

Incentives

Terre Haute, Indiana

Available Incentives

The City of Terre Haute and Vigo County, in partnership with the State of Indiana, offer a wide variety on incentive programs to businesses that are expanding their operation or to those establishing new operation in our community. The Terre Haute Economic Development Corporation works closely with local and state officials to develop customized packages that meet the needs of business and the interests of the community. The scope of project incentives is based on number and type of new jobs created or retained in Indiana, and new capital investments made in the community.

The Terre Haute EDC facilitates business requests in the City of Terre Haute and Vigo County. All information required for qualification remains confidential. For assistance, telephone (812) 234-2524 or e-mail us at info@terrehauteedc.com

Local Incentives

Property Tax Abatement

The Terre Haute Common Council and the Vigo County Council may approve tax abatements on both real and depreciable personal property for manufacturing companies that make a significant investment in our community and create good-paying jobs for our citizens. Real property tax abatement is a declining percentage of the increase in assessed value of real property improvements based upon one of ten time periods and percentages. Land does not qualify for abatement. Depreciable personal property abatement is a declining percentage of the assessed value of newly-installed manufacturing equipment based upon one of ten periods and percentages. Used manufacturing equipment can also qualify for abatement as long as the equipment is new to the state.

Tax Increment Financing Assistance (TIF)

Tax increment is the property tax revenues collected on the increased assessed valuation of real or personal property in an area being developed or redeveloped. Tax increment may also included property tax revenues collected on the increased assessed valuation of depreciable personal property of any designation tax payer in an area being developed or redeveloped and all other depreciable persona; property located and taxable on the designated taxpayer's site of operations in the area being developed or redeveloped.

Tax increment revenues may be used to pay the principal and interest on any bonds issued for the purpose of financing or refinancing the redevelopment or economic development of the allocation area; establish, augment or restore the debt service reserve for bonds; pay principal and interest on bonds issued by the unit pay for local public improvements in or serving the allocation area; make payments on leases in the allocation area and provide funding for numerous other initiatives as defined by statute.

Tax-Exempt Bonds

Tax Exempt bonds provide capital financing at lower rates than most conventional financing sources. Interest rates and terms are negotiated. Bonds are issued through loan, lease, or sale agreements. The bonds can finance facilities for manufacturing and certain other projects. Bothe the City of Terre Haute and Vigo County have successful track records of working with local manufacturers to provide tax-exempt bond financing. Volume cap is the amount of tax-exempt financing for certain types of private companies allowed in a state in a calendar year. A company must obtain an award of volume cap before it can have tax-exempt bonds issued for its project.

Certified Technology Park

A result of 2002's tax restructuring legislation, the Indiana Economic development Corporation's Certified Technology Park program encourages the location of high-technology businesses within area identified by local redevelopment commissions. In Terre Haute, the Rose-Hulman Institute of Technology South campus was

Contact Information

Terre Haute Economic Development Corporation
630 Wabash Avenue, Suite 101 • Terre Haute, IN 47807
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designated as a Certified Technology Park in 2004. Portions of tax revenues generated by tenants are reinvested into the park and used for improvements, operation and maintenance of facilities, payment of interest and principal on bonds and other business-generating activities.

State Incentives

Workforce Training Assistance

Businesses can apply for reimbursement grants to subsidize the cost of training and retraining employees through the states' Skills 2016 program. This reimbursement program covers up to 50 percent of eligible training costs which include instructor wages, tuition, and training materials. The maximum award for retraining is \$200,000. Below describes some programs included in the states' reimbursement grant program.

- The **Skills Enhancement Fund (SEF)** provides assistance to businesses committed to training their workforce. Businesses can apply for reimbursement grants to subsidize the cost of training and retraining employees over a two-year term. Trainees must be Indiana residents. This reimbursement program covers up to 50 percent of eligible training costs, which include instructor wages, tuition, and training materials. The maximum award for retraining is \$200,000.
- The **Technology Enhancement Certification for Hoosiers (TECH) Fund** reimburses activities that result in a full-time employee receiving portable certification in systems administration, systems engineering, of software development, a professional certification, or other certification in advanced e-business enabling applications.

Tax Credits and Exemptions

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 new Indiana jobs. Edge may be awarded for up to 100 percent of the projected withholdings attributable to the company's Indiana project, and EDGE tax credits may be awarded for a period no to exceed ten-years.

- The **Hoosier Business Investment Tax Credit (HBITC)** 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 through the Indiana Economic development Corporation, based on an analysis of the economic benefits of the proposed investment. HBITC is established by I.C. 6-3.1.26.

The calculation of Credits is done through the Indiana Economic Development Corporation who certifies the amount on the qualified investment that is eligible for credit and the amount directly related to expanding the workforce in Indiana.

A company's credit award may be up to ten-percent of the qualified capital investment and may be carried forward for nine-years. The Indiana Economic Development Corporation determines the applicable credit percentage and carry forward term on a case-by-case basis.

