

Economic Incentive Summaries

In addition to the program responses summarized in the previous section, Washington state has a number of economic programs that provide tax credits, rebates or deferrals. Thirty eight of those incentive programs are summarized below.

Each of these programs is managed by the Washington Department of Revenue. For more information about any of these programs, visit the website at:

<http://dor.wa.gov/Content/FindTaxesAndRates/TaxIncentives/IncentivePrograms.aspx>

or contact:

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The programs are outlined in Table 11 below. For easier access, the incentive programs have been categorized according to the major industry or group benefiting.

Table 11: Economic Incentive Programs

Aerospace

- Reduced B&O Tax Rate for Aerospace Businesses
- Sales & Use Tax Exemption for Aerospace Manufacturers for Computer Hardware/Software/Peripherals
- Aerospace Reduced B&O Rate for FAR Part 145 Repair Stations
- Aerospace B&O Credit for Preproduction Development Expenditures
- B&O Credit for Property/Leasehold Taxes paid on Aerospace Manufacturing Facilities

Aluminum Smelters

- Power & Gas Tax Exemption for Aluminum Smelters
- B&O Tax Credit for Property Tax on Aluminum Smelter
- B&O Tax Credit For State Portion of Sales Tax on Materials Used in Aluminum Smelter
- Reduced B&O Tax Rate for Aluminum Smelting

Anaerobic Digesters

- Sales/Use Tax Exemption for Anaerobic Digesters

Table 11: Economic Incentive Programs (continued)

Biofuels

B&O Tax Deduction for Retail Sales of Biofuels/Alcohol Fuels
Property/Leasehold Tax Exemption for Manufacturers of Biodiesel/Alcohol Fuel, etc
Reduced B&O Tax Rate for Manufacturing Biodiesel/Alcohol Fuel, etc.

Electrolytic Processing

Public Utility Tax Exemption for Power for Electrolytic Processing

Energy Systems and Facilities

Sales/Use Tax Exemption for Energy Generating Facilities
Reduced B&O Tax Rate for Solar Energy System Manufacturers & Wholesalers

Farm and Livestock Uses

Sales/Use Tax Exemption for Farm Fuel Users
Sales/Use Tax Exemption for Livestock Nutrient Management Equipment & Facilities

Food Manufacturing

Sales Tax Deferral/Waiver on Construction of Cold Storage & Certain Food
Manufacturing/Processing Facilities
B&O Tax Exemption for Manufacturers of Dairy and Seafood Products
B&O Tax Exemption for Manufacturers of Fresh Fruit & Vegetables

Help Desk Operations

B&O Credit for Third Party Help Desk Services in Rural Counties

International Business

B&O Tax Credit for New Employment in International Services

Machinery and Equipment

Sales/Use Tax Exemption for Replacement Parts for Farm Machinery & Equipment
Sales/Use Tax Exemption for Machinery/Equipment, Delivery Vehicles & Construction of
Facilities for Retail Sales of Biofuels

Manufacturing

B&O Credit for New Employees in Manufacturing and Research & Development in Rural
County
Rural County Sales & Use Tax Deferral/Waiver for Manufacturing Facilities
Sales and Use Tax Exemption for Manufacturing Machinery & Equipment

Public Utilities

Main Street Tax Credit – B&O Tax/Public Utility Tax Credit

Semiconductors

Sales/Use Tax Exemption for Purchases of Semiconductor Gasses & Chemicals
Reduced B&O Tax Rate for Manufacturers of Semiconductor Materials

Economic Development for a Growing Economy (EDGE) Tax Credit

The Economic Development for a Growing Economy (EDGE) is a refundable tax credit program that rewards companies creating jobs and contributing to the growth of Indiana's economy. EDGE credits are calculated as a percentage of payroll tax withholding for net new Indiana jobs. EDGE credits may be awarded for a period of up to 10 years.

Headquarters Relocation Tax Credit

When a business relocates its corporate headquarters (defined as the location of the principal office of the principal executives) to Indiana, it is entitled to a credit against its state tax liability equal to half of the costs incurred in relocating the headquarters. A company must have a worldwide annual revenue of at least \$100 million to qualify.

