

S-HQRTC

SMALL HEADQUARTERS RELOCATION TAX CREDIT

DESCRIPTION

The Small Headquarters Relocation Tax Credit (S-HQRTC) provides a refundable tax credit to a small, high-growth business that relocates its headquarters or the number of employees that equals 80% of the company's total payroll to Indiana. The credit is assessed against the corporation's state tax liability. The S-HQRTC is established by Indiana Code § 6-3.1-30.

ELIGIBILITY

Businesses eligible to receive an S-HQRTC award must:

- » Be engaged in interstate commerce
- » Maintain a corporate headquarters at a location outside Indiana
- » Have not previously maintained a corporate headquarters in Indiana
- » Have closed on or will close on at least \$4 million in venture capital within six months of the business' application for a tax credit
- » Relocate either its:
 - Corporate headquarters, or
 - The number of jobs equal to 80% of the company's total payroll
- » Employ at least 10 employees in Indiana after relocating a corporate headquarters to Indiana
- » A headquarters is considered:
 - » The principal offices of the principal executive officers of the eligible business
 - » The principal offices of a division or smaller subdivision of an eligible business
 - » A research and development center of an eligible business

EVALUATION CRITERIA

Each project will be evaluated on its individual merits and will undergo a cost-benefit analysis.

CALCULATION OF THE CREDIT

The tax credit is calculated by determining the amount of the company's relocation costs multiplied by a percentage determined by the IEDC, up to 50%. Relocation costs are considered:

- » Moving costs and related expenses
- » Purchases of new or replacement equipment
- » Capital investment costs
- » Property assembly and development costs including:
 - The purchase, lease or construction of buildings and land
 - Infrastructure improvements
 - Site development costs

Costs that do not directly result from the relocation of the business to Indiana do not qualify as relocation costs.

REPORTING REQUIREMENTS

Upon execution of an HQRTC tax credit contract with the IEDC, the business will be required to report for every calendar year during the term of the contract, up to 10 years.

Information required:

- » Summary statistics relating to capital investment that occurred in the applicable year
- » Individual employee data to support contractual employment and wage thresholds
- » Detailed line-item report of eligible relocation costs by invoice

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PROJECT ELIGIBILITY	Businesses that have closed on at least \$4 million in venture capital within 6 months of submitting an application for a tax credit must commit to » Relocating: • Its corporate headquarters, or • The number of employees that equal 80% of the company's total payroll » Employing at least 10 Indiana residents by the expiration of the tax credit agreement
AMOUNT	Up to 50% of a business's relocation costs
PASS THROUGH	Yes
CARRY FORWARD	Yes, for up to 9 years after the year in which the credit is first claimed
CARRY BACK	No
REFUNDABLE	Yes
ASSIGNABLE	No
PROJECT CAP	None
PROGRAM CAP	\$5 million each state fiscal year