



DELAWARE, MARYLAND, AND NEW YORK BUSINESS DEVELOPMENT TAX INCENTIVES

By: Rute Pinho, Principal Analyst
Heather Poole, Legislative Analyst II
John Rappa, Chief Analyst

TAX DEDUCTIONS VERSUS TAX CREDITS

Tax credits and tax deductions are two components of a tax structure that together with the tax base and tax rate determine how much income tax must be paid. Deductions and credits reduce that amount, but in different ways.

Tax deductions reduce the amount of income subject to the tax (e.g., deduction for machinery and equipment depreciation) while tax credits (e.g., credit for research and development costs) reduce the amount of taxes owed.

Because tax credits directly reduce the amount of taxes owed, they are generally more valuable than tax deductions.

Taxpayers who cannot use a credit because its value exceeds their tax liability may be eligible for a refund or permitted to apply the credit against future or past taxes.

ISSUE

Summarize Delaware's, Maryland's, and New York's business development tax incentives.

The selected states generally offer tax incentives for the same purposes, but differ with respect to the applicable taxes (corporation business or personal income tax), the incentive types (e.g., tax credits or exemptions), amounts (fixed amount or a percent of a cost), and eligibility (manufacturers in economically distressed areas building or expanding facilities).

We grouped each of the selected states' credits by the following purposes:

1. stimulating fixed capital investments,
2. creating jobs,
3. stimulating research and development,
4. promoting energy conservation,
5. stimulating growth in economically distressed areas, and,
6. leveraging private venture capital.

Attachment 1 compares the selected states' incentives based on these purposes. As the attachment shows, most of each state's incentives are geared toward supporting strategic industries or stimulating economic growth in distressed areas.

Most of these incentives require businesses to create a specified number of jobs or spend a minimum amount building or expanding a facility. The Startup New York Program is unique because it offers tax incentives to businesses and their employees. It exempts businesses locating or expanding in or near a college or university from paying corporate income, sales, and property taxes and exempts employees of those businesses from paying personal income taxes.

The selected states also provide incentives to specific types of businesses that create jobs statewide. Delaware additionally provides incentives to headquarter management companies and any business that persuades its suppliers and customers to relocate to Delaware.

Delaware and Maryland provide incentives for fixed capital investments, but only in distressed areas or for strategic industries. New York's fixed capital incentives are available statewide and for strategic industries. Its statewide incentives include three different credits for brownfield cleanup costs and for property taxes.

The selected states provide tax credits for research and development expenses, although New York's are limited to strategic businesses or those doing research and development in distressed areas. Delaware provides credits to businesses manufacturing clean energy devices and Maryland provides credits to those building energy-efficient buildings. Only New York offers tax incentives for venture capital investments, but limits these to emerging technology companies.

Attachments 2-4 summarize each state's tax incentive programs, specifying the incentive type and amount, applicable taxes, and eligible businesses and activities.