- **Industrial Development Grant Fund (IDGF)** is awarded to eligible units of government to help them meet the infrastructure needs of a new or expanding business. The infrastructure project must support new business development, which is defined as either an expansion of an existing company or the location of a new manufacturing facility. Public-installed infrastructure may be improved up to, but not onto, the company's property; except in the case of rail spurs which may be funded on company property.

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- Eligible Activities include water lines, sewer lines, drainage facilities, wastewater treatment facilities, road improvements, rail spurs and fiber optical cable.
- The **Hoosier Headquarters Relocation Tax Credit (HHRTC)** is for a business that relocates its corporate headquarters to a location in Indiana. It is entitled to a credit against its state tax liability equal to 50 percent of the costs incurred in relocating the headquarters. After relocation, the corporation must have 75-employees in Indiana. However, a company must have worldwide annual revenue of at least \$100 million to qualify.
- The **Venture Capital Investment Tax Credit (VCTC)** program is established to improve access to capital to fast growing Indiana companies by providing individual and corporate investors and additional incentive to invest early stage firms. Investors who provide qualified debt or equity to Indiana companies receive a credit against their Indiana tax liability.

Indiana Development Finance Authority Loan Guaranty Program

The Indiana Development Finance Authority can guarantee loans for high-growth/high-tech companies, manufactures, rural development projects, value-added agricultural enterprises and other types of businesses that create a significant number of Hoosier jobs. To date, IDFA has provided over \$83 million guaranteed loans to Indiana businesses.

SBIR/STTR Initiative

After more than two decades of existence, the SBIR Program has established itself as one of the most effective technology programs administered by the federal government. SBIR/STTR programs are highly competitive and encourage small businesses to explore their technology potential. SMIR/STTR funding is available from 11 participating agencies throughout the United States and focus on various technology areas.

The 21st Century Research and Technology Fund, an office of the Indiana Economic Development Corporation (IEDC), oversees the mission of the program--to help Indiana businesses compete for and win federal funding. Additionally, the IEDC SBIR/STTR initiative is committed to assisting Indiana businesses in the commercializing of their prototypes and understands the impact that these companies can have on the economy. This, coupled with the matching program, will provide Indiana companies with the fuel needed to excel in the SBIR/STTR programs.

Permit and Regulatory Assistance

The Indiana Department of Commerce's Office of **Regulatory Ombudsman** acts as a mediator, expeditor and problem-solver in areas affecting businesses, communities and economic development organizations. The Ombudsman's office can assist in the **permitting process**, serve as a liaison with state agencies and provide information about state regulations and requirements. The ombudsman is the secretary of commerce's proxy on three environmental rulemaking boards: the Air Pollution Control Board, the Water Pollution Control Board, and the Solid Waste management Board. The ombudsman establishes early communications with technical staff of the regulatory agencies to ensure that permits are efficiently processed. This service is an effort to minimize the amount of time spent on regulatory compliance.

Taxes

- The **Corporate Adjusted Gross Income Tax** is calculated at a flat 8.5 percent of adjusted gross income. Adjusted gross income is a company's federal adjusted gross income with certain adjustments. This method of determination simplifies tax calculations for corporations and does not apply to S corporations and not-for-profit organization.

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- For **Gasoline and Diesel Fuel Tax**, the combined federal, state and local tax on gasoline in Indiana is \$0.501 per gallon. The combined federal state and local tax on diesel fuel in Indiana is \$0.692 per gallon.
- Indiana has no **Gross Receipts/Inventory Tax**.
- For the **Individual Income Tax**, Indiana's person income tax is 3.4 percent of federal adjusted gross income (with certain exemptions and deductions).
- **Real and Personal Property Tax** is assessed at 100 percent of market value. Tax rates and exemptions vary among local jurisdictions. Indiana's 2008 Property Tax Reform Act cut property taxes significantly and will provide permanent protection for homeowners and businesses. Beginning in 2010, homeowner property taxes were capped at 1 percent of a home's assessed value, apartments and agriculture land were capped at 2 percent of assessed value, and business property was capped at 3 percent of assessed value.
- Indiana **Sales and Use Tax** is tax calculated at a rate of 7 percent. In manufacturing, the following are exempt from the sales tax: raw materials, equipment, power, electricity, and utilities. Wholesale sale, items used directly in production, and sales made in interstate commerce are exempt. In addition, the purchase of research and development equipment is exempt from the tax.
- Indiana is phasing in the **Single-Sales Factor** for apportioning corporate income tax. Indiana had determined its share of an interstate or international corporation's taxable income by weighing the Indiana portion of a company's property and the proportion of its employees in Indiana. The single-sales factor will calculate the Indiana portion based solely on the portion of a company's sales in Indiana. This change is being phased in and will be completed by 2011.

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