The Montrose Group, LLC

TRANSFORMING YOUR WORLD

RURAL CORPORATE SITE LOCATION OPPORTUNITIES

A MONTROSE GROUP WHITE PAPER

JULY 30, 2023

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MONTROSE GROUP'S CORPORATE SITE LOCATION PRACTICE DRIVEN BY MULTI-DISCIPLINARY TEAM

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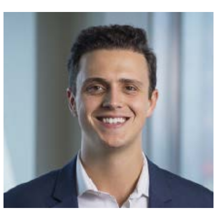

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CAPITALIZING ON RURAL CORPORATE SITE LOCATION OPPORTUNITIES

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CAPITALIZING ON RURAL CORPORATE SITE LOCATION OPPORTUNITIES

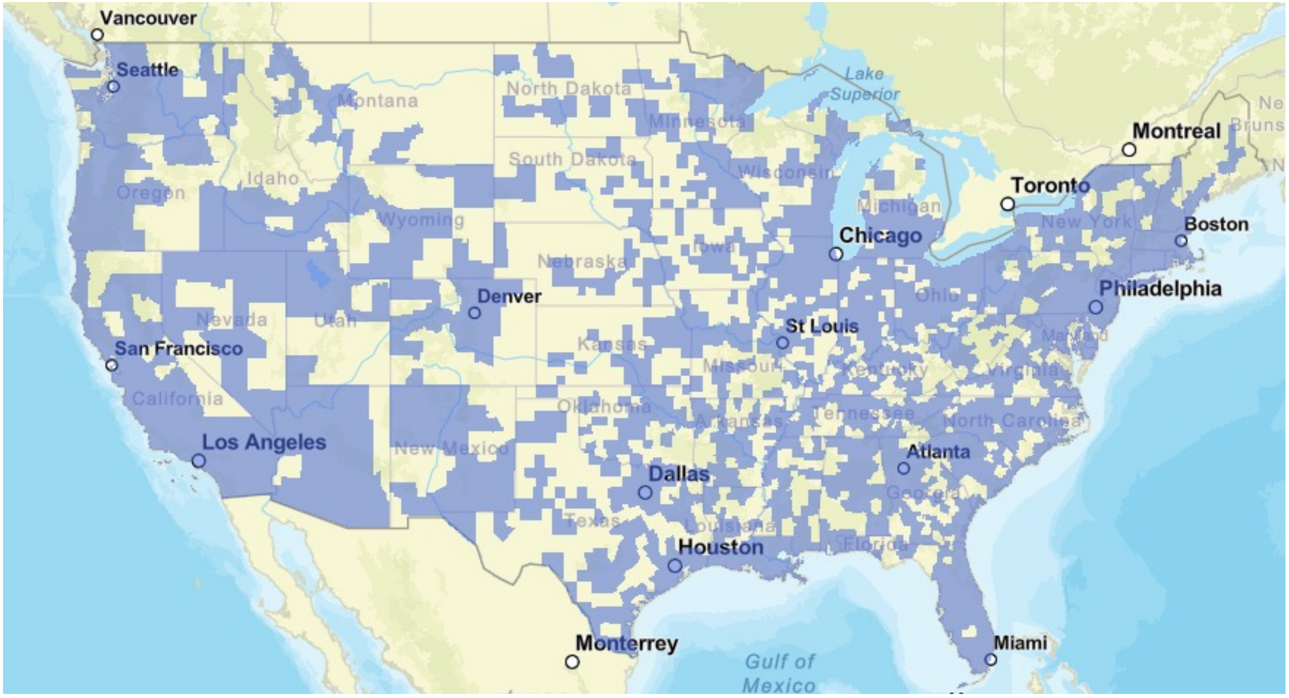
Executive Summary. Rural communities are prime targets for companies considering a corporate site location project. Rural areas in the U.S. cover 97 % of the nation's land area but contain 19.3 % of the population who are more likely to own a single-family home, are older, and less likely to hold a bachelor's degree or be in poverty than their urban counters.