Attachment 1: Selected States Business Development Tax Credits by Purpose

<i>Purpose</i>	<i>Delaware</i>	<i>Maryland</i>	<i>New York</i>
Stimulating Fixed Capital	Incentives limited to targeted businesses or businesses in targeted areas; see below	Incentives limited to businesses in targeted area;, see below	<ul style="list-style-type: none"> • Brownfield Redevelopment Tax Credit • Environmental Remediation Insurance Credit • Remediated Brownfield Credit for Property Taxes • Investment Tax Credit
Creating Jobs	<ul style="list-style-type: none"> • New Economy Jobs Program • Headquarters Management Corporation Tax Credit • Business Finder's Fee Tax Credit 	<ul style="list-style-type: none"> • Businesses That Create New Jobs Tax Credit • Job Creation Tax Credit 	<ul style="list-style-type: none"> • Employment Incentive Tax Credit • Employment Incentives Tax Credit for the Financial Services Industry • Empire State Jobs Retention Program Credit • Qualified Emerging Technology Company Employment Credit • Qualified Emerging Technology Company Facilities, Operations, and Training Credit
Stimulating Research and Development	R & D Tax Credits	<ul style="list-style-type: none"> • R & D Tax Credits 	Research and development tax credits are included in certain targeted industry and targeted area programs; see below
Promoting Energy Conservation	Clean Energy Technology Device Manufacturers Tax Credit	None	Green Building Tax Credit
Supporting Strategic Industries	<ul style="list-style-type: none"> • Job Creation Tax Credit • Kent County Property Tax Abatements • Newark Property Tax Exemptions 	<ul style="list-style-type: none"> • Cellulosic Ethanol Technology Research and Development Tax Credits • Biotechnology Investment Incentive Credit • Cybersecurity Investment Incentive Tax Credit • Film Production Activity Tax Credit • Wineries and Vineyard Tax Credits 	<ul style="list-style-type: none"> • Excelsior Jobs Program • Biofuel Production Credit • Commercial Production Credit • Empire State Music and Theatrical Production Tax Credit • Film Production Credit • Film Post-Production Credit • Manufacturer Property Tax Credit • Investment Tax Credit for Financial Services Industry • Qualified Emerging Technology Company* Facilities, Operations, and Training Credit • Retail Enterprises Rehabilitation Tax Credit • Beer Production Credit
Stimulating Economic Growth in Distressed Areas	<ul style="list-style-type: none"> • Wilmington City and County Property Tax • Wilmington Head Tax Abatement • Dover Property Tax Exemptions • Sussex County Business Incentive Program 	<ul style="list-style-type: none"> • Enterprise Zone Tax Credits • Heath Enterprise Zone Tax Hiring Tax Credit • One Maryland Economic Development Tax Credit 	<ul style="list-style-type: none"> • Startup New York • Tax-Free New York Area Elimination Credit • Sales and Use Tax Credit or Refund • Economic Transformation and Facility Redevelopment Program
Leveraging Private Venture Capital	None	None	Qualified Emerging Technology Company Capital Tax Credit

Attachment 2: Delaware Business Development Tax Incentive Programs

Job Creation			
Program Name	Incentive Type and Amount	Applicable Taxes	Eligible Companies and Activities
New Economy Job Program	Up to 65%, 10-year refundable credit for creating new jobs <ul style="list-style-type: none"> • Base credit depends on the number of jobs created and annual salaries • Additional credits for new jobs created in targeted areas (10%) or in a remediated brownfield (5%) 	Withholding	Any business meeting job creation criteria
Headquarters Management Corporation Credit	Five-year, \$400 per new employee, up to 50% of the tax in excess of the minimum \$5,000 tax	Headquarters Management Corporation	Headquarter management companies with at least five employees
Business Finder's Fee Tax Credit	Three-year, \$500 per job tax credit	Corporation Business	Credit is available to (1) any Delaware business persuading a supplier, customer, or other business to relocate to the state and (2) the relocating business
Research and Development			
Program Name	Incentive Type and Amount	Applicable Taxes	Eligible Companies and Activities
Research and Development Tax Credit Program	<ul style="list-style-type: none"> • 10% credit for increase in R&D spending over prior year (for multistate businesses, 50% of R&D spending apportioned to Delaware), up to 50% of annual tax liability • Above amounts increase to 20% and 100%, respectively, for small businesses (annual gross revenues under \$20 million) • \$5 million annual program cap 	Corporation Business	Any business whose R&D expenses exceed prior year's R&D expenses
Energy and Environmental Protection			
Program Name	Incentive Type and Amount	Applicable Taxes	Eligible Companies and Activities
Clean Energy Technology Device Manufacturers' Tax Credit	Tax credit based on number of jobs created and amount invested in eligible facility: <ul style="list-style-type: none"> • for businesses creating jobs and investing in new facilities, \$750 per job plus \$750 for each \$100,000 invested • for businesses investing at least \$1 million in facility without meeting job criteria, 75% of the above credit amount 	Corporation Business	Manufacturers: <ul style="list-style-type: none"> • operating facilities making fuel cells or solar power, wind power, or geothermal devices and • meeting job creation or investment criteria

Attachment 2 (Cont.)

