Is the Grass Always Greener on the Other Side?

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Senior Associate

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Senior Associate

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About CBIZ MHM

HQ in Cleveland Ohio

6,000 employees nationwide with international connections

The Tax Incentives Team

Kansas City is home base

National practice

Expertise in every state
What We Do

Our goal is to help our clients make an informed decision and meet program requirements

• Negotiate incentives
• Review proposals
• Prepare side by side state comparison
• Provide the pros and cons
• Prepare all paperwork
Overview

• Do you think other states have more incentives and more funding than Missouri?

• The grass may not be greener on the other side!

• Two of my team members will be presenting information about surrounding states

• State Overview
  – Eligible Industries
  – State Program Criteria
  – Comparison of Missouri Works to the contiguous State’s Program: Kansas/Illinois/Arkansas/Iowa

• Scenarios

• Questions
About the Presenters

• Lynne Cobin
  – Responsible for projects in a 15 state area, primarily South and East of Missouri. Lynne will be providing an overview of Kansas and Arkansas.

• Stephanie Harris
  – Responsible for projects in a 14 state area, primarily North and East of Missouri. Stephanie will be providing an overview of Illinois and Iowa.
Qualifying Industries - Missouri

Examples of industries eligible for program:

- For profit/non-profit businesses
- Administrative or R &D office that serve a multistate territory
- Headquarters (regardless of industry, national HQ may qualify)

Ineligible Industries include: Gambling establishments, religious organizations, store front consumer-based retail, educational services, food and drinking establishments, public utility, public administration, healthcare and social services, ethanol or biodiesel production
## Missouri Works

<table>
<thead>
<tr>
<th>Category</th>
<th>Min # Jobs in 2 Years</th>
<th>Required % of County Avg. Wage (CAW)</th>
<th>Minimum Capital Investment</th>
<th>Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone Works</td>
<td>2 net new</td>
<td>80% of CAW</td>
<td>$100,000</td>
<td>Retain 100% of WH</td>
</tr>
<tr>
<td>Rural Works</td>
<td>2 net new</td>
<td>90% of CAW</td>
<td>$100,000</td>
<td>Retain 100% of WH</td>
</tr>
</tbody>
</table>
| Statewide Works | 10 net new            | 90% of CAW                           | n/a                         | • Retain 100% of WH
• Max. Up to 9% of payroll |
| Mega 120        | 100 net new           | 120% of CAW                          | n/a                         | • 6% of payroll
• Max. Up to 9% of payroll |
| Mega 140        | 100 net new           | 140% of CAW                          | n/a                         | • 7% of payroll
• Max. Up to 9% of payroll |
## Missouri Overview

<table>
<thead>
<tr>
<th>Category</th>
<th>Missouri</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory vs Discretionary</td>
<td>Statutory &amp; Discretionary</td>
</tr>
<tr>
<td>Application Process</td>
<td>Notice of intent (NOI)</td>
</tr>
<tr>
<td>Program Criteria</td>
<td>Hiring, investment &amp; wages</td>
</tr>
<tr>
<td>Benefit</td>
<td>100% of new employee w/h up to 9% of payroll</td>
</tr>
<tr>
<td>Cash vs Credit</td>
<td>Cash – refundable, transferable &amp; sellable</td>
</tr>
<tr>
<td>Reporting</td>
<td>Annual</td>
</tr>
<tr>
<td>Clawback</td>
<td>Benefits end at default</td>
</tr>
<tr>
<td>Other</td>
<td>Hiring can begin after NOI 35 hours/week full time</td>
</tr>
</tbody>
</table>
Kansas PEAK Program

Eligible industries include:

- Manufacturing
- Healthcare Sciences & Services
- Transportation & Logistics
- Energy
- Sustainable Agriculture

- Professional & Technical Services
- Headquarters (including the ineligible industries)