Rural Market Corporate Site Location Disadvantages	Rural Market Corporate Site Location Advantages
• Slower economic growth • Populaton loss • Older population • Fewer bachelor degrees	• Lower real estate costs • Lower labor wage rates • Manufacturing haven

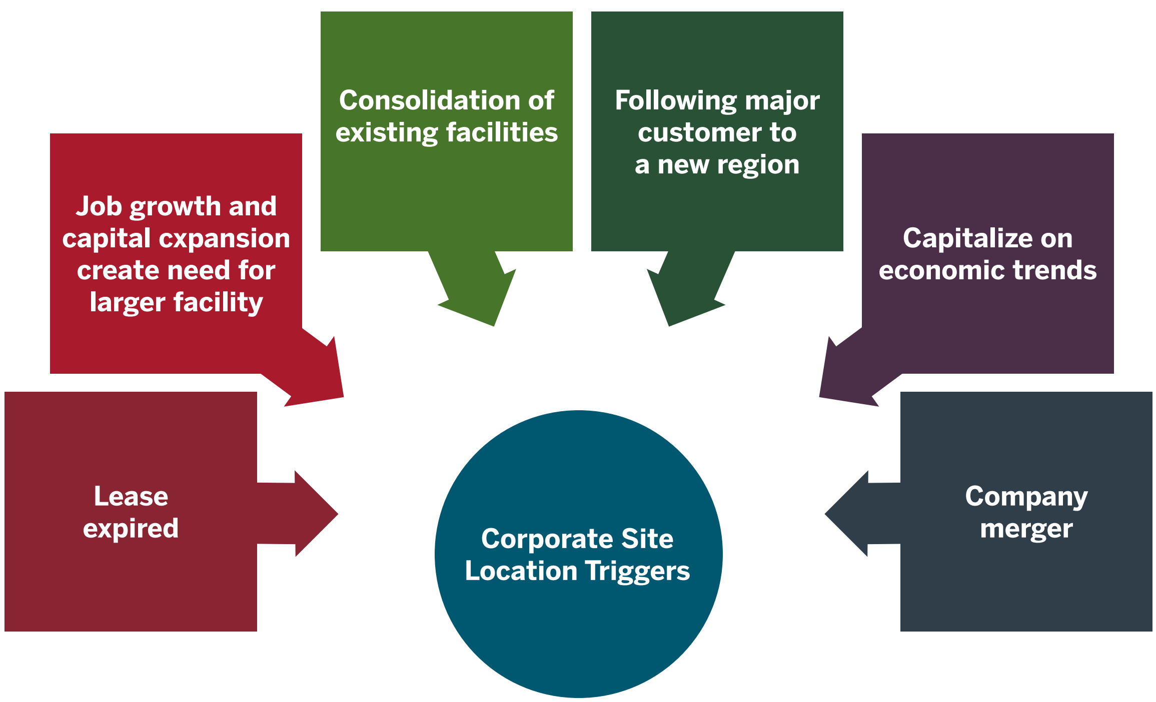
Private companies seeking a corporate site location see disadvantages and advantages in rural markets. In general, rural markets, compared to their urban and suburban counterparts, have slower overall economic growth, and face the loss or slow growth of population driven by the failure to retain younger workers which drives down rural bachelor's degree rates. However, rural markets enjoy substantially lower real estate and wage rates, have long been a base for manufacturing companies, will benefit from the continued automation of manufacturing facilities as this will require fewer workers and mitigated the lack of rural population, and are prime targets for companies seeking to locate facilities tied to energy-intensive industries, and connecting their supply chain to domestic facilities.