Targeted Industry			
Program Name	Incentive Type and Amount	Applicable Taxes	Eligible Companies and Activities
New Business Facility Corporation Income Tax Credit	<p>Tax credit for creating jobs and investing in eligible facility:</p> <ul style="list-style-type: none"> for businesses hiring five to 49 new employees and investing at least \$200,000, credit equals \$500 per new employee plus \$500 per each \$100,000 invested for businesses hiring 50 or more new employees and investing at least \$750,000, credit equals \$500 per new employee plus \$500 per each \$100,000 invested Total per business credit capped at 50% tax liability 	<ul style="list-style-type: none"> Corporation Business Personal Income Gross Receipts Public Utility 	<p>Businesses in 10 specified sectors that:</p> <ul style="list-style-type: none"> create at least five jobs invest at least \$200,000 in facility meet other criteria
New Industrial, Manufacturing, Warehousing, or Commercial Construction—City of Newark	<p>Property tax exemptions against the increase in the assessed value of newly constructed or improved property depending on the use</p> <ul style="list-style-type: none"> 10-year exemption starting at 100% in first year and decreasing by 10% in 999each subsequent year for newly constructed industrial, manufacturing, or warehousing facilities Partial exemptions for newly constructed or improved commercial property 	Property	Businesses constructing or improving property for specified eligible uses
Kent County Property Tax Abatement for Industries	10-year abatement starting at 100% in the first year and decreasing by 10% in each of the subsequent years	Property	<ul style="list-style-type: none"> Manufacturers, wholesalers, banks, insurance company home offices and operating units, or any combination of these businesses that: <ul style="list-style-type: none"> invests at least \$500,000 constructing or expanding a facility and hires at least four new permanent full-time employees Any business or industry that: <ul style="list-style-type: none"> Invests at least \$1 million constructing or expanding a facility and Hiries at least 12 new permanent full-time employees

Attachment 2 (Cont.)

Targeted Areas			
Program Name	Incentive Type and Amount	Applicable Taxes	Eligible Companies and Activities
New Business Facility Corporation Income Tax Credit in Targeted Areas	Tax credits: <ul style="list-style-type: none"> • \$750 for qualified facilities, including commercial and retail, in targeted areas, including Wilmington and three specified counties and • \$900 for such facilities on brownfields in these areas 	Corporation Business	See statewide New Business Facility Corporation Income Tax Credit program above
Real Property Tax Exemption Program—City of Wilmington	Five- or 10-year property tax abatements	Property	Commercial property owners: <ul style="list-style-type: none"> • Five-year, 100% abatement for new construction and qualified improvements to existing property • Additional five-year abatement for improvements made to property in targeted areas, starting at 80% and reduced by 20% in each subsequent year Residential property owners: <ul style="list-style-type: none"> • Five-year, 100% abatement for new construction or qualified improvements in : <ul style="list-style-type: none"> ○ designated “at risk” or “deteriorating areas” ○ central business district • 10-year abatement on the increase in the tax assessment resulting from rehabilitating vacant property: <ul style="list-style-type: none"> ○ 85% for rental and ○ 100% for owner-occupied homes
Real Property Tax Exemption Program—City of Wilmington	Five or 10-year property tax abatement	Property	Commercial businesses <ul style="list-style-type: none"> • constructing new buildings in historic district (five-year abatement) • renovating designated historic property or property located anywhere in the historic district (10-year abatement for developers)
Head Tax—City of Wilmington	Five-year tax abatement	Municipal Head (\$15 per month per employee over five employees)	Any business that: <ul style="list-style-type: none"> • adds or transfers at least 50 new jobs to city or • increases payroll subject to city’s earned income tax by over \$3 million

Attachment 2 (Cont.)

Targeted Areas			
Program Name	Incentive Type and Amount	Applicable Taxes	Eligible Companies and Activities
New Construction and Renovations—New Castle County	10-year, sliding scale county property tax exemption based on the increase in the assessed value of improved property	County and school district property taxes levied in Wilmington	Wilmington commercial and industrial businesses that: <ul style="list-style-type: none"> • construct or renovate facilities and • apply for exemption within 30 days after receiving notice of the assessment increase
Sussex County Business Incentive Program	Maximum \$800 per job incentive package consisting of: <ul style="list-style-type: none"> • 10-year, sliding scale property tax exemptions and • permit fee reductions 	Property	New or expanding businesses creating at least 10 new jobs and making capital investments

