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Kevin Kennedy • May. 15, 2015

With the economy finally showing some signs of life, businesses are looking to invest and grow. When you have discussions with your clients, do not forget to ask them about their planned capital expenditures, hiring plans, and training needs. Almost every state (and many counties and municipalities) has resources to help – with everything from tax credits based on a percentage of capital spend, to retention of withholding taxes, to cash grants to offset training expenses, and everything in

authorities regarding a single project, I have developed 5 rules of the road;

1. Timing is everything
2. Maintain relationships
3. Integrity is key
4. Keep all parties informed
5. To best represent your client, you must leverage one against the other

Timing is everything

Rule #1 is actually critical in all credit and incentive projects – not just those involving multiple jurisdictions. But it is so important that it needs to be emphasized in all discussions of credits and incentives.

Many, if not most, credits and incentives are based on a "but for" test. Economic development agencies only want to provide a benefit if it is needed to get the deal done. Therefore you must get ahead of the game – if your client has already signed contracts related to an expansion, or started hiring people, or issued a press release announcing their decision – it becomes much more difficult (if not impossible) to get incentives to which the company might otherwise have been entitled.

Maintain relationships

As in most avenues of life, to be successful you have to maintain relationships. Even if your credit and incentive projects are going to be few and far between, figure out who the providers are and do your best to keep in touch with them. Most economic development agencies put out newsletters or announcements – ask to be added to their mailing lists.

When it is time to negotiate, provide as many details as you can – the projected

economically distressed areas receive enhanced credits and incentives.

Finally, always ask if something else is available. While the initial offers will contain any statutorily mandated incentives, discretionary incentives might not have been included with the initial offer.

Integrity is key

If you find out that your client is considering making a significant capital investment but there is no way that the client would ever move the business, go to the economic development authorities for the current location and see what they can offer. While you won't be able to create a bidding war between two cities/counties/states without a relocation in play, economic development agencies really are trying to help local businesses in any way they can and might be able to offer an incentive]. For example, Iowa's New Jobs Tax Credit can provide tax credits for businesses that remain in the state, but increase their employment by 10% or more.

Furthermore, many credits and incentives are statutory in nature – if you meet the requirements (and ask for them ahead of time), you qualify. Additional discretionary benefits are less likely, but the statutory benefits can be quite substantial.

Keep all parties informed

When I am dealing with multiple jurisdictions, I try to schedule calls with them (independent of each other) on a regular basis. That allows me to keep them informed of the status of the project, helps to avoid missing any deadlines (offered benefits sometimes have an expiration date), and allows them to possibly sweeten the pot as time goes on, or let me know of additional benefits that might be available.

In a situation where two or more economic development agencies have offered

lesser-known programs they can utilize in special situations (including cash grants) – and one of the key factors for using them is if the project has a legitimate opportunity to be lost to another state.

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