Areas considered to have depressed economies. Each area offers innovative packages of local tax and non-tax incentives to encourage businesses to locate in their Enterprise Zones. Each new $100,000 investment.

Allowing for unused credits. All property is reclassified from a 25 percent assessment ratio to a 5 percent assessment ratio for five years.

The Enterprise Zone Program offers three incentives. 1) A state income tax credit for each new position or job created based on the average wage of new workers multiplied by 100 in areas with unemployment rates equal to or in excess of 50 percent of the state’s average unemployment rate for the previous calendar year. The above formula used is 400 times the average hourly wage. The cap is $6000 per employee in high unemployment counties. Cap is $3000 per employee in other counties; (2) a refund of sales and use taxes on the purchase of materials used in construction of a new facility or expansion of an existing facility; and (3) a refund of sales and use taxes on machinery and equipment to be used in connection with the business. To qualify for the Arkansas Enterprise Zone Program, a company must meet job creation criteria and prove the new employees are Arkansas residents during the year in which the credits are earned.

The Enterprise Zone includes the following credits: Three percent investment tax credit, $500 job tax credit, double job tax credit for agricultural processing, $200 job tax credit for employer health insurance, research and development tax credit, credit to rehabilitate vacant buildings, credit for contributions to zones, ten percent job training credit, Exemption from state sales and use tax for manufacturing and mining equipment, and local government tax incentives.

(TIC) Benefits

(Any community with an Enterprise Zone) 80% for 5-year real property and personal property tax exemptions for manufacturers. Forty percent to 80 percent for 5-year real property and personal property exemptions for service facilities, depending on amount invested. Fifty percent to 80 percent for 5-year tax exemption for personal property when part of a process technology upgrade, depending on the asset acquired.

Selected communities bordering Route 8 and I-395 are eligible for full Enterprise Zone Benefits.

Firms which qualify as a Targeted Industry and locate in one of the targeted areas qualify for corporate income tax credits of $650 for each new employee and $650 for each new $100,000 investment.

Effective January 1, 1999, job tax credits are available to businesses or corporate income tax to a business located within or hiring from within the zones. There are also credits for building materials used in the zone and other activities in the zone.

Effective January 1, 1999, job tax credits are available to businesses or corporate income tax to a business located within or hiring from within the zones. There are also credits for building materials used in the zone and other activities in the zone.

Effective January 1, 1999, job tax credits are available to businesses or corporate income tax to a business located within or hiring from within the zones. There are also credits for building materials used in the zone and other activities in the zone.

Effective January 1, 1999, job tax credits are available to businesses or corporate income tax to a business located within or hiring from within the zones. There are also credits for building materials used in the zone and other activities in the zone.

Effective January 1, 1999, job tax credits are available to businesses or corporate income tax to a business located within or hiring from within the zones. There are also credits for building materials used in the zone and other activities in the zone.

Effective January 1, 1999, job tax credits are available to businesses or corporate income tax to a business located within or hiring from within the zones. There are also credits for building materials used in the zone and other activities in the zone.