Attachment 3: Maryland Business Development Tax Incentive Programs

Job Creation			
Program Name	Incentive Type and Amount	Applicable Taxes	Eligible Companies and Activities
Businesses that Create New Jobs Credit	<ul style="list-style-type: none"> • Property tax credit starts at 52% in the first and second tax years and decreases to 0% in the 7th year • Business tax credits are calculated as a percentage of the local property tax liability on the new or expanded portion of the facility • Enhanced credit available for qualifying large projects 	<ul style="list-style-type: none"> • Corporate Income • Personal Income • Insurance premiums • Property 	<ul style="list-style-type: none"> • Maryland businesses creating at least 25 new jobs (10 in smaller counties) and establishing or expanding qualifying business facilities in the state • Business must have been granted a local property tax credit for creating the new jobs to qualify for the credit
Job Creation Tax Credit	<p>Credit amount depends on business' location:</p> <ul style="list-style-type: none"> • in a revitalization area: \$1,500 per new employee or 5% of wages paid to those employees • in other areas: \$1,000 per new employee or 2.5% of wages paid to those employees <p>Total credits earned by one company capped at \$1 million per year</p>	<ul style="list-style-type: none"> • Corporate income • Personal income • Insurance premiums • Public service company franchise 	Businesses creating at least 60 new qualified jobs, 30 high-paying qualified jobs, or 25 qualified jobs in a designated area
Research and Development			
Program Name	Incentive Type and Amount	Applicable Taxes	Eligible Companies and Activities
R&D Tax Credits	<ul style="list-style-type: none"> • Basic credit: 3% of the lesser of qualified R&D expenses or a specified base amount • Growth R&D credit: 10% of qualified R&D expenses that exceed a specified base amount • Total credits for all businesses capped at \$9 million a year 	<ul style="list-style-type: none"> • Corporate income • Personal income 	Qualifying businesses investing in R&D in Maryland

Attachment 3 (Cont.)

Targeted Industry			
Program Name	Incentive Type and Amount	Applicable Taxes	Eligible Companies and Activities
Biotechnology Investment Incentive Credit	50% of an eligible investment, up to \$250,000	<ul style="list-style-type: none"> • Corporate Income • Personal Income 	Qualified investors contributing at least \$25,000 in cash or cash-equivalent to a qualified Maryland biotechnology company
Cellulosic Ethanol Technology Research And Development Tax Credit	10% of qualified expenses paid or incurred during the tax year	<ul style="list-style-type: none"> • Corporate income • Personal income 	Businesses incurring qualified R&D expenses for cellulosic ethanol technology
Cybersecurity Investment Incentive Credit	33% of the investment, up to \$250,000	<ul style="list-style-type: none"> • Corporate income • Personal income 	Businesses investing at least \$25,000 in a qualified cybersecurity company
Film Production Activity Tax Credit	<ul style="list-style-type: none"> • 25% of qualifying expenditures (27% for a television series) • Aggregate credits capped at \$7.5 million 	<ul style="list-style-type: none"> • Corporate income • Personal income 	Film production entities incurring at least \$500,000 in costs in the state in connection with a film production activity
Wineries And Vineyards Tax Credit	Up to 25% of the qualified capital expenses; aggregate credits capped at \$500,000 per year	<ul style="list-style-type: none"> • Corporate income • Personal income 	Businesses establishing or making capital improvements to wineries or vineyards
Enterprise Zone Tax Credits	<ul style="list-style-type: none"> • \$1,000 for each qualified new employee (\$1,500 in focus areas) • Three-year credit for economically disadvantaged employees ranging from \$1,000 to \$3,000 (\$1,500 to \$4,500 in focus areas) • 10-year property tax credit: 80% over the first five years and decreasing by 10% in each subsequent year 	<ul style="list-style-type: none"> • Corporate income • Personal income • Property 	<ul style="list-style-type: none"> • Businesses locating in targeted development areas and hiring qualified new employees • Larger credit available to businesses hiring economically disadvantaged employees
Health Enterprise Zone Hiring Tax Credit	\$5,000 per employee per year, up to \$10,000 refundable credit	<ul style="list-style-type: none"> • Corporate income • Personal income 	Employers locating in designated zones and hiring one or more qualified employees over a 24-month period
One Maryland Economic Development Tax Credit	Tax credits for starting or expanding in economically distressed counties: <ul style="list-style-type: none"> • Start-up credit: lesser of 100% of eligible start-up costs (up to \$500,000) or \$10,000 for each qualified employee • Project costs tax credit: lesser of 100% of eligible project development costs (up to \$5 million) or the project's state income tax liability for the tax year 	<ul style="list-style-type: none"> • Corporate income • Personal income • Insurance premiums 	Businesses creating or expanding facilities used for manufacturing, transportation, filmmaking, biotechnology, central office administration, business services, or other specified purposes.

