

Glossary of Terms

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Term	Definition
GENERAL DEFINITIONS	
State business incentives	State-administered programs designed to influence business investment behaviors for an economic development purpose. Incentives involve state-budgeted program expenditures or tax expenditures. Only active programs will appear in the Database, meaning programs that are currently open to applications from new applicants.
Program expenditures	Program activities (including non-tax related state programs, such as grants, loans, and other investment models) designed to address specific business needs to encourage success and growth. Funding for these programs must derive from a state funding source, at least in part.
Tax expenditures	Revenue losses attributable to state tax provisions that often result from the use of the tax system to promote social goals without incurring direct expenditures. (source: Tax Policy Center)
PROGRAM AT A GLANCE	
Program Name	The name used by the state to market the program. Name may differ from name used in statutes, budgets, and/or other documents.
Program Administrator	The organization or agency that determines which businesses are eligible to use the program, the level of support available (if not described in statute), and assesses whether the business has met its obligation as a result of receiving an incentive. The administrator may or may not be the same agency that markets the program or serves as the primary point of contact.
State	The state or U.S. territory that provides the program. In all glossary definitions, “state” will be used to mean both states and U.S. territories.
Program Category	There are four main program categories – tax, direct financing or indirect financing, and direct community financing. Direct service provision by an agency (without an intermediary) is not included in this database.

Term	Definition
<i>Direct Business Financing</i>	Direct financing programs provide dollars to a company without third-party involvement. Examples include direct grants and loans from the state to a business.
<i>Indirect Business Financing</i>	Indirect financing programs provide funding to a third-party provider (or intermediary) who in turn provides services to the firm.
<i>Community-directed Financing</i>	Direct community financing provides resources to a public entity that benefit one or more specific, identifiable businesses planning to or likely to locate in an area. Examples might include infrastructure improvements, site preparation, or workforce education or training.
<i>Tax</i>	Tax programs include a variety of abatements, credits, refunds, and deferrals.
Program Type	A further refinement of C2ER’s classification scheme, there are several program types that are subsidiaries of the program category.
<i>Collateral support</i>	The state contributes to the value of available loan collateral by making a deposit usually held by the lender.
<i>Equity investment</i>	The state invests financial capital primarily in exchange for partial ownership in private small businesses. The state expects to ultimately retrieve its investment (including a return on that investment) based on the firm’s future value and cash.
<i>Grant</i>	The state provides cash to a beneficiary without expectation of being repaid. These grants may come in the form of either cash up-front, based on achieving defined project milestones, or as a reimbursement of expenses.
<i>Subsidized loan loss reserves</i>	The state subsidizes a set-aside of loan funds or purchases insurance in case of a loan default.
<i>Loan guarantee</i>	The state partially guarantees a lender’s loan in case of default.
<i>Direct loan</i>	The state provides debt financing to businesses, taking on all responsibilities associated with underwriting and the risk associated with default.
<i>Loan participation</i>	The state purchases a portion of a third-party lender’s loan to a business.

Term	Definition
<i>Preferential interest rate</i>	The state provides a subsidy designed to provide below-market interest rates for qualifying businesses receiving loans either directly or through a third-party lender.
<i>Industrial revenue bond</i>	The state issues tax exempt bonds in which investors receive tax benefits for bonds purchased at lower than market rates. The capital from the sale of these bonds is used to provide below market interest rates and additional property tax reductions.
<i>Tax abatement</i>	The state reduces or decreases the assessed valuation of ad valorem taxes paid for a defined period of time.
<i>Tax credit</i>	The state allows certain taxpayers to subtract the amount of the credit from the total they owe the state.
<i>Tax deduction</i>	The state allows a deduction from gross income that arises due to various types of expenses incurred by a taxpayer.
<i>Tax deferral</i>	The state allows a business to delay paying taxes until some future point in time. It is possible that these tax obligations can be deferred indefinitely or incurred at a lower rate if the business meets some future obligation.
<i>Tax exemption</i>	The state provides a complete or partial relief from taxes, reduced tax rates, or a tax on only a portion of an item.
<i>Tax refund or rebate</i>	The state provides cash back to the business for taxes paid. Often these refunds may be made for one of a few key purposes: employee payroll withholding tax payments, corporate income tax payment, property payments, or sales taxes payments.

Term		Definition
	<i>Other</i>	<p>The state may offer other incentives through direct or regulatory relief. Examples in this category may include:</p> <ul style="list-style-type: none"> • Tax increment financing, which allows future state taxes generated by a new development to pay for the project’s costs. Taxes generated by a new project are used to assist in financing the project. • Any potential benefits that do not fit the other categories outlined above, including utility rate reductions, land cost write-downs, building permit reductions/exemptions, special financing options, or expedited permitting.
Business Need		To aid in describing the purpose of the incentive, C2ER has categorized incentives based on the business need or issue that the incentive appears to address.
	<i>Business management</i>	Incentives that help firms to improve the quality of their internal company leadership, including succession and business planning.
	<i>Capital access or formation</i>	Incentives that help firms gain access to dollars that are used to increase investment.
	<i>Facility/site location</i>	Incentives designed to encourage firms to invest in a specific site or specialized equipment; these incentives may also be geared toward encouraging a company to select a certain site or facility over others being offered elsewhere.
	<i>Infrastructure improvement</i>	Incentives that provide improved access or viability of a specific site, including investments in transportation, utilities, or similar physical aspects of a site or group of sites not directly related to building or equipment.
	<i>Marketing & sales assistance</i>	Incentives aimed at providing subsidies to firms to improve their access to markets or develop new market opportunities, including international trade, government contracting, or import substitution initiatives
	<i>Product & process improvement</i>	Incentives designed to encourage firms to invest in improving their current production process activities and deployment of technologies to improve current processes.

