

Business Incentives



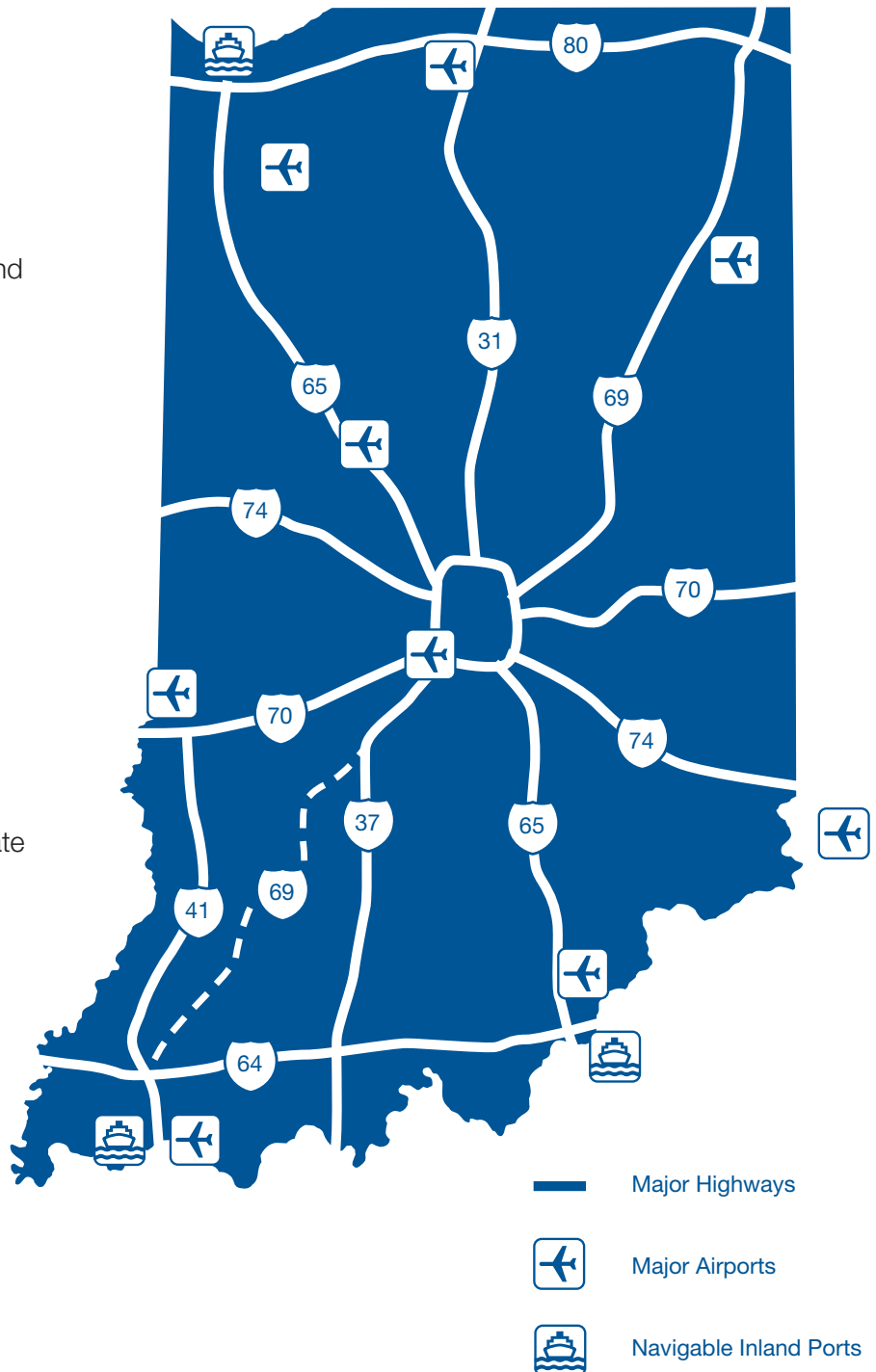


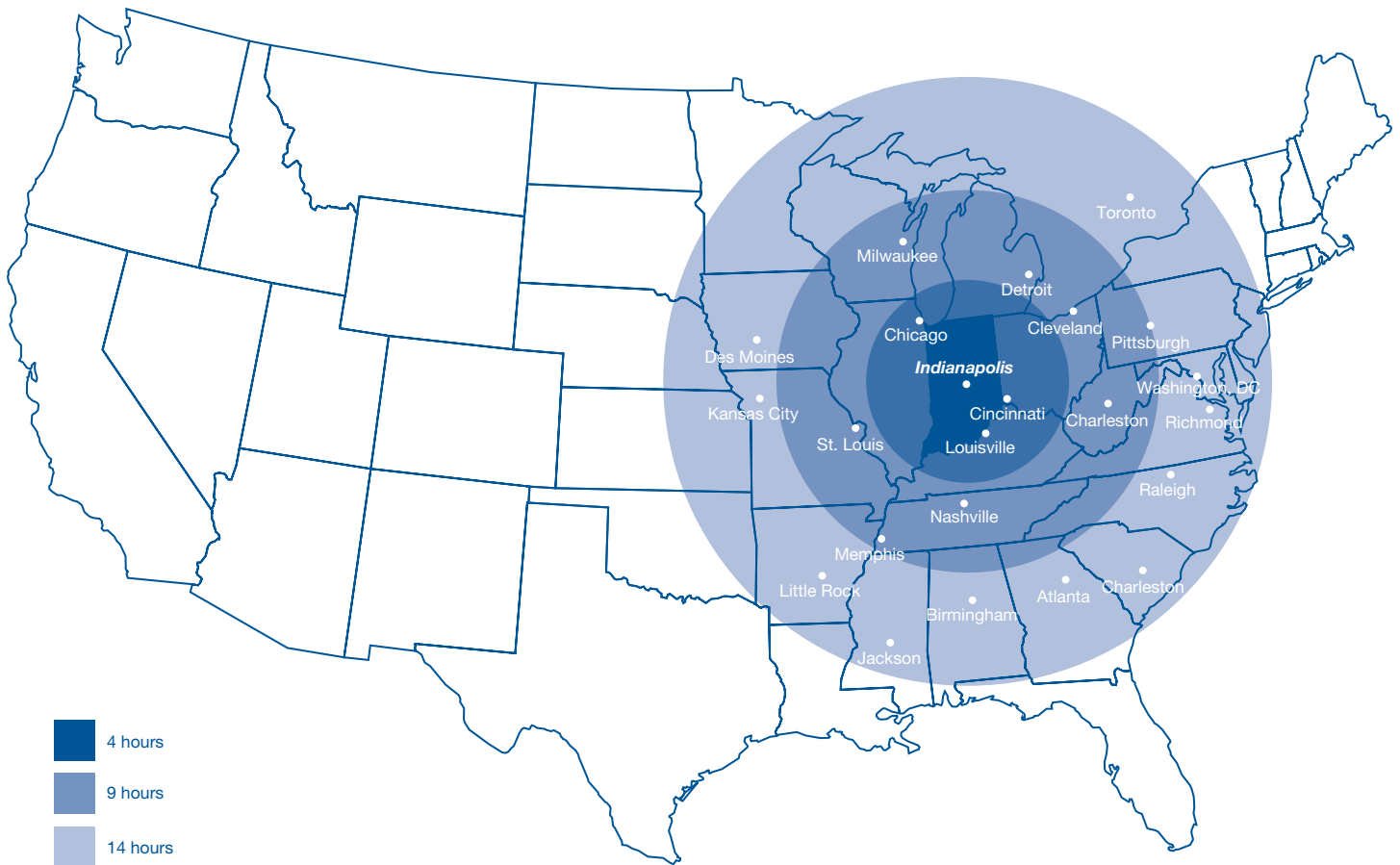
Outstanding Transportation System

- Major airline hub—Indianapolis International Airport is currently investing more than \$1 billion in expansion and upgrades
- With eight different major highways and 11,000 total highway miles, Indiana is referred to as “The Crossroads of America”
- Three international water ports—two on the Ohio River and one on Lake Michigan