See footnotes at end of table.
### STATE GOVERNMENT IN REVIEW

#### STATE ENTERPRISE ZONE PROGRAMS — Continued

<table>
<thead>
<tr>
<th>State</th>
<th>Program</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hawaii</td>
<td>Enterprise Zone Program</td>
<td>Established to increase business activity and create jobs in areas with above normal unemployment and/or below average income levels.</td>
</tr>
<tr>
<td>Illinois</td>
<td>Corporate Income Enterprise Zone Incentives</td>
<td>These incentives include a 0.5 percent investment tax credit; a $500 per job, jobs tax credit; a deduction for dividends paid by a corporation operating in an Illinois enterprise zone; and a deduction for interest paid on loans to businesses operating in an Illinois enterprise zone.</td>
</tr>
<tr>
<td></td>
<td>Sales Tax Enterprise Zone Incentives</td>
<td>These exemptions include: a sales tax exemption for building materials to be used in an enterprise zone if bought in the municipality or county which created the zone; a sales tax exemption for materials consumed in a manufacturing process; and, a utility tax exemption on gas, electricity, and telephone.</td>
</tr>
<tr>
<td>Iowa</td>
<td>Enterprise Zone Program</td>
<td>Eligible businesses locating or expanding in an Enterprise Zone area may receive property tax exemptions and expanded state tax credits. Twenty-eight counties and eighteen cities qualify for the program under the 1997 law’s provisions by having areas which meet legislative definitions of economic distress.</td>
</tr>
<tr>
<td>Kansas</td>
<td>Enterprise Zone Incentives</td>
<td>Enterprise zone incentives are available to qualifying businesses throughout the state, based on the location of the facility, the type of facility (manufacturing, non-manufacturing or retail), the capital investment and the number of jobs created. A sales tax exemption is available on the materials, equipment and services purchased when building, expanding or renovating a business facility. State income tax credits are available for job creation and capital investment.</td>
</tr>
<tr>
<td>Kentucky</td>
<td>Enterprise Zone Program</td>
<td>State and local tax incentives are offered to businesses located or locating in zones, and some regulations are eased to make development in the area more attractive. A zone remains in effect for 20 years after the date of designation.</td>
</tr>
<tr>
<td>Louisiana</td>
<td>Enterprise Zones</td>
<td>Qualified businesses locating or expanding in Louisiana enterprise zones are eligible for a one-time tax credit of $2,500 for each net new employee added to the payroll. The credit may be used to satisfy state income and corporate franchise tax obligations. If the entire credit cannot be used in the year claimed, the remainder may be applied against the income tax or franchise tax for the succeeding 10 taxable years, or until the entire credit is used, whichever occurs first.</td>
</tr>
</tbody>
</table>
| Maryland      | Enterprise Zone Tax Credits (Property and Income Tax Credits)          | Maryland was a pioneer in the development of enterprise zones. It was one of the first states to enact its own enterprise zone program, and to designate zones. Advantages of a Maryland enterprise zone location include:  
  • Property tax credits — Ten-year credit against local property taxes on a portion of real property improvements.  
  • Credit is 80 percent the first five years, and decreases 10 percent annually thereafter to 30 percent in the tenth and last year.  
  • Income tax credits — One- to three-year credits for wages paid to new employees in the zone. The general credit is a one-time $500 credit per new worker. For economically disadvantaged employees, the credit increases to a total of $3,000 per worker distributed over three years.  
  • Priority access to Maryland’s financing programs — There are thirty-five Maryland enterprise zones.  
  • Enterprise Zone “Focus Area” Tax Credits — The Maryland General Assembly has passed legislation to create “focus areas” within enterprise zones. This legislation became effective October 1, 1999. “Focus areas” are especially distressed portions of enterprise zones. Businesses in these “focus areas” receive new and enhanced tax credits. |
| Massachusetts | Economic Development Incentive Program (EDIP)                          | This program was initiated to stimulate economic development in distressed areas, attract new businesses and encourage existing business to expand in Massachusetts. There are 33 designated Economic Opportunity Areas throughout Massachusetts. Certified projects within Economic Opportunity Areas can qualify for additional investment incentives, including a 5 percent state investment tax credit, a 10% abandoned building tax deduction, priority for state capital funding and municipal tax benefits that include a special tax assessment and tax increment financing. |
| Michigan      | Michigan Renaissance Zone Program                                      | Michigan’s Tax-Free Renaissance Zones are regions of the state designated as virtually tax free for any business or resident presently moving in to a zone. The zones are designed to provide selected communities with the most powerful market based incentive — No Taxes — to spur new jobs and investment. |
| Minnesota     | Enterprise Zone Program                                                | The Enterprise Zone Program provides tax credits to qualifying businesses which create investment, development, job creation or retention in the Enterprise Zone cities. Tax credits are allocated by the State to Enterprise Zone cities and businesses that apply for tax credits through the city Enterprise Zone coordinator. The type of tax credits include: property tax credits, debt financing credit on new construction, sales tax credit on construction equipment and materials, and new or existing employee credits. |

See footnotes at the end of table.
### Economic Development Highway Program

Mississippi

**Description:** Assist political subdivisions with the construction or improvement of highway projects that encourage high economic benefit projects to locate in a specific area. A high economic benefit project is any new private investment of $50 million or more by a company in land, buildings, or depreciable fixed assets, or an investment of at least $20 million by a company that has statewide capital investments of at least $1 billion.

### Enterprise Zone Credit

Missouri

**Description:** You may be eligible for this credit if you established a new facility or expanded an existing facility in an enterprise zone and created new jobs and new investment.

