

Business Incentives Advisory

Business incentives may be available to facilitate your company's growth and investment initiatives. Whether your planned investment will create new facilities, expand or relocate operations, penetrate new markets, grow product lines, hire additional or replacement employees, provide a training or retraining program or initiate research and development, business incentives are likely to be available at the federal, state and local levels to offset some of your company's costs.



Value in Our Relationships and in Our Structure

Duff & Phelps' Business Incentives Group is a national and global leader in the practice of assisting businesses in realizing economic development incentives. With dedicated incentives professionals strategically located across the United States, we are uniquely positioned to enable you to maximize the tax and non-tax incentives awarded to your projects. Our team of highly experienced economic development professionals, many of whom have served on the government side of the negotiating table, form a network of local practices.

Decades of experience in providing expert business incentives advice has taught us that the value clients derive from such services improves dramatically when they are delivered by practitioners who are known in the community where our client's project is located.

Our strategic geographic network of business incentives experts gives Duff & Phelps the ability to bring value in three important ways:

- More local knowledge of programs and people means we will find savings where others who are further away from your projects cannot.
- We also find the answers and secure value faster. This is critical since your development timeline cannot be delayed while awaiting an incentive determination.
- Our service model is more efficient, since we do not have to fly our specialists long distances to represent our clients on Business Incentives matters. This allows Duff & Phelps to provide greater value for every dollar of the client fee.

Business Incentives Advisory Services

- Negotiation strategy
- Representation and expert testimony in public forums
- Economic and fiscal impact analyses
- Site selection support and comparative location cost modeling
- Thorough and systematic statutory tax credit identification
- Strategies to reduce federal taxes on business incentives
- Application writing; form preparation
- Administrative compliance; computer-assisted monitoring and tracking of tax and non-tax benefits secured

Your Issues →

- Lack of awareness of potential benefits
- Overburdened in-house personnel
- What to ask for? Who to ask? How to make the best case?
- Potential for premature announcement to destroy leverage
- Investment/development timeline is inconsistent with maximizing business incentives
- You only wish to pay for success

Duff & Phelps Solutions →

- Strategically located professional network with detailed knowledge and extensive local contacts
- Proprietary database of credits and incentives; enterprise zone mapping software
- Economists and accredited models to estimate the fiscal benefits to government
- Timely and appropriate intervention
- Comprehensive compliance capabilities
- Flexible fee structure including success fees where permissible

Your Benefits

- Savings of up to 100% of upfront project costs and an average of 10% of overall project costs
- Tax credits, exemptions, abatements—property, income, sales, employment
- Cash grants for training, capital investment, infrastructure, wage subsidies, interest offsets
- Operating cost relief: Financing, utility discounts
- Assurance that all business incentives opportunities are maximized

Duff & Phelps' Business Incentives Advisory practice is focused on assisting companies in capturing the following types of economic development incentives:

Capital Investment

- **Real and Personal Property Tax Exemptions**
The most commonly available economic development incentive in the U.S. is the property tax exemption, which typically is granted for multiple years.
- **Investment and Research & Development Tax Credits**
Investment tax credits at the state level subsidize the purchase of eligible buildings and equipment. R&D credits support research.
- **Project Grants**
Investment project grants may take the form of cash subsidies or tax credits.
- **Land, Infrastructure and Real Property Grants**
Grants of land and other property provide significant subsidies, while vital infrastructure may be provided without cost to your company.

Location-Specific Benefits

- **Discretionary Government Assistance**
State and local government officials have discretion over tax and grant programs designed to stimulate the local economy. Such programs may be tapped to provide millions of dollars in annually recurring savings.
- **Federal Empowerment Zones**
Empowerment zone benefits are available to new and existing businesses in the form of income tax credits and tax exempt financing in specific geographic areas.
- **State Enterprise Zones**
Enterprise zones at the state level may offer income tax credits, property tax abatements, sales and use tax exemptions and other assistance based on the location of the business and/or residence of new hires.
- **Foreign Trade Zones**
FTZs designated by the federal government offer excellent incentive opportunities for companies doing business across international borders.

Operations/Financing

- **Reduced Cost Financing**
Interest subsidies and tax-exempt financing are available in some states. Occasionally, loaned amounts are forgiven as companies meet job retention commitments.
- **Tax Increment Financing**
Tax increment financing is used in many states to abate real and personal property taxes and reduce project financing costs. Government-issued bond proceeds may be used to reduce project costs in a variety of ways.
- **Utility Discounts**
"Economic development" projects may receive favorable rates for electricity and telecom services.
- **Sales & Use Tax Exemptions**
Government agencies may assign their tax-exempt status to project purchases, thereby eliminating the sales and use taxes.
- **Relocation Cost Subsidies**
State-level programs may be available to pay a portion of the cost of moving operations into and within a state.

People

- **Wage Subsidies**
An increasing number of states offer cash grants or tax credits to subsidize wages as an inducement to new and existing business to create or retain jobs. The best-known of such programs include the North Carolina JDIG, the Kentucky job assessment fee, the Michigan MEGA, the Indiana EDGE and the New Jersey BEIP.
- **Hiring From Targeted Populations**
Some states and the federal government offer tax credits for hiring individuals from certain disadvantaged groups or neighborhoods.
- **Recruitment Assistance**
Grants may be available to offset recruiting costs, which can be substantial, especially in an expansion situation.
- **Training Assistance**
State tax credits and cash grants are increasingly available to offset a portion of anticipated training, both on-the-job and classroom.

For more information please visit our website:
www.duffandphelps.com

About Duff & Phelps

As a leading global independent provider of financial advisory and investment banking services, Duff & Phelps delivers trusted advice to our clients principally in the areas of valuation, transactions, financial restructuring, dispute and taxation. Our world class capabilities and resources, combined with an agile and responsive delivery, distinguish our clients' experience in working with us. With offices in North America, Europe and Asia, Duff & Phelps is committed to fulfilling its mission to protect, recover and maximize value for its clients.

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