Attachment 4: New York Business Development Tax Incentive Programs

Fixed Capital Investments			
Program Name	Incentive Type and Amount	Applicable Taxes	Eligible Companies and Activities
Brownfield Redevelopment Tax Credit	Credit based on clean up and redevelopment costs, level remediation, site location, and applicable tax	<ul style="list-style-type: none"> • Agricultural co-operative corporation franchise tax • Business corporation franchise tax • Insurance corporation franchise tax • Personal Income Tax • Transportation and Transmission Company Tax on Capital Stock • Transportation and Transmission Company Franchise Tax on Interstate Gross Earnings 	Businesses accepted into Environmental Conservation Department's brownfield cleanup program that execute a cleanup agreement and receive a certificate of compliance
Investment Tax Credit (ITC)	<p>Credit varies based on tax, amount invested in facility, and its use:</p> <ul style="list-style-type: none"> • Business corporation franchise tax: <ul style="list-style-type: none"> ○ 9% R&D facilities ○ 5% for other types of facilities for investments up to \$350 million, 4% for investments over that amount • Personal Income Tax: <ul style="list-style-type: none"> ○ 7% R&D facilities ○ 4% for other qualifying property <p>Credit is refundable for new businesses</p>	<ul style="list-style-type: none"> • Business corporation franchise tax • Personal Income Tax 	<p>Businesses investing in facilities and tangible personal property used for these purpose:</p> <ul style="list-style-type: none"> • Manufacturing • Processing • Assembling • Agriculture • Refining • Mining • Extracting • Farming • Horticulture • Viticulture • Commercial fishing • Film production • Waste treatment and pollution control • R&D

Attachment 4 (Cont.)

Fixed Capital Investments			
Program Name	Incentive Type and Amount	Applicable Taxes	Eligible Companies and Activities
Investment Tax Credit for the Financial Services Industry	Same as ITC	<ul style="list-style-type: none"> • Business Corporation Franchise Tax • Insurance corporation franchise tax 	Security brokers and dealers investing in facilities or equipment used for financial security activity
Remediated Brownfield Credit for Property Taxes	<ul style="list-style-type: none"> • Amount is determined by a calculation that takes into account property taxes paid, number of employees, and the benefit period • Credit is limited to the product of \$10,000 and the average number of employees employed by the developer 	<ul style="list-style-type: none"> • Agricultural co-operative corporation franchise tax • Business corporation franchise tax • Insurance corporation franchise tax • Personal Income Tax • Transportation and Transmission Company Tax on Capital Stock • Transportation and Transmission Company Franchise Tax on Interstate Gross Earnings 	A developer who employs 25 or more people and either: <ul style="list-style-type: none"> • executed a brownfield cleanup agreement and has a certificate of compliance (COC) or • purchased a property for which a COC has been issued, as long as the purchase occurred within 7 years after issuance of the COC
Retail Enterprises Rehabilitation Tax Credit	Credit equals 5% of qualified expenses up to \$350 million, and 4% on the excess of \$350 million	<ul style="list-style-type: none"> • Business Corporation Franchise Tax Credit • Personal Income Tax 	Registered sales tax vendor that engages at least 50% in retail, with qualified rehabilitation expenses

Attachment 4 (Cont.)

Job Creation			
Program Name	Incentive Type and Amount	Applicable Taxes	Eligible Companies and Activities
Employment Incentive Tax Credit	<ul style="list-style-type: none"> • Credit equal to 1.5% to 3% of investment in eligible facility based on the percentage increase in employees • Refundable for new businesses 	<ul style="list-style-type: none"> • Business Corporation Franchise Tax • Personal Income Tax 	Businesses investing in ITC-eligible facilities that increase employment over prior year
Employment Incentive Tax Credit for the Financial Services Industry	<ul style="list-style-type: none"> • Credit equal to 1.5% to 3% of investment in eligible facility based on the percentage increase in employees • Refundable for new businesses 	<ul style="list-style-type: none"> • Business Corporation Franchise Tax • Insurance Corporation Franchise Tax 	Security brokers and dealers investing in facilities or equipment used for financial security activity that increase employment over prior year
Empire State Jobs Retention Program Credit	Credit equal to 6.85% of gross wages paid to employees in business affected by event triggering gubernatorially declared emergency	<ul style="list-style-type: none"> • Business Corporation Franchise Tax • Insurance Corporation Franchise Tax • Personal Income Tax 	<ul style="list-style-type: none"> • Business in strategic industry: <ul style="list-style-type: none"> ○ located in a county in which an emergency has been declared by the governor, ○ demonstrating substantial physical damage and economic harm resulting from such event, and ○ employing at least 100 people in such a county and retaining or exceeding that number of jobs • Strategic industries: <ul style="list-style-type: none"> ○ Manufacturing ○ High technology, biotechnology, and clean technology ○ Financial services data centers or customer back office operations ○ Distribution ○ Software development ○ Back office ○ Agriculture
Qualified Emerging Technology Company* (QETC) Employment Credit	Credit equals the average number of full-time employees, minus base year employment, multiplied by \$1,000	<ul style="list-style-type: none"> • Business corporation franchise tax • Personal income tax 	QETCs that increase their average number of full-time employees in NYS