### Enterprise Zone Act

Nebraska

**Description:** The Enterprise Zone Act provides tax credits for qualifying businesses that, during any tax year, increase investment by at least $75,000 and increase net employment by an average of two or more full-time positions during a taxable year. Credits may be used to reduce a portion of the taxpayer’s income tax liability or to obtain a refund of sales-and-use taxes paid.

### Urban Enterprise Zone

New Jersey

**Description:** In promoting growth and development within the state’s economically distressed areas, New Jersey has created 27 Urban Enterprise Zones (UEZ’s). Companies that locate within one of the designated zones and create jobs are eligible for a number of benefits and zone incentives.

### Enterprise Zones

New Mexico

**Description:** The Enterprise Zone was enacted to stimulate the creation of new jobs and revitalize economically distressed areas. It authorizes local governments (municipality, county, Indian nation, tribe or pueblo), based on public input, to designate as an Enterprise Zone an area within its jurisdiction not exceeding 25 percent of its land area or encompassing more than 25 percent of its population.

### Economic Development Zone Tax Credit

New York

**EDZ Investment Tax Credit:** A credit against the corporation franchise tax or personal income tax is available for new capital investment in buildings and/or depreciable tangible personal property used primarily in production by manufacturing, processing, assembling, pollution-control and certain other activities in a designated Economic Development Zone. An additional credit, at 30 percent of the Zone Investment Tax Credit is deductible from the tax payable in each of next three years succeeding the firm’s eligible investment, if the firm maintains an average employment in the Zone of 101 percent of the average number of employees employed by the taxpayer in the Zone in the year immediately preceding the year of the eligible investment in the Zone.

**EDZ Employment Incentive Credit:** A credit against the corporation franchise tax, personal income tax, insurance tax or bank tax is available to eligible firms who create full-time jobs in Economic Development Zones.

**EDZ Wage Tax Credit:** A credit is available to reduce the employment tax paid on wages paid to new employees in Economic Development Zones.

**EDZ Capital Credit:** A credit is allowed against the corporation franchise tax or the personal income tax for up to 25 percent of any of the following investments or contributions: investments in or contributions to EDZ capital corporations. Qualifying investments in certified Zone businesses that employ no more than 250 persons within New York State (not counting general executive officers), investments made by or on behalf of a partner proprietor or stockholder in the business are not eligible for the credit; cash contributions to community development projects in an EDZ.

**EDZ Sales/Use Tax Credit:** Purchases of building materials that will become an integral part of non-retail commercial or industrial real property located in an economic development zone are exempt from the State sales/use tax and may also be exempt from the local sales/use tax if a local law authorizes such an exemption.

**EDZ Real Property Tax Credit:** Under Section 485-e of the Real Property Tax Law, businesses or homeowners constructing, reconstructing or improving real property located within an economic development zone may be eligible for a partial exemption from real property taxes for up to ten years.

### Development Zone Enhancements

North Carolina

**Description:** Taxpayers located in development zones gain additional tax credit enhancements. The taxpayer must already qualify for credit under Article III A of the Act.

### Enterprise Zone Program

Ohio

**Description:** This includes local and state tax incentives for businesses that expand or locate in Ohio. In municipalities, up to a 75% exemption of the value of real property improvements and/or new tangible personal property for up to 10 years. In unincorporated areas, incentives can be up to a 60 percent exemption of the value of new real and/or personal property for up to 10 years. Business must agree to retain or create employment and establish, expand, renovate or occupy a facility in an Enterprise Zone. Retail projects are not eligible.

### Enterprise Zones

Oklahoma

**Description:** Enterprise Zones can be designated in either disadvantaged counties, cities or portions of cities. These zones provide extra incentives for business. Double the Investment/New Jobs Tax Credit is allowed and low interest loans may be made available through enterprise district loan funds.