High Quality of Life

- One of the least expensive places to live in the Midwest
- Home to world-class universities: Indiana University, Purdue University, the University of Notre Dame, Ball State University and Rose-Hulman Institute of Technology
- A great place to raise a family: clean, safe, full of family-oriented events and cultural activities, where education is a top priority





Central Location

- In the heart of the American Midwest
- Within a half day's drive to more than 20 major metropolitan markets

Diversified Economy

- A thriving base of many industry sectors including life sciences, information technology, advanced manufacturing, transportation, distribution and logistics
- Home to pharmaceutical leader Eli Lilly, the nation's second largest FedEx hub, the Indianapolis Motor Speedway, and Toyota's second largest vehicle production facility in North America



Low Costs of Doing Business

- Lowest workers' compensation costs and unemployment insurance in the Midwest
- Second lowest industrial electricity costs in the nation
- Business friendly regulatory environment

<i>Business Costs (2006)</i>	<i>Indiana</i>	<i>Illinois</i>	<i>Kentucky</i>	<i>Michigan</i>	<i>Ohio</i>	<i>Pennsylvania</i>	<i>Tennessee</i>	<i>Texas</i>
Total State Business Taxes								
Sum of Corporate State Income Tax, Workers' Compensation and Unemployment Insurance (2006)	\$169,739	\$267,448	\$235,725	\$256,858	N/A*	\$292,822	\$250,874	\$275,912
Corporate State Income Tax Due Per Net Taxable Income of \$1,000,000 (2006)	\$85,000	\$73,000	\$70,000	\$71,213	\$85,000	\$99,900	\$65,000	\$45,000
Average Workers' Compensation Annual Premium Based on 100 Employees (2006)	\$65,839	\$167,048	\$144,125	\$161,345	N/A*	\$164,922	\$166,274	\$206,612
Average Workers' Compensation Rate (2006)	\$1.97	\$3.82	\$4.52	\$4.13	N/A*	\$4.43	\$4.27	\$5.53
Average Unemployment Insurance Based on 100 Employees (July 2006)	\$18,900	\$37,400	\$21,600	\$24,300	\$24,300	\$28,000	\$19,600	\$24,300
Other State Data								
Average Annual Wage (2005)	\$34,080	\$39,290	\$32,550	\$40,040	\$36,270	\$36,320	\$33,260	\$35,470
Average Annual Unemployment	5.4%	5.7%	6.1%	6.7%	5.9%	5.0%	5.6%	5.3%

Major Sources: U.S. Bureau of Labor Statistics / U.S. Department of Labor / Actuarial & Technical Solutions Inc. / Bureau of Economic Analysis

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Indiana Business Incentives

The Indiana Economic Development Corporation (IEDC) is the state's lead economic development organization. The IEDC has many incentive programs available for companies creating jobs and raising income in Indiana. Economic development incentives include tax credits based on job creation and capital investment, training grants, and public infrastructure assistance.

Programs and Services

Skills Enhancement Fund (SEF)

SEF provides financial assistance to new and expanding companies committed to training their Indiana resident workforce. Eligible companies can receive reimbursement of up to 50 percent of eligible training costs. Indiana continues this commitment to training by allowing companies to re-apply for additional funds to retrain employees after a two-year period.

Technical Enhancement Certification for Hoosiers (TECH) Fund

The TECH Fund provides financial assistance to companies to assist with training their information technology workers. Eligible companies may receive reimbursement of up to \$50,000, \$2,500 per employee, or 50 percent of training costs, whichever is less. The program is administered on a reimbursement basis.

Industrial Development Grant Fund (IDGF)

These grants help communities meet the public infrastructure needs of a new or expanding business. Assistance is available for publicly-installed infrastructure leading up to, but not onto, the company's property, except in the case of rail spurs and fiber optic cable.