Attachment 4 (Cont.)

Job Creation			
Program Name	Incentive Type and Amount	Applicable Taxes	Eligible Companies and Activities
QETC Facilities, Operations, and Training Credit	Credit equals: <ul style="list-style-type: none"> • 18% of research and development property costs incurred in connection with emerging technology activities, • 9% of qualified research expenses incurred during the tax year, and • 100% of qualified high-technology training expenses (up to \$4,000 per employee per year) 	<ul style="list-style-type: none"> • Business corporation franchise tax • Personal income tax 	QETCs that have (1) 100 or fewer full-time employees, with at least 75% of them employed in NYS, (2) a ratio of research and development funds to net sales that exceeds 6%, and (3) gross revenues that do not exceed \$20 million
Energy and Environmental Protection			
Program Name	Incentive Type and Amount	Applicable Taxes	Eligible Companies and Activities
Environmental Remediation Insurance Credit	<ul style="list-style-type: none"> • The credit equal to lesser of: <ul style="list-style-type: none"> ○ 50% of the eligible premiums paid by the taxpayer on or after brownfield cleanup agreement execution date or ○ \$30,000 	<ul style="list-style-type: none"> • Agricultural Co-Operative Corporation Franchise Tax • Business Corporation Franchise Tax • Insurance Corporation Franchise Tax • Personal Income Tax • Transportation and Transmission Company Tax on Capital Stock • Transportation and Transmission Company Franchise Tax on Interstate Gross Earnings 	Businesses that execute a brownfield cleanup agreement and have a certificate of compliance for the site on which certified insurance premiums were paid

Attachment 4 (Cont.)

Energy and Environmental Protection			
Program Name	Incentive Type and Amount	Applicable Taxes	Eligible Companies and Activities
Green Building Credit	Credit is equal to the sum of the cost of the eligible building components	<ul style="list-style-type: none"> • Agricultural Co-Operative Corporation Franchise Tax • Business Corporation Franchise Tax • Insurance Corporation Franchise Tax • Personal Income Tax • Transportation and Transmission Company Tax on Capital Stock • Transportation and Transmission Company Franchise Tax on Interstate Gross Earnings 	Businesses that have expenses and purchases relating to the construction and maintenance of buildings that meet energy efficiency standards
Targeted Industry			
Program Name	Incentive Type and Amount	Applicable Taxes	Eligible Companies and Activities
Excelsior Jobs Program	Tax credits packaged with financial assistance: <ul style="list-style-type: none"> • Jobs Credit: 6.85% of new job wages • Investment Credit: 2% of qualified investments • Research and Development: 50% of federal credit, up to 3% of New York R&D expenditures • Property Tax Credit: determined on case-by-case basis 	<ul style="list-style-type: none"> • Business Franchise Corporation Tax • Personal Income Tax • Insurance Corporation Franchise Tax 	Businesses in the following targeted industries that create jobs or make significant capital investments: <ul style="list-style-type: none"> • Biotechnology • Pharmaceuticals • High Technology • Clean Technology • Green Technology • Financial Services • Agriculture • Manufacturing

Attachment 4 (Cont.)

