



IN THE BUSINESS OF YOUR SUCCESS™

**Big Savings,
Big Impacts,
Big Opportunities**

**Incentives can save you up to 10%
on your capital costs**

Housekeeping

- **This is one of a number of complimentary webinars that ADP offers to Finance and HR professionals each year**
- **Today's webinar will last for 60 minutes, ending at 2 pm Eastern**
- **The last 10 minutes of today's program have been reserved for Q&A**
- **A .pdf copy of today's slides is available right now for download**
- **CPE and/or RCH certificates will be emailed to those who qualify within 30 days of today's broadcast**
- **Please participate in our brief survey at the conclusion of today's webinar**



The information and materials provided in this webinar are for informational purposes only and not for the purpose of providing legal advice. Attendees should contact their attorney to obtain advice with respect to any particular topic.

CPE Credit

- **Are you planning to apply for CPE and/or RCH credits for attending today's webinar?**
 - A. CPE Credit Only
 - B. RCH Credit Only
 - C. Both CPE & RCH Credits
 - D. No
 - E. Not Applicable

You must complete the survey at the end of the webinar too!

NASBA® (National Association of State Boards of Accountancy) and APA (American Payroll Association) requirements for receiving CPE and/or RCH Credit:

- Log in from same e-mail address that you used to register
- Stay for the full hour
- Answer all polling questions
- Answer the required survey questions

About ADP

Over 570,000 clients
worldwide

Pays 1 out of 6 in the U.S.
33M worldwide



Founded in 1949
Went public in 1961

45,000 Associates
In 60+ Countries

- Revenues of approximately \$10 Billion
- Market capitalization of >\$23 Billion

Electronically 'moving'
\$1 Trillion annually

1 of 4 AAA Rated U.S. Industrial Companies
(by Standard & Poor's & Moody's)

**One of the world's leading providers of
technology-based SaaS solutions to employers**

Today's Panel



Jane Orlin
ADP, Inc.



Richard Eads
ADP, Inc.

Agenda

- **Negotiated incentives overview**
- **Federal, State, & Local**
- **Case studies of successful companies**



Polling Question #1

- **How effectively is your company leveraging credit and incentive opportunities?**
 - A. We have aggressively secured significant credits and incentives over the years.
 - B. We have taken advantage of the 'low-hanging fruit', but do not make a practice of seeking out all opportunities.
 - C. We are aware that credit and incentive opportunities exist. However, we do not have the resources to pursue same.
 - D. We are not currently pursuing credits and incentives since our tax liabilities are so low.
 - E. We are not currently pursuing opportunities since we are not growing.
 - F. Don't know/not applicable

You must complete the survey at the end of the webinar too!

NASBA® (National Association of State Boards of Accountancy) and APA (American Payroll Association) requirements for receiving CPE and/or RCH Credit:

- Log in from same e-mail address that you used to register
- Stay for the full hour
- Answer all polling questions
- Answer the required survey questions



Polling Question #2

- **Who is responsible for identifying and securing credits/ incentives?**
 - A. We have an ad-hoc team comprised of various individuals (e.g. tax, real estate, operations, etc.) that meet periodically to review and discuss potential opportunities.
 - B. Our tax department pursues tax credits. We have no identified process in place to capture other incentives such as discretionary grants, property tax relief, etc.
 - C. We use an outside vendor to assist us.
 - D. Don't know/not applicable

You must complete the survey at the end of the webinar tool!

NASBA® (National Association of State Boards of Accountancy) and APA (American Payroll Association) requirements for receiving CPE and/or RCH Credit:

- Log in from same e-mail address that you used to register
- Stay for the full hour
- Answer all polling questions
- Answer the required survey questions



The Role of Incentives

- Incentives are a Differentiator
- Incentives will not make a BAD deal GOOD; but can make a good deal BETTER!



Types of Credits and Incentives

- **Statutory vs. Discretionary Incentives**
- **Training Grants**
- **Other (e.g. sales tax exemptions)**

State Programs

- **Discretionary Grants**
- **Job Creation Grants/Credits**
- **Payroll- and Withholding-based Rebates**
- **Investment-based Grant and Credits**
- **Training Credits / Grants**
- **Sales & Use Tax Credits / Rebates**
- **Research & Development Tax Credits**

Local Programs

- **Property Tax Abatements**
- **TIF Districts / Community Development Block Grants**
- **Bond Financing**
- **Infrastructure Grants / Loans**
- **Fee Waivers**
- **Expedited Permitting**
- **Free / Subsidized Land or Building**
- **Green / LEED Certified Buildings**
- **Utility Incentives**

Federal Programs

- **Work Opportunity Tax Credit / Welfare to Work Tax Credit**
- **Federal Empowerment Zone / Federal Indian Employment Credit**

Incentive Triggers

Real Estate Driven:

- **New Site Selection and Start-Up**
- **Relocation of Facilities / Operations**
- **Consolidations and Closures**
- **Mergers and Acquisitions**
- **New Capital Investments**
- **Lease Renewals, New Leases**
- **Building Acquisitions**
- **Facility / Technology Upgrades**

Incentive Triggers

Employment Driven:

- **Changes in Employment**
 - Employee Hires
 - Turnovers and Relocations
 - Contract to Permanent
 - Increases and/or Decreases
- **Training of Employees**

Incentive Triggers

Tax and Legislative:

- **Enactment of New Incentive Programs at National/State/Local Levels**
- **Statutory and/or Administrative Changes to Existing Incentive Programs and/or Changes in Availability of Incentive Funds**
- **Changes in “zone” boundaries**
- **Changes in Federal/State/Local Political Leadership**

Who Needs to Be Involved?

- **Partnership** – Need to work in partnership with others to identify and leverage incentive opportunities
- **Integration** – A successful incentive negotiation project demands coordination and cooperation from various corporate functions (i.e. operations, tax, gov't relations, legal, HR, etc.)
- **“Buy-in”** – Incentive negotiation teams assist project teams to coordinate and secure buy-in from internal stakeholders



Negotiated Incentives Roadmap

Research & Preparation

- Research & benchmarking → what's available and what has been done for similar projects?
- Set goals / boundaries → what is the project scope (i.e. capital investment, job creation/retention, timing, etc.)
- Identify negotiating team → who is controlling the message?
- Develop business case / negotiation strategy
- Identify constraints → how much time do you have to negotiate?

Negotiation

- Secure the best possible deal within the allotted time
- Negotiate both benefits and recapture provisions
- Understand exactly what you are signing-up for
- Get it in writing!

Administration / Compliance

- Monetize Incentives -- prepare applications; secure formal approvals; attend public hearings; execute contracts, etc.
- Monitor performance over the life of the incentive

**Effective Administration/Compliance is Critical...
Significant Amounts of Incentives Awarded Each Year Go Unclaimed!**

Polling Question #3

- **How does your company currently handle incentive compliance?**
 - A. All credit and incentive compliance is centralized in one department.
 - B. Each local plant/office/facility is responsible for any credits/incentives attributable to that location.
 - C. Tax credit compliance is handled through our corporate tax department while all other incentives are managed at the local facility.
 - D. We use an outside vendor to assist us.
 - E. I am not sure how we are managing our compliance.

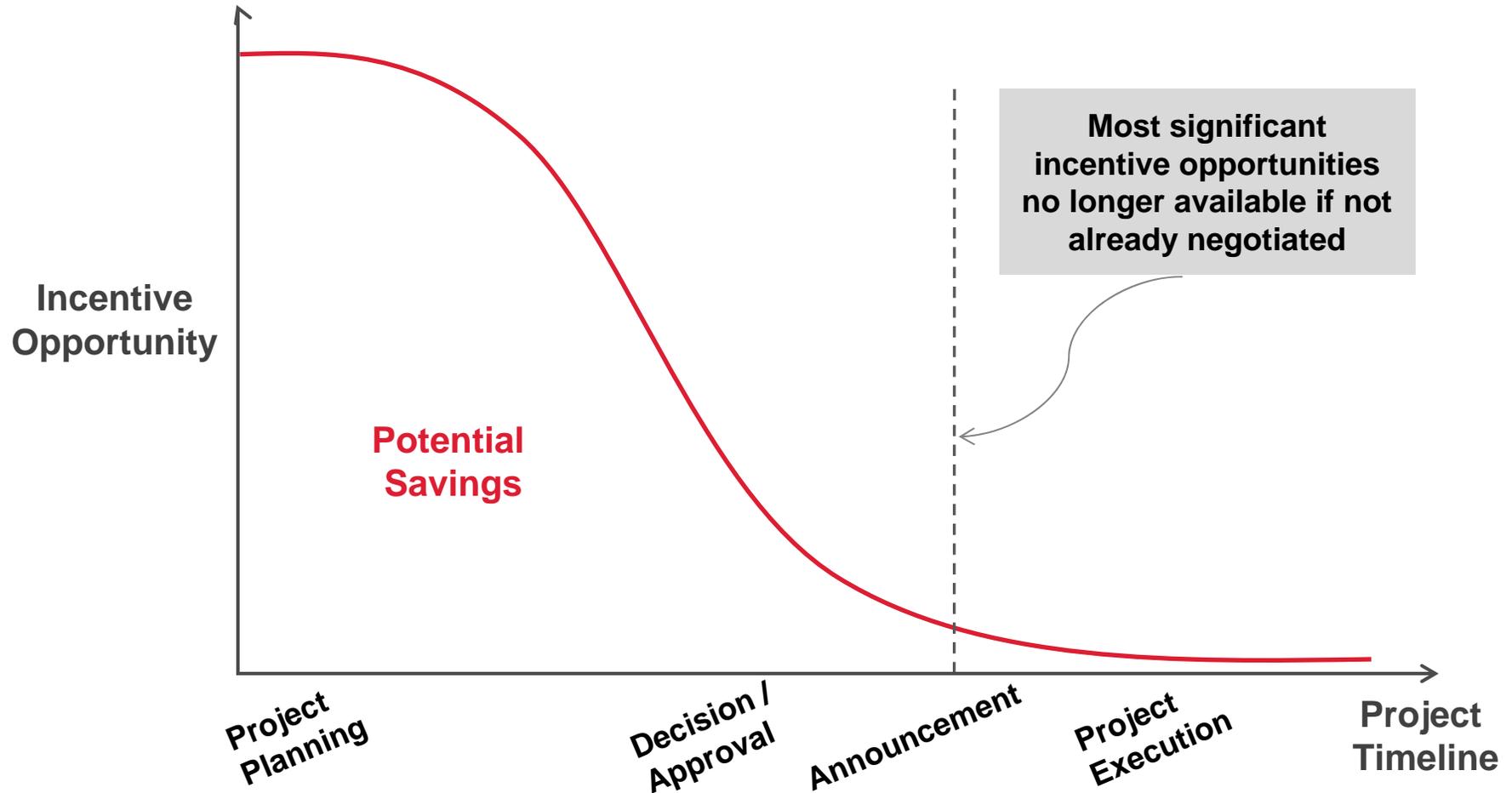
You must complete the survey at the end of the webinar too!