Montrose Group recommends companies considering rural communities for corporate site location projects focus on addressing regional workforce challenges by building a Public-Private-Partnership (PPP) to retain and attract skilled labor through industry base training programs with growth opportunities focused on technology and manufacturing companies through the development of IT and workforce development programs, and rebuild rural Downtowns to create a neighborhood where young workers want to live, work and play through small business development focused on the development of business incubators that support the success of startup companies and historic preservation redevelopment financed through Downtown district programs, historic preservation tax credits, and state grants. Furthermore, rural markets should be strong targets for manufacturing companies considering energy-intensive industry growth and domestic supply chain expansion, as well as a range of industries considering the growth of data centers all of which should prosper through a traditional corporate site location and site development process that reviews potential markets for economic and demographic strengths, searches for available sites and negotiates options to lease or purchase, negotiates land use entitlements, infrastructure finance, and economic development incentives.

Defining rural. Defining rural seems to be as much art as science. In 2013, the federal government's Office of Management and Budget (OMB) defined metropolitan (metro) areas as broad labor-market areas that include: central counties with one or more urbanized areas; urbanized areas are densely-settled urban entities with 50,000 or more people; and outlying counties that are economically tied to the core counties as measured by labor-force commuting.[1] Under the OMB definition, outlying counties are included if 25 % of workers living in the county commute to the central counties, or if 25 % of the employment in the county consists of workers coming out from the central counties—the so-called "reverse" commuting pattern.[2] Non-metro counties are outside the boundaries of metro areas and are further subdivided into two types: Micropolitan (micro) areas, which are non-metro labor-market areas centered on urban clusters of 10,000-49,999 persons and defined with the same criteria used to define metro areas; and all remaining counties, often labeled "noncore" counties because they are not part of "core-based" metro or micro areas.[3]



The Census Bureau provides the official, statistical definition of rural, based strictly on measures of population size and density, and rural areas comprise open country and settlements with fewer than 2,500 residents.[4] Urban areas comprise larger places and densely settled areas around them, but according to the Census Bureau, urban areas do not necessarily follow municipal boundaries.[5] They are essentially densely settled territory as it might appear from the air, and nearly all counties are both metro and non-metro. Again, the Census Bureau sees the magic number at 50,000 people for metro v. non-metro, but they will also consider with the city have a core with a population density of 1,000 persons per square mile and may contain adjoining territory with at least five hundred persons per square mile.[6]



Anatomy of a corporate site location project. The corporate site location process decides where a company locates, and this process is about a lot more than tax incentives. Triggers such as the end of a real estate lease, growth needs beyond their current facility, decay of their existing facility, consolidation of existing facilities, a growth opportunity tied to a customer, a merger of companies, or a company seeking to capitalize on an economic trend tell a company they should undertake a corporate site location project. The corporate site location process begins with defining the project to learn about the industry, the number of jobs, payroll, and capital investment planned by a company, needs for the project site, and geographic markets that fit the company's business plan leading to the creation of potential state and regional target list for the company's location. Next, market research begins to understand the economic analysis of growth, industry cluster, labor shed, transportation, infrastructure, and supply chain of an industry, company, and region and potential real state options for each of these markets. Sites in these states and regions are reviewed as well as the real estate, labor, and tax policy all impacting the cost of doing business in a region followed by an analysis to review relevant infrastructure finance programs and economic development incentives. Upon completion of this research, the company will then narrow its search to a handful of sites in multiple states and cities that all would fit the company's business purpose. A confidential Request for Proposal or project letter is then sent from a corporate site location consultant or legal counsel that outlines the nature of the corporate site location project and the specific needs of the company related to the site in question with specific infrastructure, workforce, incentive, and site needs. Site acquisition, land use entitlements, economic development incentives, and government compensation agreements are then negotiated. Defining the economic prospects, workforce capabilities and cost of doing business in multiple regions is the first step for companies considering an economic expansion.