Term		Definition
	<i>Professional networking</i>	Incentives that provide businesses with a platform for connecting with other businesses and resources (in which firms would otherwise have directly paid for the benefit).
	<i>Tax/regulatory burden reduction</i>	Incentives that provide a reduction in the amount of state taxes or regulatory burden that affect firm costs directly.
	<i>Technology & product development</i>	Incentives designed to address research and development needs in which individual or groups of companies benefit directly.
	<i>Workforce preparation or development</i>	Workforce development incentives focus on the education, training and recruitment of workers, with programs concentrating on improving the skill base and job placement of a state and/or community's labor base. <i>The programs included in the Database are almost always <u>employer or firm focused</u>.</i>
Program Industry		The industry sector(s) targeted by the incentive, or the sectors eligible to receive incentive benefits. Industries are classified according to the North American Industry Classification System (NAICS) at the 2-digit level.
Geographic Focus		State incentives targeted either statewide or at specific communities.
	<i>Statewide</i>	Programs that are available statewide.
	<i>Development/redevelopment zone</i>	Zone programs targeted to small sub-county areas (whether in distressed urban or rural areas).
	<i>Specific region/district</i>	Programs that target certain counties (or groups of counties) within a state due to factors such as economic distress or economic characteristics not typically found elsewhere in the state (e.g., tourist or innovation areas).
	<i>Rural community</i>	Programs that target areas defined as rural.
	<i>Urban area</i>	Programs that target areas defined as urban.
Website		Web address with a direct link to more information about the program. This website may be a marketing link, but its purpose is to serve as the primary source for verifying and validating data provided in the incentives database.
OUTREACH CONTACT INFORMATION		
Contact Name		The name of the person responsible for marketing and managing the incentive.

Term	Definition
Contact Agency	The agency that markets the program or serves as the primary point of contact. This may or may not differ from the program administrator.
Office	The office or department for the primary point of contact.
Contact Address	This mailing address for the primary point of contact.
Contact Telephone	Telephone information for the primary point of contact.
Contact Fax	Fax information for the primary point of contact.
Contact Email	Email information for the primary point of contact.
PROGRAM DETAILS	
Program Description	A brief description of how the program works and what it does. This description is designed to provide a one or two sentence summary of key aspects of the program.
Program Objective	A brief statement about the purpose of the program and how its success is measured.
Program Specifics	A more detailed description of how the program operates, with more information about program benefits and usage.
ELIGIBILITY AND APPLICATION	
Eligibility Requirements	A listing of eligibility requirements and limitations. This section describes both who may be awarded the incentive as well as what types of projects will be considered. Scoring criteria for competitive incentive awards, if applicable and available, are also included in this section.
Application Information	This section provides available information about how and where to apply, whether or not program funding is awarded competitively, as well as the frequency of award rounds.
Application Link	Web address with a direct link to more information about the application process, or the application document itself.
STATUTORY BACKGROUND	
Program Start	The year the program began providing benefits.
Sunset Year	The year the program will “sunset”, meaning a measure within the program’s statute, regulation or other law that provides that the law shall cease to have effect after a specific date, unless further legislative action is taken to extend the law.

Term	Definition
Program Funding Cap	The statutorily determined program funding cap implemented during an established period of time (usually annual). Both tax and non-tax programs may have statutory caps.
Program Benefit Cap	Program funding limits explicitly defined per applicant or per project in any given time period (either during a year or a lifetime).
Program Administration Type	<i>Discretionary</i> means that program applicants are subject to some form of selection process by the administering state agency. <i>Statutory</i> means that legislation indicates which eligible program applicants may receive incentive benefits (in some instances, up to a funding cap, with limited leeway for the state agency to distinguish among program applicants).
Legal Citation	Reference to the authoritative state statutes and/or regulations that enable and implement the incentive program.
FISCAL INFORMATION	
Funding Source	The source(s) of funding for the incentive. Options may include state funding (general revenue funds or specially designated funds appropriated by the state legislature), federal funds, private funds, or local funds. Although a program may receive funding from more than one funding source, it must receive state funding at least in part to appear in the Database.
Tax Incentive Type	The type(s) of state tax burden reduced through the program.
Fiscal Year	The fiscal year during which incentive expenditures accrued.
Amount Expended	The amount of program or tax expenditures accrued during a specified fiscal year. For years in which expenditures are not available, budgeted or appropriated amounts may be substituted (but noted).