NASBA® (National Association of State Boards of Accountancy) and APA (American Payroll Association) requirements for receiving CPE and/or RCH Credit:

- Log in from same e-mail address that you used to register
- Stay for the full hour
- Answer all polling questions
- Answer the required survey questions



Timing is Everything



The Key to a Successful Incentives Project is Early Engagement and Communication – Potential Savings Decrease with Time!

Case Studies



Expansion Project

Project Parameters:

- **Areas Under Consideration: SC, OK, NE**
- **Project Location: Columbia, SC**
- **Type of Project: Expansion of existing location**
- **Capital Investment: \$2 Million**
- **Impact on Employment: Addition of 300 jobs**

Challenges:

- **Maintained existing location**
- **Top priority to reduce operating costs**

Results:

- **\$2.25 million incentive package**

Retention Project

Project Parameters:

- **Location: Upstate New York**
- **Project Type: Relocation within same county.**
- **Scope of Project: 120,000 square feet**
- **Impact on Employment: 300+ existing jobs**

Challenges:

- **Had to relocate to a new facility within a fixed geographic area due to state contract requirement**

Results:

- **Company relocated to a new site within the same county**
- **\$1.8 million incentive package consists of state and local sales and use tax exemptions**

Consolidation Project

Project Parameters:

- **Location: Tennessee**
- **Project Type: Consolidation of multiple out-of-state mfg. operations**
- **Scope of Project: \$200+ million investment**
- **Impact on Employment: approx. 150 retained; 300 new**

Challenges:

- **Limited time to evaluate multiple states**
- **Project scope constantly evolving / changing**

Results:

- **Consolidation of multiple facilities into existing company-owned location and expanded footprint**
- **\$20 million (est.) incentive package consists of state tax credits, training assistance, utility incentives, property tax abatement, and capital grants**

Words for the Wise

- **Do your research – know what to ask for**
- **Discretionary incentives must be negotiated before a project becomes “public”**
- **Understand the “costs” and “benefits” of pursuing specific discretionary incentives. “Costs” can include time, efforts, public perception, etc.**
- **Develop a media response in advance. Significant incentive awards are newsworthy**
- **Establishing strong economic development relationship early on will help you now (negotiation), and in the future (compliance)**
- **If you decide to work with consultants, assign clear project responsibilities (e.g. Who is responsible for monitoring ongoing compliance?)**
- **Implementation and compliance is critical – assign responsibility!**
- **Understand what you have committed to and monitor performance proactively**

Q&A



Thank You for Joining Us Today

For information on any of the ADP products or services referenced during today's webinar:

- Phone 800-CALL-ADP or visit www.adp.com

For a complete listing of ADP webinars and webinar recordings, go to:

- adp.com | [tools & resources](#) | [events](#) | [webinars](#)



Please Tell Us How We're Doing

***Your input will be used to improve
and plan future webinars***

ADP is committed to assisting businesses with increased compliance requirements resulting from rapidly changing legislation. Our goal is to help minimize your administrative burden so that you can focus on running your business. Neither the content nor the opinions expressed herein are necessarily the thoughts or opinions of ADP or its employees. The content provided as part of this seminar is provided as a courtesy to our clients and should not be construed as tax or legal advice. ADP encourages interested readers to consult with appropriate legal and/or tax advisors.

*The ADP Logo and ADP are registered trademarks of ADP, Inc.
In the Business of Your Success is a service mark of ADP, Inc.*

All other marks are the property of their respective owners.



Thank You for Attending.