Hoosier Business Investment Tax Credit (HBITC)

This program encourages capital investment in Indiana by providing a credit against a company's Indiana tax liability. The credit amount is based on a company's qualified capital investment with the final credit amount determined by the Indiana Economic Development Corporation, based on an analysis of the economic benefits of the proposed investment.

Industrial Recovery Tax Credit

The Industrial Recovery tax credit provides an incentive for companies to invest in facilities requiring significant rehabilitation or remodeling expense. After a building has been designated as an industrial recovery site, companies may be eligible for a tax credit calculated as a percentage of qualified rehabilitation expense.

Venture Capital Investment Tax Credit

The Venture Capital Investment Tax Credit was established to improve access to capital to fast growing Indiana companies by providing individual and corporate investors an additional incentive to invest in early stage firms. Investors who provide qualified debt or equity capital to Indiana companies receive a credit against their Indiana income tax liability.

Media Production Sales Tax Exemption

The Media Production Expenditure Tax Credit (MPETC) was established to further grow the Indiana production industry by providing individuals and companies a refundable tax credit of up to 15 percent of the amount spent in Indiana for qualified production expenditures.

Tax-exempt Bonds

Private Activity Bonds are often called Industrial Revenue Bonds (IRBs) or Industrial Development Bonds (IDBs) and are issued by state or local governmental entities for the benefit of a private company, usually manufacturers. Interest on the bonds is generally exempt from federal income taxes for investors, which typically results in lower long-term interest rates to the borrower.

Loan Guaranty Program

IEDC can provide a loan guaranty to a lender for the benefit of a high-growth/high-skilled company, manufacturer, rural development project, value-added agricultural enterprise or another type of business that creates or retains a significant number of Hoosier jobs.

Capital Access Program (CAP)

The Capital Access Program (CAP) is a small business credit enhancement program that creates a specific cash reserve fund for the lender to use as additional collateral for loans enrolled in the Program. CAP allows lenders to consider loans that might not meet conventional lending requirements.

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21st Century Research and Technology Fund

The Indiana 21st Century Research and Technology Fund was created to stimulate the process of diversifying the State's economy by developing and commercializing advanced technologies in Indiana. The Board, representing most of the academic and commercial sectors of the State, approves awards.

Industrial Development Grant Fund (IDGF)

This grant provides money to local governments for off-site infrastructure projects associated with an expansion of an existing Indiana company or the location of a new facility in Indiana. State funding through the IDGF program must be matched by a combination of local government and company financial support.

Small Business Innovation Research Initiative (SBIR/STTR)

The Small Business Innovation Research (SBIR) — along with its sister program, the Small Business Technology Transfer program (STTR) — are highly competitive and encourage small businesses to explore their technological potential. SBIR/STTR funding is available from 11 participating agencies throughout the United States and focuses on various technological areas.

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Patent Tax Exemption

The Patent Tax Exemption allows certain income derived from qualified patents to be exempt from taxation. The Tax Exemption for Patent-Derived Income defines qualified patents to include only utility patents and plant patents. The total amount of exemptions claimed by a taxpayer in a taxable year may not exceed \$5 million.

Certified Tech Parks

The Certified Technology Parks program supports the attraction and growth of high-technology business in Indiana and promotes technology transfer opportunities. Designation as a Certified Tech Park allows for the local recapture of certain state and local tax revenue which can be invested in the development of the park.

Regional Economic Development Partnership Programs

In order to spur further regional economic development initiatives, this program was created to encourage communities to think, plan and act regionally, and to provide additional resource support for regional initiatives. The objective is to build on the work already done to define regional economies, develop regional growth strategies, accelerate effective regional economic development.

• [click for more information](#)

Regulatory Ombudsman

The Indiana Economic Development Corporation's regulatory ombudsman assists in the process of obtaining the permits and approvals necessary for a business operation. The ombudsman serves as a liaison between companies, communities, local economic development organizations and regulatory agencies.

Shovel Ready

The Shovel Ready Program is a new state program created to help communities certify sites as "ready for development." Shovel Ready is designed to ultimately help companies locate and develop a property site quickly. This provides a competitive advantage for Indiana and gets Hoosier jobs here faster.

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