<i>Targeted Industry</i>			
<i>Program Name</i>	<i>Incentive Type and Amount</i>	<i>Applicable Taxes</i>	<i>Eligible Companies and Activities</i>
Biofuel Production Credit	<ul style="list-style-type: none"> • Credit equal to \$0.15 per gallon of biofuel produced after the production of the first 40,000 gallons per year. • Credit limited to \$2.5 million per entity per year up to four years 	<ul style="list-style-type: none"> • Business Corporation Franchise Tax • Personal Income Tax 	Businesses that produce biofuel at an in-state biofuel plant
Commercial Production Credit	<p>For companies that:</p> <ul style="list-style-type: none"> • increase their commercial production in NY, the credit is 20% of the incremental growth in costs from the previous year, up to \$300,000 • produce commercials downstate, the credit equals 5% of production costs above \$500,000 • produce commercials upstate, the credit equals 5% of production costs above \$200,000 	<ul style="list-style-type: none"> • Business Corporation Franchise Tax • Personal Income Tax 	Qualified companies producing qualified commercials in New York
Empire State Music and Theatrical Production Tax Credit	Credit equals 25% of eligible production and transportation expenditures	<ul style="list-style-type: none"> • Business Corporation Franchise Tax • Personal income tax 	Approved production companies that conduct technical rehearsals and other pre-tour activities in upstate NY
Film Production Tax Credit	Up to 30% of qualified production costs plus 10% of qualified labor expenses incurred in upstate NY counties	<ul style="list-style-type: none"> • Business Corporation Franchise Tax • Personal Income Tax 	Companies that film a certain portion of their film or TV show in New York (requirements vary based on budget and type of company)
Film Post-Production Tax Credit	Up to 30% of qualified post-production costs plus an 5% of post-production costs incurred in upstate NY	<ul style="list-style-type: none"> • Business Corporation Franchise Tax • Personal Income Tax 	Companies that incur post- production costs at a qualified post-production facility in NY
Manufacturer Property Tax Credit	20% credit for property taxes paid on qualified manufacturing facilities	<ul style="list-style-type: none"> • Business Corporation Franchise Tax • Personal Income Tax 	Businesses paying property taxes on manufacturing facilities
Beer Production Credit	\$0.14 per gallon for the first 500,000 gallons produced in NYS, and \$0.045 per gallon after 500,000, (up to 15,000,000 additional gallons)	<ul style="list-style-type: none"> • Business Corporation Franchise Tax • Personal Income Tax 	Registered distributors that produce 60,000,000 or fewer gallons of beer in NYS the year the credit is claimed

Attachment 4 (Cont.)

Targeted Area			
Program Name	Incentive Type and Amount	Applicable Taxes	Eligible Companies and Activities
Start Up New York	Full tax exemptions for businesses and their employees	<ul style="list-style-type: none"> • Business Corporation Franchise Tax • Sales and Use Tax • Property Tax • Personal Income Tax 	Businesses: <ul style="list-style-type: none"> • forming, expanding, or relocating to designated tax-free areas or on or near a college or university; • using a college's or university's resources • creating jobs or providing other community or economic benefits
Tax-Free New York Area Elimination Credit	Credit based on share of business activity in designated tax-free area	<ul style="list-style-type: none"> • Business Corporation Franchise Tax • Personal Income Tax 	Any type of business operating in a tax-free area
Sales and Use Tax Credit or Refund	100% credit	<ul style="list-style-type: none"> • Sales and Use Tax 	Any type of business operating in a tax-free area
Economic Transformation and Facility Redevelopment Program	Credit amounts vary by activity: <ul style="list-style-type: none"> • 6.85% of new job's wages • 10% of qualified investments in a closed state facility or 6% outside facility in designated area • 50% training credit, up to \$4,000 per employee hired after losing job at closed state facility • 50% property tax credit that decreases by 10% per year for businesses located in closed state facility and 25%, with a five-year, 5% phase-out for businesses outside facility but still in designated area 	<ul style="list-style-type: none"> • Business Corporation Franchise Tax • Personal Income • Insurance Corporation Franchise 	<ul style="list-style-type: none"> • Qualified new businesses in designated areas that create at least five new jobs • Qualified businesses include: <ul style="list-style-type: none"> ○ High Technology ○ Clean Technology ○ Manufacturing ○ Other businesses identified in regional strategic plans
Venture Capital Investments			
Program Name	Incentive Type and Amount	Applicable Taxes	Eligible Companies and Activities
QETC Capital Tax Credit	Credit equals 10% of qualified investments in certified QETCs with a useful life of four years, and 20% of those with a useful life of nine years	<ul style="list-style-type: none"> • Business Corporation Franchise Tax • Personal income tax 	Businesses that invest in QETCs

* QETCs are businesses with total annual product sales of \$10 million or less that provide products or services in certain technology fields

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