

# INCENTIVE FINANCING PROGRAMS

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- **Ben Franklin Technology Partners (BFTP)**

This program provides investment capital ranging from \$50,000 to \$150,000 (not to exceed \$150,000 per year for up to three years) for both established and early-stage technology companies to fund research and development and technology transfer. In addition to providing direct support through project funding, Ben Franklin also draws upon an extensive network of outside resources to offer additional support for customers. For a given project we may call in college and university faculty and staff and/or proven business professionals to offer expert assistance in such areas as overall strategy development, market positioning, acquiring capital, business planning, human resource issues, and technical issues/opportunities.

- **Customized Job Training (CJT)**

Through this Commonwealth of Pennsylvania grant program, employers may be reimbursed for up to 75% of certain “trainer’s” expenses. CJT funds can be used to reimburse an employer for the purchase of materials and supplies, approved contracted services, instructional costs, and relevant training expenses for instructors. Employers can apply for this funding through a Local Educational Agency (LEA), which include local public schools, vocational-technical schools, and private licensed institutions. Employers may also apply for funds on behalf of themselves.

- **Grow Scranton Fund**

Business loans ranging from \$25,000 to \$1,000,000 at a rate of Prime plus 1.5% are available through the City’s Office of Economic and Community Development. Eligible businesses include any business located in the City of Scranton. Loan terms are set at up to seven years for working capital, up to 10 years for equipment, and up to 25 years for real estate. Loans may finance up to 100% of project expenses.

- **Job Creation Tax Credit Program (JCTCP)**

This state tax credit program is available to businesses that, within three years from a negotiated start date, create 25 or more jobs or increase employment by 20%. Tax credit is \$1,000 per full-time job, per year. The Pennsylvania Department of Community and Economic Development decides the amount of tax credits for any project and the number of years each credit may be used. The tax credits may be applied for a period of six years after the first start date, but no more than five years after receipt of the state tax credit certificate.

## ● KOZ / KOEZ Program

Eligible companies that locate in a Keystone Opportunity Zone (KOZ) or a Keystone Opportunity Expansion Zone (KOEZ) are exempt from most state and local taxes until 2010 (KOZ) or 2013 (KOEZ). Some of the local and state taxes from which an eligible business may be exempt include, but are not limited to:

- Local real estate taxes
- Local business privilege or mercantile taxes (if any)
- Pennsylvania's Capital Stock & Franchise Tax
- Pennsylvania's Corporate Net Income Tax
- State sales tax on the purchase of taxable property or services (excluding motor vehicles) that are used and consumed by businesses within the zone
- State sales tax on telephone and electric service used by a business in the zone
- State sales tax on "building machinery and equipment" purchased by a contractor in conjunction with a construction contract

If a Pennsylvania-based company is relocating an operation from a non-KOZ/KOEZ into one of the zones, then it must:

- either increase its full-time employment by at least 20% in the first full year of operation
- or make a capital investment in the zone equal to at least 10% of the gross revenues of the business in the preceding calendar or fiscal year.

A business relocating from outside Pennsylvania into a KOZ/KOEZ must simply own or lease property in a zone from which it actively conducts a trade, profession or business.

## ● Machinery and Equipment Loan Fund (MELF)

This Commonwealth of Pennsylvania program provides loans of up to \$5,000,000 for the purchase of machinery and equipment fixed at an interest rate of 3.25% for up to ten years. The loan amount cannot exceed 50% of the total eligible project costs. Funds can be used towards the purchase of new equipment or the upgrade of existing equipment, which is directly related to the manufacturing or industrial process. Companies engaged in manufacturing and certain other industrial, agricultural, and mining operations are eligible. Companies must create or retain one full-time job for every \$25,000 borrowed.

## ● MetroAction, Inc. - Microloan Program

Through this program, loans of up to \$25,000 are made available to all types of small businesses (with less than 50 employees and less than \$500,000) in Carbon, Lackawanna, Luzerne, Monroe, Pike, Susquehanna, Wayne, and Wyoming counties in Pennsylvania. The interest rate is fixed for the term of the loan. MetroAction, Inc., a community development arm of The Greater Scranton Chamber of Commerce, administers the program.