### Enterprise Zone Program

Oregon

**Description:** If you locate your facility in an enterprise zone, new construction and most of the equipment installed in the plant would receive a 100% property tax abatement for a minimum of three years. Manufacturing and distribution companies are eligible activities.
### State Enterprise Zone Programs — Continued

<table>
<thead>
<tr>
<th>State</th>
<th>Program</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pennsylvania</td>
<td>Enterprise Zone Credit</td>
<td>These credits are available to businesses making investments in the rehabilitation, expansion, or improvement of buildings or land in enterprise zones. Businesses that are interested must develop a plan that describes their activities, the benefits that will result, a budget itemizing costs, and make a commitment to avoid dislocation of current residents.</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>Enterprise Zones Tax Incentives</td>
<td>A business which has been certified by the Enterprise Zone Council is allowed a credit against chapters 44-11, 44-14, 44-17 and 44-30; Rhode Island General Laws. The credit is 50 percent of the Rhode Island salaries and wages paid only to those newly hired enterprise job workers comprising the employees included in the “5 percent growth test” used for certification by the council.</td>
</tr>
<tr>
<td>South Carolina</td>
<td>Economic Impact Zone Investment Tax Credit</td>
<td>In order to help offset the impact of federal downsizing in the state, legislation was passed to spur economic growth in 26 of the state’s 46 counties surrounding the Charleston Naval Base, Myrtle Beach Air Force Base and the Savannah River Site. This legislation allows manufacturers locating in “Economic Impact Zones” a one-time credit against the company’s corporate income tax of up to 5 percent of the company’s investment in new production equipment. The actual value of the credit depends on the applicable recovery period for property under the Internal Revenue Code.</td>
</tr>
<tr>
<td>Tennessee</td>
<td>Enterprise Zone Contributions</td>
<td>Corporations are entitled to reimbursements of up to 50 percent of their excise tax payments for net new employment in an enterprise zone ($1,000 per new employee) and for 1.3 percent of the purchase price of industrial machinery for use in such a zone. If the reimbursement on account of industrial machinery exceeds the 50 percent limit, it may be carried forward for two years.</td>
</tr>
<tr>
<td>Texas</td>
<td>Enterprise Zone Program</td>
<td>Enterprise projects are eligible for a refund of state sales or use taxes paid on machinery and equipment, building materials, labor for the rehabilitation of existing buildings, and electricity and natural gas purchased for use in the enterprise zone. The refund is based on $2,000 for each permanent job the project creates or retains during the five-year designation period. The maximum number of jobs for which a refund may be received is based upon commitments made in the project application. Each project is limited to a maximum refund of $1.25 million, or $250,000 per year over the five-year period.</td>
</tr>
<tr>
<td>Utah</td>
<td>Enterprise Zones</td>
<td>The act passed by the Utah State Legislature provides tax credits for manufacturing companies locating in rural areas that qualify for assistance. A $750 tax credit is given for all new jobs created plus a credit of $1,250 for jobs paying at least 125 percent of the average wage for the industry. In addition, investment tax credits are available for all investment in new plant and equipment as follows: 10 percent for first $100,000; 5 percent of next $250,000. Tax credits can be carried forward for 3 years. Enterprise Zones benefits are only available in certain non-metro counties.</td>
</tr>
<tr>
<td>Virginia</td>
<td>Enterprise Zone Program</td>
<td>Qualified businesses locating or expanding in an enterprise zone are eligible for the following incentives: A 10-year general credit against state tax liability; a credit against state tax equal to 30 percent of qualified zone real property improvements is available for rehabilitation projects investing at least $50,000 or an amount equal to the current assessed value of the real property, whichever is greater; large projects that invest at least $100 million and create at least 200 jobs are eligible for a negotiable credit of up to 5 percent of the total investment (real property, machinery and equipment); and, businesses creating new, full-time positions are eligible to receive grants of up to $500 per person filling a position and up to $1,000 per zone resident filling a position for three years.</td>
</tr>
<tr>
<td>Washington</td>
<td>Distressed Area Business and Occupation</td>
<td>A $2,000 or $4,000 (if wages and benefits exceed $40,000) credit against the business and occupation tax is available Tax Credit for each new employment position created and filled by certain businesses located in eligible areas.</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>Enterprise Development Zone</td>
<td>The 1995-97 state budget act established up to 50 enterprise development zones in the state. Eligible businesses locating in the zones would be able to claim up to $3 million worth of tax credits. The available tax credits include all of the existing credits under the Community Development Zone Program. Each enterprise development zone will have a minimum of one business eligible to claim the available tax benefits and will be site specific.</td>
</tr>
</tbody>
</table>

*Source: Compiled by The Council of State Governments from CSG’s 1999 national survey of state economic development and business-incentive leaders (50 states and three territories responding).*