Economic Development for a Growing Economy (EDGE)

EDGE tax credits are based on the additional employee payroll withholdings for net new job creation in Indiana. The grant may be for a period of up to 10 years. Credits are applied against the company's Indiana income tax liability and are refundable.

Industrial Recovery Site Tax Credit (Dinosaur Building)

Credits are available for rehabilitating buildings that have been empty for the previous two years that were in operation at least 20 years ago, and that have at least 250,000 square feet of interior space.

Hoosier Business Investment Tax Credit (HBI)

HBI tax credits are available to a company making a "qualified investment" in an Indiana facility. Generally speaking, a "qualified investment" includes new buildings, building improvements and equipment. The credit award may equal up to 10 percent of the qualified investment, and may be carried forward for up to nine years. The credit percentage and carry-forward term are determined by the IEDC on a case-by-case basis.

Venture Capital Investment Tax Credit (VCI)

The VCI tax credit is a non-refundable tax credit available to qualified applicants that provide investment capital to qualified Indiana businesses. The aggregate credit amount for a particular qualified business is equal to the lesser of 20 percent of the qualified investment or \$500,000.

21st Century Research and Technology Fund (21 Fund)

The 21 Fund helps develop and commercialize advanced technologies in Indiana. Proposals go through a review process whereby (1) the technology or science is reviewed by experts in the field and (2) the commercial viability of the proposal is evaluated.

Small Business Development Center (SBDC)

The mission of the SBDC is to help Indiana businesses grow and create new jobs within the state. The SBDC provides free and low-cost information, management counseling, and educational services designed to support Indiana small business owners and potential entrepreneurs, including assistance with business plan development.

Indiana Business Incentives

Certified Technology Parks

The Certified Technology Park program was created as a tool to support the attraction and growth of high-technology business in Indiana. Designation as a Certified Tech Park allows for the recapture of certain state and local tax revenue which can be invested in the development of the park.

Permitting Assistance

The IEDC can assist companies by serving as a liaison between the company and communities, local economic development organizations and regulatory agencies. The IEDC can also provide permit application assistance and tracking. This service is an effort to minimize the amount of time spent on regulatory compliance.

Initiatives

In addition to the grants, tax incentives, and services the IEDC offers, efforts are also focused on particular industries including:

Life Sciences	IT/High-Technology
Advanced Manufacturing	21st Century Logistics
Agribusiness	International Development
Insurance	Motorsports

Latest Legislative Developments

Research and Development Tax Credit

For taxable years beginning after December 31, 2007, the qualified research expense credit will be increased from 10 percent to 15 percent on the first \$1 million of investment. The research expense credit may be carried forward for 10 years.

Research and Development Sales Tax Exemption

This program provides a refund of 50 percent of the sales taxes paid on transactions involving research and development equipment acquired after June 30, 2005, and before July 1, 2007. This program will then exempt a business from 100 percent of the sales tax on research and development equipment acquired after June 30, 2007.

Automatic Property Tax Deduction Phase-In

Companies of all sizes making investments that increase their property's assessed value can receive an automatic property tax deduction. Deductions are available for investments in real and personal property. The deduction is first available in the year in which the increase in assessed value resulting from the investment occurs and continues for the following two years.

Hoosier Headquarters Relocation Tax Credit

When a business relocates its corporate headquarters (defined as the location of the principal office of the principal executives) to Indiana, it is entitled to a credit against its state tax liability equal to half of the costs incurred in relocating the headquarters. A company must have a worldwide annual revenue of at least \$100 million to qualify.

Single Sales Factor Corporate Income Apportionment

The five-year phase-in of a single sales factor for corporate income apportionment will eliminate the tax penalty associated with adding jobs and increasing investment in Indiana.

Shovel Ready Program

In an effort to accelerate the timeframe in which new businesses can relocate to or expand in Indiana, the Shovel Ready program pre-permits Indiana locations for development.



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