

# SITE SELECTION & BUSINESS INCENTIVES

## WHAT ARE SITE SELECTION & BUSINESS INCENTIVES?

Site Selection & Business Incentives are inducements offered by local, state and federal agencies to attract investment and jobs.

- Incentives are investments made by communities and states that are intended to generate a positive economic return by building a tax base.
- Incentives are generally performance based; companies receive benefit to the level performed.
- In a successful project, everyone wins – business, community and citizens.

## WHO QUALIFIES FOR INCENTIVES?

- Non-retail businesses that create at least 15 jobs, make an investment in real estate (lease or purchase) or purchase equipment may be eligible to receive business incentives.
- The amount of incentives offered will depend on several factors, including number of jobs to be created, average wage of new jobs, proposed capital investment, type of industry, competition for the project and project location.

## WHAT TYPE OF INCENTIVES ARE AVAILABLE?

Types and value of incentives will vary by community and state; however, common incentives include the following:

- Job Creation Tax Credits
- Investment Tax Credits
- Venture Capital Tax Credits
- Subsidized/Free Real Estate
- Training Assistance
- Reduced Permitting Fees
- Discretionary Funding
- Real & Personal Property Tax Abatements
- Infrastructure Grants
- Low Interest Project Financing
- Expedited Approvals
- Tax Increment Financing

## WHEN SHOULD A COMPANY INVESTIGATE INCENTIVES?

An organization should investigate incentives PRIOR to hiring new employees, making the capital investment or signing lease/purchase agreements for optimal results.

### KEY ACTIONS that should trigger a look at potential incentives:

- Adding Jobs
- Buying or Building a New Facility or Land
- Considering Acquisition or Merger
- Relocating Operations
- Expanding or Downsizing Operations
- Purchasing Equipment

## OUR EXPERTS



**JENNY MASSEY**  
DIRECTOR, SITE SELECTION  
& BUSINESS INCENTIVES

**T:** 317.440.2450  
**E:** [jenny.massey@sikich.com](mailto:jenny.massey@sikich.com)



**ABBEY TITZER**  
MANAGER OF CLIENT SERVICES

**T:** 317.660.4406  
**E:** [abbey.titzer@sikich.com](mailto:abbey.titzer@sikich.com)

## SITE SELECTION & BUSINESS INCENTIVES

### OTHER BUSINESS INCENTIVES TO CONSIDER

**Employee Retention Credit (ERC)** - While it is no longer in effect for 2022, there is still an opportunity to reduce payroll taxes or file for a refund of payroll taxes for 2020 and 2021.

- For startup businesses initiating operations after February 15, 2020, there is a unique opportunity. Businesses qualify for a credit of up to \$50,000 per quarter for 2021 Q3 and Q4.
- For all other businesses, some different rules apply, and we invite you to review the rules with one of our experts.

**Work Opportunity Tax Credit (WOTC)** - This is a federal tax credit aimed to incentivize companies to hire individuals from certain targeted groups, such as veterans, ex-felons, unemployed citizens and more.

- The incentive is not based on net new hires, but total hires.
- The maximum tax credit is generally \$2,400 per hire.

**The Next Level Grant** - This is through the Department of Workforce Development, which reimburses employers who train, hire and retain new or incumbent workers to fill in-demand positions within recognized job fields. **\*It isn't open to accept applications until July of each year.**

- It targets mid-level training. Think upskilling – so certifications that will raise wages, for the most part, will qualify.
- The Grant reimburses employers up to \$5,000 per employee who is trained, hired and retained for six months, up to \$50,000 per employer.

**R&D Tax Credit** - This is a state and federal incentive to encourage U.S.-based companies to continue to innovate within their industry.

- Companies could generate cash rewards upwards of 15% back from all qualified R&D expenses.
- If you have any of the following activities, you may qualify for R&D tax credits:
  - » Designing, developing or formulating new/improved products
  - » Developing production processes or tooling
  - » Developing software for internal use or for sale to customers
  - » Applying for patents

**Venture Capital Investment (VCI) Tax Credit** - Investors who provide qualified debt or equity capital to qualified Indiana companies may receive a 25% credit against their Indiana tax liability.

- If you invest in a women-owned, veteran-owned or minority-owned business, you will receive a 30% credit against your tax liability.
- Note that BOTH your company and the investor must be approved as “qualified” PRIOR to the investment being made.
- Out-of-state investors may sell their tax credits to an Indiana entity if they do not have a tax liability.

**Utility Sales Tax Exemption** - The utility sales tax exemption is state legislation that is used as an economic incentive to encourage manufacturing and production within the state. It is only available through an audit if you can prove 50% or more of utilities are used for manufacturing. Three years retroactive refund and no sales tax on these utilities moving forward.

- Available in 30 states.
- Sales Tax Exemptions available for the following: electric, natural gas, water, steam and industrial gases.

### INDIANA TRANSPARENCY PORTAL

The Transparency Portal was created for taxpayers to view how tax dollars are used.

You can search for companies that have incentives and see its project progress here: <https://www.in.gov/itp/>.