

*Is the Grass Always **Greener** on the Other Side?*

Betty Nelson-Ekey
Managing Director

Stephanie Harris, CPA
Senior Associate

Lynne Cobin
Senior Associate



Mayer
Hoffman
McCann P.C.
An Independent CPA Firm



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About CBIZ MHM

HQ in Cleveland Ohio



Major Metropolitan Market
Local Office

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

Category	Min # Jobs in 2 Years	Required % of County Avg. Wage (CAW)	Minimum Capital Investment	Benefit
Zone Works	2 net new	80% of CAW	\$100,000	Retain 100% of WH
Rural Works	2 net new	90% of CAW	\$100,000	Retain 100% of WH
Statewide Works	10 net new	90% of CAW	n/a	<ul style="list-style-type: none"> • Retain 100% of WH • Max. Up to 9% of payroll
Mega 120	100 net new	120% of CAW	n/a	<ul style="list-style-type: none"> • 6% of payroll • Max. Up to 9% of payroll
Mega 140	100 net new	140% of CAW	n/a	<ul style="list-style-type: none"> • 7% of payroll • Max. Up to 9% of payroll



Missouri Overview

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





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





Criteria for Kansas Withholding Programs

Category	Min # Jobs in 2 Years	Required% of County Median Wage (CMW)	Minimum Capital Investment	Benefit
Rural Counties	5 net new	100% of CMW	n/a	Retain up to 95% of WH
Metro Counties	10 net new	100% of CMW	n/a	Retain up to 95% of WH
High Impact	100 net new	100% of CMW	n/a	Retain up to 95% of WH





Comparison

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



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





Comparison

Category	Missouri	Illinois
Statutory vs Discretionary	Statutory & Discretionary	Discretionary
Application Process	Notice of Intent (NOI)	90 day minimum – Application must be accepted
Program Criteria	Hiring, investment & wages	Hiring & investment w/in 2yrs – competitive component
Benefit	100% of new employee w/h up to 9% of payroll	Tax credit = IL w/h on new employees
Cash vs Credit	Cash – refundable, transferable & sellable	Tax Credit
Reporting	Annual	2 reports each year
Clawback	Benefits end at default	Must maintain jobs for 5 years
Other	Hiring can begin after NOI 35 hours/week fulltime	NPV of 10 year lease 35 hours/week full time



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
- Office sector business
- National or regional HQ
- Firms engaged in commercial, physical and biological research
- Scientific and technical services businesses that derive at least 75% of their revenue from out-of-state sales

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





Advantage Arkansas

Tier	Payroll Threshold	Benefit based on payroll of new, full-time permanent employees
1	\$125,000	1% of payroll
2	\$100,000	2% of payroll
3	\$75,000	3% of payroll
4	\$50,000	4% of payroll

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

Category	Missouri	Arkansas
Statutory vs Discretionary	Statutory & Discretionary	Statutory
Application Process	Notice of Intent (NOI)	Application
Program Criteria	Hiring, investment & wages	Based on location & wages
Benefit	100% of new employee w/h up to 9% of payroll	% of payroll
Cash vs Credit	Cash – refundable, transferable & sellable	Both
Reporting	Annual	Annual
Clawback	Benefits end at default	Benefits end at default
Other	Hiring can begin after NOI 35 hours/week fulltime	Hiring can begin after application 30 hours/week full time



Iowa

Examples of companies eligible for program:

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

Ineligible Industries include: Retail Trade or Service Industry





Iowa High Quality Job Program

Amount of Qualifying Investment	No Jobs Created Modernization or Retention Projects Only	Number of Jobs Created or Retained with a Qualifying Wage Including Sufficient Employee Benefits Equal to 120% of the County Wage			
		1 - 5 Jobs	6 - 10 Jobs	11 - 15 Jobs	16+ Jobs
Less than \$100,000	Up to 1% ITC	Up to 2% ITC	Up to 3% ITC	Up to 4% ITC	Up to 5% ITC
\$100,000 - \$499,999	Up to 1% ITC Sales Tax Refund	Up to 2% ITC Sales Tax Refund	Up to 3% ITC Sales Tax Refund	Up to 4% ITC Sales Tax Refund	Up to 5% ITC Sales Tax Refund
\$500,000 +	Up to 1% ITC Sales Tax Refund Research Activities Tax Credits	Up to 2% ITC Sales Tax Refund Research Activities Tax Credits	Up to 3% ITC Sales Tax Refund Research Activities Tax Credits	Up to 4% ITC Sales Tax Refund Research Activities Tax Credits	Up to 5% ITC Sales Tax Refund Research Activities Tax Credits
Amount of Qualifying Investment	Number of Jobs Created or Retained with a Qualifying Wage Including Sufficient Employee Benefits Equal to 120% of the County Wage				
	31 - 40 Jobs	41 - 60 Jobs	61 - 80 Jobs	81 - 100 Jobs	101+ Jobs
\$10,000,000 or more	Up to 6% ITC Sales Tax Refund Research Activities Tax Credits Local Property Tax Exemption	Up to 7% ITC Sales Tax Refund Research Activities Tax Credits Local Property Tax Exemption	Up to 8% ITC Sales Tax Refund Research Activities Tax Credits Local Property Tax Exemption	Up to 9% ITC Sales Tax Refund Research Activities Tax Credits Local Property Tax Exemption	Up to 10% ITC Sales Tax Refund Research Activities Tax Credits Local Property Tax Exemption



Comparison

Category	Missouri	Iowa
Statutory vs Discretionary	Statutory & Discretionary	Discretionary
Application Process	Notice of Intent (NOI)	Project initiation rule – min 90 days
Program Criteria	Hiring, investment & wages	120% CAW, Investment, Local match, sufficient benefits
Benefit	100% of new employee w/h up to 9% of payroll	Loans, tax credits, exemptions, refunds
Cash vs Credit	Cash – refundable, transferable & sellable	Both
Reporting	Annual	Annual + 2 program (3 & 5 yr)
Clawback	Benefits end at default	Reduced benefits
Other	Hiring can begin after NOI 35 hours/week fulltime	Min. 5 year lease Only consider major renovations for investment



There are many other programs!

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

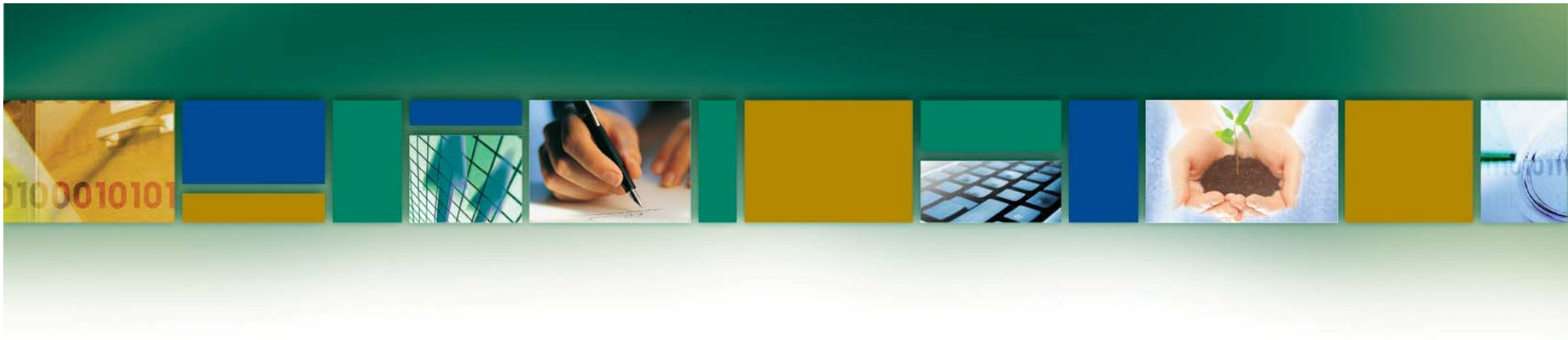
Potential Benefits:

- 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

