

Real Estate Strategies

ITRA / Commercial Real Estate Group of Tucson, LLC

STATE & LOCAL CORPORATE RELOCATION INCENTIVES

Make your relocation even sweeter.

This is a summary of an article written by ITRA member Ron Pollina, Ph.D.

With communities competing for the jobs that new businesses bring, relocation incentives have become common, and aggressive companies will want to make the most of them. While incentives are only one factor in determining where to locate a business (quality of life, work force and transportation take priority), they very often make a difference between various choices . . . or even staying in a present location.

Typical incentives offered by state and local governments can be divided into the following categories:

Economic - Infrastructure construction and improvements (i.e. Building new roads, widening existing roads, upgrading water and sewer plants, adding rail service), Site development Land and/or Building Donations (free or low cost or purchased by the government and leased back to the corporation at discounted rents), Low interest loans (i.e. Loans made for property improvements, and which may be forgiven as certain hiring targets occur), and Cash grants.

Education and training - Payment of employee salaries during training, subsidized job training, and employee relocation assistance are typical.

Tax incentives - Abatement of a % of personal property, payroll, and/or corporate taxes for a fixed time period, reduction in real estate property taxes for a certain time period, and Impact Fee waivers are examples.

Other - Additional incentives may be offered by Utility companies and even private businesses and include reduced utility rates, free equipment (i.e. energy efficient light fixtures, back-up generators, etc.), and free technical and design assistance.

Is That All? - Statutory Vs. Negotiated Incentives

Statutory incentives which are pre-approved and offered to all eligible companies may be only a starting point! With aggressive, experienced negotiation, many companies are able to achieve additional incentives, limited only by the needs and imagination of the relocating company, its negotiators and political leaders. A company that attempts these negotiations themselves, or which uses a consultant inexperienced in these negotiations is very likely to leave lots of money on the table.