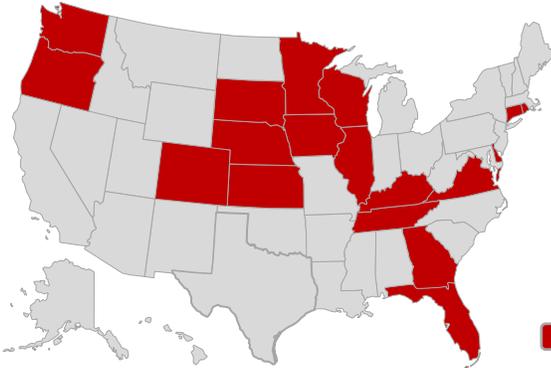


LEGISLATIVE AND INCENTIVE UPDATE

May 2012

The 2012 Legislative Sessions began with many Legislators submitting proposals promising new and repurposed incentive legislation. Many new ideas flowed from newly minted elected officials now sworn into office from the elections last November.

Understanding the competitive economic climate, legislatures across the country continue to propose new economic development legislation to compete in today's tenuous economic environment. With many States considering economic development legislation, the list below reflects what has been signed into law or awaiting signature.



Colorado

Governor Hickenlooper on March 24th signed legislation which allows cities, counties and special districts to fully exempt relocating or expanding businesses from having to pay property tax as part of an economic-development incentive package. Local governments have only been allowed to offer 50 percent discounts on their portion of the tax previous to passage of the new law, which takes effect on Aug. 7, 2012.

■ States included

Connecticut

The Subsidized Training and Employment Program is a new state program aimed at growing small businesses by rewarding those that hire the unemployed began in February. Known as STEP UP, the program was created during a special legislative session last October. It provides employers with six-month wage subsidies, up to \$20 an hour, and training grants to small manufacturers, up to \$12,500 over a six-month period. Businesses with 50 or fewer employees are eligible for the program.

Delaware

State officials have launched the Delaware State Small Business Credit Initiative in hopes of generating economic growth. The program offers below-market loans funded by a \$12.1 million commitment from the U.S. Treasury. Delaware expects to generate at least \$10 in new private lending for every \$1 in federal funding, supporting up to \$121 million in new private lending.

Florida

Governor Scott signed Florida's Energy Bill reinstating tax credits for investments in renewable energy technologies and production including biomass, solar energy, geothermal energy, wind energy, ocean energy, waste heat or hydroelectric power.

The Florida Department of Transportation has a new program for commuters called the 826/836 Incentive Program offering qualified travelers the opportunity to carpool for cash. The program is designed to help alleviate the traffic along State Road 826 and State Road 836 in Miami-Dade while the interchange of the two highways is reconstructed. The project is expected to last through the fall of 2015.

Budget signed by Governor Scott includes \$10 million for Space Florida.

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Georgia

The State Senate and House have passed revisions to the Georgia TV and Film Tax Incentive Program that will keep it alive but provide more safeguards to better ensure the state is getting proper promotional value from production companies. Governor Deal is expected to sign the bill. The bill keeps a 20 percent tax credit for qualified production companies that spend at least \$500,000 in the State in a given year. It also provides a bonus 10 percent tax credit if the film, TV show, music video or video game includes a special peach logo to promote Georgia tourism.

Illinois

The State has announced that David Vaught has been named the new director of the Illinois Department of Commerce and Economic Opportunity.

Iowa

Funding now available through the State Small Business Credit Initiative (SSBCI) will support the launch of the Iowa Capital Access Program, and to enhance two existing programs: the Iowa Demonstration Fund Program, and the Iowa Small Business Loan Program. Total allocation is \$13,200,000.

Kansas

Governor Brownback signed an executive order on July 27th, 2011 establishing the Governor's Council of Economic Advisors replacing Kansas Inc, an economic development agency created in 1986. The council will have three main responsibilities:

- Coordinate strategic planning and economic development resources.
- Evaluate state policies and agencies performances.
- Conduct research on topics such as Kansas' basic industries, tax competitiveness, and regulatory structure.

Kentucky

Kentucky Governor Steve Beshear has signed a bill into law that gives tax incentives to automakers in the State. The new law allows manufacturers and suppliers to tap the incentives if they have 1,000 employees, have been in business in Kentucky for at least five years and are willing to invest \$100 million in the state. The law is an extension of a 2007 program that allowed Ford to invest more than one billion dollars into its two Louisville plants to expand the workforce and re-tool assembly lines

Minnesota

Minnesota Governor Mark Dayton on Monday signed into law some proposals to further ease environmental permitting headaches for businesses. Under the new law, the Minnesota Pollution Control Agency and the Department of Natural Resources will be free to act on any permit application within 150 days of submission. The law also speeds up the environmental permitting process for businesses that hire a permit professional licensed by the state with at least 10 years of permit application experience.

Nebraska

Governor Heineman has signed three economic development bills into law. The measures will provide a sales-and-use tax exemption for biochips used in genetic science, reduce the income tax burden on Nebraska-based businesses that serve customers in other states, and the third new tax incentive law is designed to attract data centers to Nebraska and encourage expansions.

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Oregon

Governor Kitzhaber signed the Oregon Investment Act. The act establishes the 'Oregon Growth Fund' and creates the 'Oregon Growth Board.' It has to submit a plan of operation to the next legislature in 2013.

Rhode Island

Governor Chafee and the Rhode Island Economic Development Corporation (RIEDC) RIEDC Board of Directors have adopted a focused yet flexible plan aimed at streamlining state and local regulatory processes to save companies time and money and accelerate the creation of jobs, while protecting the health, safety and quality of life for Rhode Island's citizens.

South Dakota

The South Dakota House failed to override Governor Dugaard's veto of a bill that would have refunded about half the construction taxes for large wind energy projects and an environmental upgrade at Big Stone Power Plant. The bill would have provided tax refunds beginning in January 2013 for wind energy projects or environmental upgrades at power plants costing more than \$50 million.

Tennessee

Governor Bill Haslam and Transportation Commissioner John Schroer have released a 3-year transportation plan for the state. The \$1.5 billion plan includes improvements to the interstate system, such as truck climbing lanes and interchange reconstruction. It also funds projects along strategic corridors such as U.S. 27 in Roane, Morgan and Scott counties; U.S. 79 in Carroll and Gibson counties; and U.S. 64 in Middle and West Tennessee

Virginia

Governor McDonnell amended the Comprehensive Port of Virginia Promotion and Reform Bill and the Comprehensive Virginia Commercial Space Flight Authority Promotion and Reform Bill. The amendments call for the creation of the Port of Virginia Economic and Infrastructure Development Zone, which will help attract the distribution, manufacturing, warehousing and other support facilities needed for the port to realize its projected growth. The Amendments also reconstitutes the Virginia Commercial Space Flight Authority and increases the amount of annual dedicated funding from \$7.5 million to \$9.5 million.

Washington

Governor Gregoire signed legislation enabling data centers locating in rural Washington counties sales and use tax exemptions, previously expired in mid-year 2011. The legislation exempts data center related purchases and installation costs of servers and electrical equipment until July 1, 2012.

Wisconsin

Governor Scott Walker has signed two pieces of economic development legislation. One of the new laws tweaks a state program that encourages angel investing. The program makes financial backers of certain young, high-potential businesses eligible for a 25% tax credit on the amount they invest in the company. The second piece of signed allows the Wisconsin Housing and Economic Development Authority to issue federally tax-exempt bonds to finance new business expansion. The new law removes restrictions from the 1980s that had limited WHEDA from financing business development projects.