_Ineligible Industries include:_ Retail Trade, Public Administration, Educational Services, Utilities, Non-Profits, Religious Organizations, and Casinos
<table>
<thead>
<tr>
<th>Category</th>
<th>Min # Jobs in 2 Years</th>
<th>Required% of County Median Wage (CMW)</th>
<th>Minimum Capital Investment</th>
<th>Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural Counties</td>
<td>5 net new</td>
<td>100% of CMW</td>
<td>n/a</td>
<td>Retain up to 95% of WH</td>
</tr>
<tr>
<td>Metro Counties</td>
<td>10 net new</td>
<td>100% of CMW</td>
<td>n/a</td>
<td>Retain up to 95% of WH</td>
</tr>
<tr>
<td>High Impact</td>
<td>100 net new</td>
<td>100% of CMW</td>
<td>n/a</td>
<td>Retain up to 95% of WH</td>
</tr>
</tbody>
</table>
## Comparison

<table>
<thead>
<tr>
<th>Category</th>
<th>Missouri</th>
<th>Kansas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory vs Discretionary</td>
<td>Statutory &amp; Discretionary</td>
<td>Discretionary</td>
</tr>
<tr>
<td>Application Process</td>
<td>Notice of Intent (NOI)</td>
<td>Offer/proposal from the state 30 day minimum for application</td>
</tr>
<tr>
<td>Program Criteria</td>
<td>Hiring, investment &amp; wages</td>
<td>Hiring &amp; wages</td>
</tr>
<tr>
<td>Benefit</td>
<td>100% of new employee w/h up to 9% of payroll</td>
<td>Up to 95 % of new employee w/h</td>
</tr>
<tr>
<td>Cash vs Credit</td>
<td>Cash – refundable, transferable &amp; sellable</td>
<td>Cash</td>
</tr>
<tr>
<td>Reporting</td>
<td>Annual</td>
<td>Quarterly &amp; 3 annual reports</td>
</tr>
<tr>
<td>Clawback</td>
<td>Benefits end at default</td>
<td>Depending on default: reduced benefit (term or cap) or pay back</td>
</tr>
<tr>
<td>Other</td>
<td>Hiring can begin after NOI 35 hours/week fulltime</td>
<td>Hiring can begin after application 20 hours/week full time</td>
</tr>
</tbody>
</table>
Illinois EDGE program

Eligible companies must add to the export potential of Illinois:

- Manufacturing
- Healthcare Sciences & Services
- Transportation & Logistics
- Energy
- Sustainable Agriculture
- Professional & Technical Services
- Businesses with state income tax liability

*Ineligible Industries include:* Retail Trade, Personal Services, Non-Profits, Religious and Government Organizations, and Casinos
Criteria

Small: <100 employees
• $1 M capital investment
• 5 new FT jobs

Large: >100 employees
• $5 M capital investment
• 25 new FT jobs

Benefits:
• Income tax credit equal to new employee state withholding (avg. 5% of gross pay) up to 10 years
• Tax credit capped at amount of investment and/or length of project investment
<table>
<thead>
<tr>
<th>Category</th>
<th>Missouri</th>
<th>Illinois</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory vs Discretionary</td>
<td>Statutory &amp; Discretionary</td>
<td>Discretionary</td>
</tr>
<tr>
<td>Application Process</td>
<td>Notice of Intent (NOI)</td>
<td>90 day minimum – Application must be accepted</td>
</tr>
<tr>
<td>Program Criteria</td>
<td>Hiring, investment &amp; wages</td>
<td>Hiring &amp; investment w/in 2yrs – competitive component</td>
</tr>
<tr>
<td>Benefit</td>
<td>100% of new employee w/h up to 9% of payroll</td>
<td>Tax credit = IL w/h on new employees</td>
</tr>
<tr>
<td>Cash vs Credit</td>
<td>Cash – refundable, transferable &amp; sellable</td>
<td>Tax Credit</td>
</tr>
<tr>
<td>Reporting</td>
<td>Annual</td>
<td>2 reports each year</td>
</tr>
<tr>
<td>Clawback</td>
<td>Benefits end at default</td>
<td>Must maintain jobs for 5 years</td>
</tr>
<tr>
<td>Other</td>
<td>Hiring can begin after NOI 35 hours/week fulltime</td>
<td>NPV of 10 year lease 35 hours/week full time</td>
</tr>
</tbody>
</table>
Arkansas Qualified Industries

- Manufacturing
- Design and development of prepackaged software, digital content production. Eligible-computer related businesses must derive at least 75% of their revenue from out-of-state sales
- Motion picture production that derive at least 75% of their revenue from out-of-state sales
- Distribution centers or intermodal facilities

*Ineligible Industries include:* Retail Trade, Personal Services, Non-Profits, Religious and Government Organizations
Arkansas counties are ranked into four tiers based on poverty rate, population growth, per capita personal income and unemployment rate.