## ● Opportunity Grant Program

This program provides grants to companies engaged in agricultural processing, manufacturing, industrial services, research and development, traded services, and other areas, for the preservation and creation of employment. The Pennsylvania Department of Community and Economic Development determines the amount of the grant based on the project's economic impact, job-creation projections, wage rates, and additional factors. The grant funds can be used for job training, construction or rehabilitation of infrastructure and buildings, the purchase or upgrading of machinery, working capital, environmental assessments, site preparation, remediation of hazardous materials, and other projects.

## ● Pennsylvania Economic Development Authority - Tax Exempt Bond Financing

This program provides loans ranging from \$400,000 to \$10,000,000 for manufacturers, charitable organizations, and other facilities designated as eligible for tax-exempt financing. These loans can be used to acquire and prepare land, for the construction, acquisition, or renovation of buildings, to purchase new equipment, and for insurance, testing, legal, architectural, and related costs. In addition, the loans can finance up to 100% of total eligible project costs and can have a term of up to 120% of the depreciable life of the financed assets. Interest rate is weekly variable and the "all-in" rate is typically 46% of U.S. Prime.

## ● Pennsylvania Industrial Development Authority (PIDA)

PIDA arranges low-interest loans to help manufacturing, industrial, and large office companies purchase, renovate and/or construct buildings. PIDA will finance up to 40% of the total real estate project cost, not to exceed a maximum loan of \$2,000,000. A loan of up to \$2,250,000 may be made available to projects within Keystone Opportunity Zones or Act 47 Distressed Communities. The interest rate is fixed at 4.25% or 5.25%, depending on local employment rate for the entire term and the company may request up to a 15-year loan term. Companies must create or retain one full-time job for every \$35,000 borrowed from PIDA.

## ● SIDCo Facade Improvement Loan Program

This program provides area business owners with \$25,000 loans to help renovate the exterior of their commercial buildings. This program offers a competitive "5 for 5" incentive. All Facade Improvement Loans will have a five percent, fixed interest rate for a five year term. This program was designed to complement the City of Scranton's Facade Improvement Grant Program.

Scranton's Office of Economic and Community Development administers the City's facade grant program. Businesses can apply for \$25,000 grants to be used to preserve historic properties. Applicants can use SIDCo's Facade Improvement Loan as the matching component that is required by the City.

## ● SIDCo Loan Program

SIDCo (Scranton Industrial Development Company), operated by the Greater Scranton of Commerce, serves businesses in Lackawanna County that are experiencing working capital needs and are unable to obtain financial assistance from other lending institutions. SIDCO will loan up to \$75,000 for a maximum term of five years. The interest rate will be fixed for the entire term. The following documentation is required: a completed application form, personal financial statements for each guarantor, a prepared business plan including three year projections, and personal (and business if applicable) federal income tax filings for the past three years. Collateral options include real estate, machinery and equipment, stocks/bonds, inventory, life insurance policy, personal or corporate guaranty.

## ● Small Business First Program

This Pennsylvania program offers loans to new or expanding small businesses in a variety of fields including manufacturing, industrial, export-related, advanced technology, computer, and business to business services. Funds from the loan can be used for land and building costs, machinery and equipment, and working capital. The maximum loan for a building, land, or machinery is \$200,000 or 40% of the project cost, and the maximum loan for working capital is \$100,000 or 40% of the project cost. Interest rate is fixed at 5%. The terms are three years for working capital, up to ten years for machinery and equipment, and fifteen years for land and buildings.

## ● WEDnet PA

Through this program, qualified companies receive free job training through an alliance of 14 State System universities. East Stroudsburg University and Luzerne County Community College are the State System institutions in Northeastern Pennsylvania. Eligible employers can take advantage of WEDnet's Basic Skills Training and Information Technology Training programs. A company may receive up to \$450 per eligible employee for basic or entry-level skill training and up to \$700 per eligible employee for information technology skill training. A company may receive up to \$100,000 per fiscal year (July 1 through June 30) for basic or entry-level skill training and up to \$50,000 per fiscal year for information technology training.

## ● Workforce Investment Act (WIA)

Administered by the Scranton Lackawanna Human Development Agency, this program reimburses 50% of wages paid to eligible trainees during an on-the-job training program. In order to receive the reimbursement, the employer must choose workers from any of four target groups: at-risk youth, public assistance recipients, the economically disadvantaged, and dislocated workers. Employer assistance includes job counseling and support services, basic educational training, and job placement.

For more information about these and other incentive financing programs please contact the Greater Scranton Chamber of Commerce at 570-342-7711. The Chamber also publishes an Incentive Financing Guide, which will be made available at no cost upon request.