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Add \$\$\$ to Your Bottom Line State and Local Incentives

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American companies are competing in a vast and highly competitive global arena. Economics are forcing companies to look very hard for the best and most economically competitive locations from which to work.

The relocation process is complex, with numerous variables to consider. State and local financial incentives are a very important factor that can make a company more competitive and profitable. Incentives have developed as a competitive method for states and communities to retain existing companies and to motivate corporations to relocate.

Generally, any company that is relocating, expanding, consolidating, merging or acquiring another company would likely qualify. In each case, the potential exists for a company to consider its location options and how location might impact profitability. In considering these options, a company should examine how state and local incentives can impact its location decision.

Financial incentives can vary greatly from state-to-state and even community-to-community.

Much depends on the state and local political attitudes toward job attraction. While it would be a very rare governor or mayor who did not espouse their commitment to job creation, not all follow through. A professional incentive negotiator can help save a considerable amount of time by identifying those cities and states willing to follow through on pro-business rhetoric. This is why the range of incentives can run from \$0 - \$150,000 or more per employee.

Size matters—the more jobs a community can acquire, the higher the incentive dollars offered. Fortune 500 companies also tend to receive more money per job than lesser known companies. The quality of the jobs is also an important factor. For example, 200 high salary research and development jobs will garner more money per job than 200 low salary assembly jobs.

This does not mean that a small company with 75 new jobs will not receive incentives, but rather that the company may only qualify for certain incentives and those will undoubtedly be less valuable on a per job basis than for a larger company.

It is also critically important for a company to examine all details of incentive programs offered by government entities before confirming a site selection. The reason is simple: Once a company makes a decision and publicly announces its intent to relocate to a specific community, the motivation of state or local governments can recede rapidly.

A good incentive negotiator can guide the company through the maze of fine print and cumbersome applications that state and local governments often require to qualify for incentive programs. Most importantly, the negotiator can accurately predict what incentives the company will actually receive in real dollars at the conclusion of the application process.

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