

Financial Incentives offered through Delaware Economic Development Office (DEDO)

Delaware Strategic Fund

The Delaware Strategic Fund represents the primary funding source used by DEDO to provide customized financial assistance to businesses - for businesses considering locating in the State of Delaware, financial assistance may be provided in the form of low interest loans, grants, or other creative instruments to support the attraction of businesses that pay sustainable wages, with assistance terms that are negotiated specific to each firm's individual needs and situation.

Capital Investment

Projects that require major capital investments representing targeted industries and creating new jobs with sustainable wages and benefits may qualify for cash incentives to offset major capital investments that are necessary for the new business expansion. The terms are negotiated specific to each firm's individual needs and situation with a maximum limit of 3% of Capital Expenditures.

Workforce Training Grants

We realize that companies often have a need for specialized training. The Delaware Economic Development Office can offer matching training grants for customized training for up to \$100,000 per qualified project. The matching portion of the grant can be an in-kind contribution while training is customized to the company's specific needs. The workforce training grant can be used for various training initiatives through-out the year ranging from entry level to front-line supervisory training.

Workforce Recruitment

With Delaware's skilled workforce, your company will staff its new facility with a team eager to support your success. To assist in the hiring process, the Delaware Economic Development Office will coordinate recruitment efforts with the Department of Labor to ensure your employment needs are met or exceeded.

National Emergency Grants

The Delaware Economic Development Office (DEDO) and the Delaware Department of Labor, Division of Employment and Training (DOL/DET) are working collaboratively to assist Delaware companies with funds made available through the National Emergency Grant (NEG). These funds are granted by the US Department of Labor in order to temporarily expand the services that the State is able to provide in times of emergency. They can be granted to the State to help provide services to affected workers from large layoffs, plant/business closures, or natural disasters and provides funding to train workers who have been unemployed for greater than 23 weeks.

TAX CREDITS/REBATES for Qualifying New Business Entities

Bank Franchise Tax Credit (Managed by the Office of the State Bank Commissioner)

The bank franchise tax liability can be adjusted by tax credits. Tax credits available include: Travelink tax credits calculated in accordance with Department of Transportation Travelink tax credit reporting requirements; and an employee tax credit for certain new bank employees, provided the bank has least 200 new qualified employees and invests at least \$15,000 per new qualified employee; and a Historic Preservation tax credit as administered by the Delaware State Historic Preservation Office; and a Veterans' Opportunity Credit.

<http://banking.delaware.gov/services/bnkft/ftintro.shtml>

TAX CREDITS/REBATES managed by the Delaware Division of Revenue:

New Business Facility Corporate Income Tax Credit

Corporate Income Tax: Any eligible corporate taxpayer that makes a qualified investment (\$200,000 or more) and that hires five or more qualified employees (\$40,000 per employee) is entitled to receive a tax credit. Eligible corporations receive credits of \$500 for each qualified employee and \$500 for each \$100,000 invested, not to exceed fifty percent of their tax liability in a given year. Unused credits may be carried forward. The credits can be taken each year over a ten year span but may not exceed 50% of the company's pre-credit tax liability. This tax credit program was previously referred to as the Blue Collar Tax Credit.

http://revenue.delaware.gov/services/Business_Tax/FullBC.shtml. For a \$20,000,000, the 10 year credit could be \$150,000 ($100 \times 500 + 20,000,000 / 100,000 \times 500$). If the investment is in a targeted area, you substitute \$750 for the \$500, so the credits would be 50% higher in each scenario noted above. The \$150,000 would increase to \$225,000.

Alternative Investment Credit Required for Telecommunications Services

Instead of five employees and \$40,000 of investment per employee (as mentioned in the New Business Facility Corporate Income Tax Credit), telecommunication service businesses are required to hire at least 50 qualified employees and make a minimum investment of \$15,000 per qualified employee. Telecommunication service businesses meeting these criteria are entitled to a \$500 tax credit for each qualified employee hired and a \$500 credit for each \$100,000 in qualified investment made. 30 Del. C., Chapter 20, section 2011(b)(3)

Gross Receipts Tax Credit

The Gross Receipts tax break is offered over a ten-year horizon. In this case, it's not a credit based on jobs and/or investment; it's just a straight reduction.

Public Utility Tax Credit

Any firm that is eligible for tax credits under the Blue Collar Jobs Act (as defined under Title 30, Section 2011(a)) is also entitled to receive for five years a rebate of 50 percent of the public utility tax that it owes on the operation of new or expanded enterprise

Business Finder's Fee Tax Credit

The Business Finder's Fee (BFF) Tax Credit is designed to incentivize existing Delaware businesses to leverage their relationships with suppliers, customers and other businesses to relocate to Delaware, resulting in job creation, increased revenues and stronger supply networks. Both the existing Delaware company (Sponsor Firm) and the new relocating business (New Business Firm) shall be eligible for a tax credit equal to \$500 multiplied by the number of full-time Delaware employees of the New Business firm each tax year for 3 years following the date in which the New Business Firm is certified in Delaware.

Research & Development Tax Credits

Qualified businesses with research and development expenses are eligible for Delaware research and development tax credits for the taxable year equal to:

- 10 percent of the excess of the taxpayer's total Delaware qualified research and development expenses for the taxable year over the taxpayer's Delaware base amount
- 50 percent of Delaware's apportioned share of taxpayer's federal research and development tax credit using the alternative incremental credit method (under Section 41(c)4 of the Internal Revenue Code).
- Credit is limited to 50 percent of the Delaware income tax liability.

In addition, under [House Bill 318](#), Delaware doubled the research and development tax credit available to smaller businesses, while keeping in place the annual cap of \$5 million for the credit as whole. Under this act, businesses with less than \$20 million average annual gross receipts for the most recent four years are entitled to a credit equal to 100% of the corresponding federal credit.

Veterans Opportunity Credit

The credit is an incentive to hire veterans who served in overseas conflicts since 2001. This is based on W-2 wage and for a qualified employer located in Delaware who hires one or more qualified veterans. Qualified veteran means either a Delaware resident engaged in qualified military service, or non-resident, who as a member of the DE National Guard, engaged in qualified military service, was honorably discharged, or is a current member of a National Guard or Reserve unit and is employed on or after January 1, 2001, and prior to January 1, 2016.

The credit can be taken against the following taxes: Bank Franchise Tax, Corporate Income Tax, Personal Income Tax, and Insurance General Premium Tax. The Credit shall be 10% of the gross wage, but shall not exceed \$1,500 for each qualified veteran employed by a qualified employer. This is a refundable tax credit. However, no qualified veteran counted for the Veterans Opportunity Credit can be counted in determining the credit under the following credits: Blue Collar Jobs Credit, New Economy Jobs Credit, and Business Finder's Fee Credit. For more information, click [here](#).

Work Opportunity Tax Credit (WOTC) Federal Program

The WOTC is an employer credit designed to help move people from welfare into gainful employment and obtain on-the-job experience. The credit for the employer can be as much as: \$2,400 for each new adult hire; \$1,200 for each new summer youth hire; \$4,800 for a veteran entitled to compensation for a service-connected disability; \$9,000 for each new long-term family assistance recipient hired over a two-year period.