Create Rebate program – minimum payroll threshold is $2,000,000. Rebate is 5% of the company’s annual payroll for new full-time permanent employees.
# Comparison

<table>
<thead>
<tr>
<th>Category</th>
<th>Missouri</th>
<th>Arkansas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory vs Discretionary</td>
<td>Statutory &amp; Discretionary</td>
<td>Statutory</td>
</tr>
<tr>
<td>Application Process</td>
<td>Notice of Intent (NOI)</td>
<td>Application</td>
</tr>
<tr>
<td>Program Criteria</td>
<td>Hiring, investment &amp; wages</td>
<td>Based on location &amp; wages</td>
</tr>
<tr>
<td>Benefit</td>
<td>100% of new employee w/h up to 9% of payroll</td>
<td>% of payroll</td>
</tr>
<tr>
<td>Cash vs Credit</td>
<td>Cash – refundable, transferable &amp; sellable</td>
<td>Both</td>
</tr>
<tr>
<td>Reporting</td>
<td>Annual</td>
<td>Annual</td>
</tr>
<tr>
<td>Clawback</td>
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<td>Hiring can begin after application 30 hours/week full time</td>
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Iowa

Examples of companies eligible for program:

- Manufacturing
- Headquarters
- Healthcare Sciences & Services
- Transportation & Logistics
- Energy
- Sustainable Agriculture

**Ineligible Industries include:** Retail Trade or Service Industry
# Iowa High Quality Job Program

<table>
<thead>
<tr>
<th>Amount of Qualifying Investment</th>
<th>No Jobs Created</th>
<th>Number of Jobs Created or Retained with a Qualifying Wage Including Sufficient Employee Benefits Equal to 120% of the County Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Modernization or Retention Projects Only</td>
<td>1 - 5 Jobs</td>
</tr>
<tr>
<td><strong>Less than $100,000</strong></td>
<td>Up to 1% ITC</td>
<td>Up to 2% ITC</td>
</tr>
<tr>
<td><strong>$100,000 - $499,999</strong></td>
<td>Up to 1% ITC Sales Tax Refund</td>
<td>Up to 2% ITC Sales Tax Refund</td>
</tr>
<tr>
<td><strong>$500,000 +</strong></td>
<td>Up to 1% ITC Sales Tax Refund Research Activities Tax Credits</td>
<td>Up to 2% ITC Sales Tax Refund Research Activities Tax Credits</td>
</tr>
</tbody>
</table>

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<tr>
<th>Amount of Qualifying Investment</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>$10,000,000 or more</strong></td>
<td>31 - 40 Jobs</td>
</tr>
<tr>
<td></td>
<td>Up to 8% ITC Sales Tax Refund Research Activities Tax Credits Local Property Tax Exemption</td>
</tr>
<tr>
<td>Category</td>
<td>Missouri</td>
</tr>
<tr>
<td>------------------------</td>
<td>-----------------------------------------------</td>
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There are many other programs!

- Zone Related
- Industry Related
- Research & Development
- Innovation or Technology

**Potential Benefits:**

- Exemption on tax paid on building materials
- Investment tax credit on qualified property
- Income tax credit for hiring of dislocated or economically disadvantaged individual
- Sales tax exemption
- Utility tax exemption
- Real Estate Transfer Tax Waiver
- Real estate tax rebates for soft costs (legal, engineering, architectural) related to project
- Training cost reimbursement
Example Scenarios
We want every company to obtain and maximize the incentives that are available. We can help at all stages of the incentive process - Proposal, Application, Reporting and Meeting the Deadlines.

Please call us before it’s too late!

Betty Nelson-Ekey       (913) 234-1069
Stephanie Harris       (913) 234-1718
Lynne Cobin            (913) 234-1841