital investment made by the business, and training costs for new or current employees.

Additionally, evaluation of ETC applications will include the following factors:

- Whether the project might not occur without the allocation of tax credits
- The extent to which the project will be financed with other forms of public assistance
- Whether the project will displace workers in this state
- The extent to which the project will retain or increase employment in this state
- The extent to which the project will contribute to the economic growth of this state
- The financial soundness of the business
- Any previous financial assistance that the business received from the Department of Commerce/WEDC

Ineligible businesses include payday loan and title loan companies; telemarketing; pawn shops; media outlets, such as newspapers and radio, unless the job creation is significant; retail; farms; primary care medical facilities; financial institutions; tourism, unless the job creation is significant; and the hospitality industry. Unused credits may be carried forward for up to 15 years.

JOBS TAX CREDIT

Businesses located in or relocating to Wisconsin that create full-time jobs may be eligible for Jobs Tax Credits. To qualify for the Wisconsin Jobs Tax Credit, the following criteria must be met:

Wisconsin shows an average deal value of \$2.98 million with 109 new jobs created per deal

- The Wisconsin Economic Development Corporation must certify that the claimant is operating or intends to operate a business in Wisconsin and that a contract has been entered into with the Wisconsin Economic Development Corporation.
- The claimant has received from the Wisconsin Economic Development Corporation a notice of eligibility to receive tax benefits that reports the amount of tax benefit for which the claimant is eligible.

The credit is based on the amount of wages paid to eligible employees in the taxable year, subject to a maximum amount of 10 percent of such wages, and the costs incurred by the claimant to undertake training activities in the current year. Positions that are created as a result of the tax credits claimed shall be maintained for at least five years after the certification date established by WEDC. The credit is refundable. If the allowable credit exceeds the tax due, the balance will be paid to you.

JOB CREATION DEDUCTION

Beginning with taxable years starting on or after January 1, 2011, a subtraction from federal income is allowed based on the increase in the number of full-time equivalent employees that are employed in Wisconsin during the taxable year. The subtraction from federal income is equal to \$2,000 per eligible employee for businesses with gross receipts greater than \$5 million or \$4,000 per eligible employee for businesses with gross receipts of \$5 million or less. To qualify for the Wisconsin jobs creation deduction, the following conditions must be met:

- The employer must increase the number of full-time equivalent employees employed in Wisconsin during the taxable year
- The employer can be an existing business or a new business

- The business relocation credit or deduction cannot also be claimed

MANUFACTURING & AGRICULTURE CREDIT

The manufacturing and agriculture credit is available to individuals and entities for taxable years that begin on or after January 1, 2013, for manufacturing and agricultural activities in Wisconsin. The tax credit is available for income derived from manufacturing or agricultural property located in Wisconsin. In order to qualify, claimants must own or rent real or personal agriculture / manufacturing property.

The amount of credit available is determined as a percentage of "eligible qualified production activities income." The credit is calculated by multiplying eligible qualified production activities income by one of the following percentages:

- Tax year 2014 = 3.75%
- Tax year 2015 = 5.526%
- Tax year 2016 = 7.5%

For a corporation, eligible qualified production activities income is the lesser of:

- eligible qualified production activities income,
- income apportioned to Wisconsin, or
- income taxable to Wisconsin as determined by combined reporting law, if the corporation is a member of a Wisconsin combined group

The credit can only be used to offset the Wisconsin franchise or income tax due of the corporation that generated it. It cannot be shared with other members of a combined group. The amount of credit not entirely offset against Wisconsin income or franchise taxes may be carried forward and credited against Wisconsin income or franchise taxes due for up to 15 years.

RESEARCH & DEVELOPMENT TAX CREDIT

The research expense credit provides an incentive for increasing qualified research activities in the state of Wisconsin. The credit equals 5 percent of the difference between the claimant's qualified research expenses incurred for research conducted in Wisconsin and its Wisconsin base amount. "Qualified research expenses" are defined in section 41(b) of the Internal Revenue Code.

- The credit is 10% for qualified research related to designing internal combustion engines for vehicles including expenses related to designing vehicles that are powered by such engines and improving production processes for such engines and vehicles
- The credit is 10% for qualified research related to the design and manufacturing of energy efficient lighting systems, building automation and control systems, or automotive batteries for use in hybrid-electric vehicles, that reduce the demands for natural gas or electricity or improve the efficiency of its use

CUSTOMIZED LABOR TRAINING FUND

The Customized Labor Training (CLT) grant program is administered through the Wisconsin Development Fund (WDF) and provides grants to businesses to fund labor training programs that; (a) provide employees with job training in new or more advanced technology, industrial and other employment-related skills; or (b) job training in manufacturing processes to assist employers in maintaining a technologically advanced workforce. Eligible businesses include firms that are locating or expanding in Wisconsin, or are upgrading a product, process, or service that requires training its employees in new technology, and industrial skills, or manufacturing processes, or other job-related skills in which advances have been made. The training must not be readily available through existing federal, state, or local resources, must occur in an instructional setting, and must be new or relatively new to the industry or business. Recipients must guarantee jobs in Wisconsin to all persons successfully completing the training program.

Under CLT, the Department can finance up to 50 percent of eligible project costs, not to exceed \$2,500 per employee trained. However, the actual level of award for any project is based on analysis of the following: (a) viability of the project; (b) number and nature of jobs created; (c) employee wages and benefits; and (d) the economic impact on the community. Grant funds may be used to pay base wages of trainees and associated instructional costs. Training may be provided by the business that receives the award, other businesses, a consultant or contractor, a local technical college, an adult education school, or a public or private secondary or post-secondary school. Awards cannot be used to fund the following costs incurred by a technical college or public secondary or post-secondary institution: (a) recruiting instructors before the training program begins; (b) developing program curricula; (c) recruiting, screening and counseling program trainees; (d) financial audit costs; and (e) renting instructional equipment and training facilities owned or leased by the district or institution, unless rented only for the training program.

OTHER WISCONSIN INCENTIVE PROGRAMS

- Brownfield Program
- Capacity Building Grants
- Transportation Economic Assistance
- Enterprise Zone Tax Credit
- Development Opportunity Zone Tax Credit
- Manufacturing Machinery & Equipment
- Industrial Revenue Bond
- Business Opportunity Loan Fund
- Impact Loan Program
- Clean Energy Revolving Loan Fund
- Idle Industrial Sites Redevelopment Program
- Community Development Investment Grant Program
- Certified States Program
- Technology Development Loan Fund
- Seed Accelerator Program
- Global Business Development Grants
- Qualified New Business Venture (QNBV) Program
- Wisconsin Dairy & Livestock Farm Investment Credit

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