Growing markets and cost of doing business. The corporate site location process begins with listening to define the project to learn about the industry and number of jobs, payroll, and capital investment planned by a company or project site all leading to the creation of a larger potential state and regional target list for the company's location. Next, market research begins to understand the economic analysis of growth, industry cluster, labor shed, transportation, infrastructure, and supply chain of an industry, company, and region and potential real state options. The economic growth of these states was compared to measuring the vitality of the state through a long-term review of Gross Domestic Product growth. Measuring a state's macroeconomic growth is just the start of the data dive for a corporate site location project. For companies seeking a large pool of skilled workers, large to mid-sized urban markets are often targets for future economic growth. These communities offer an opportunity for economic growth with a skilled and more affordable workforce. An important measure for these regions is their concentration in the company's industry. An industry cluster analysis provides a snapshot of what industry strengths a region has and further illustrates what industries are likely to succeed in a region as industries tend to locate near each other for workforce and other economic benefits. A location quotient is a method of measuring the industries that are a strength of a region and that are growing. A location quotient above 1.0 indicates the economic strength of that industry in a particular region.

The United States is in a battle for talent. In the age of Baby Boomer retirements, knowledge workers, and Work from Home (WFH), how a community stacks up compared to peers on the quality of life is an important measure for companies making corporate site location decisions. WFH growth is clearly one of the long-term trends created by COVID-19 that is pushing companies to permit workers to not come into traditional offices thus creating new opportunities for large and small communities to attract a new generation of often highly paid workers. Finally, fewer people are working period. According to the Bureau of Labor Statistics, during the 2012–2022 period, the growth of the labor force is anticipated to be due entirely to population growth, as the overall labor force participation rate is expected to decrease from 63.7 percent in 2012 to 61.6 percent in 2022.

Placemaking is really a workforce development strategy to retain and attract the best talent by improving the quality of life where those workers will live, work and play. Placemaking is nothing new. The International Economic Development Council has defined placemaking as "the practice of enhancing a community's assets to improve its overall attractiveness and livability." The Montrose Group Quality of Life (QLI) Index is a multidimensional analysis that scores key aspects of a community and can be thought of as an analysis of a range of objectively measurable community and social well-being conditions in seven key areas that are measured nationally and at the statewide level. Quality of Life data are weighted to generate a community Quality of Life score that is then compared to a baseline score of one hundred. Communities with a baseline score of one hundred or higher have a ranking that meets or exceeds federal and state statistics, a score between 60-80 indicates a good ranking, and so on. Communities with a higher QLI score have an exceptional competitive advantage over other areas.

A Crime Index provides a view of the relative risk of crime in a community as compared to the rest of the nation using data from resources such as the Federal Bureau of Investigation's Uniform Crime Reporting system.

A Housing Index measures the availability and cost of as the key to ensuring mobile talent considers your community as a viable community to live in and that there is adequate housing stock to choose from.

A Commute Time Index measures the length of time it takes employees to get to work which impacts productivity for an employee at work and enjoying their personal life.

A Walkability Index is a nationwide geographic ranking system led by the U.S. Environmental Protection Agency. The Walkability Index uses selected variables on density, diversity of land uses, and proximity to transit to calculate the ease of walking around. Walkable communities vary depending on population and land mass (urban, suburban, rural) and consider access to public transit.[7]

Quality of Life Index Analysis

Crime

Assesses relative risk of crime in seven major crime areas including personal crime, murder, rape, robbery, assult, burglary, larceny, and motor vehicle theft

Housing

Ratio of rental cost compared to income, breakdown of home prices by income, eviction rates, and cost of homeownership

Commute Times

Average commute times as defined by U.S. Census Bureau compared to state averages

Walkability

U.S. Environmental Protection Agency Walkability Index

Healthcare

Analyzes premature deaths, adult obesity, uninsured residents, and Primary Care Physicians per resident

Education

Assesses statewide performance index rating, high school graduation rate, high school degree or higher attainment, and Bachelors degree or higher attainment

Wealth

Meaures per capita income, poverty rate, personal savings, and per capita retail sales

A Healthcare Index considers access to healthcare services and helps identify underperforming markets where barriers to health care, such as social, racial, economic, and physical factors may exist, and where there are markets that have the services needed to support healthy living.[8]

An Education Index examines educational attainment which impacts the economic success of the region but also the industries likely to be attracted to the region and the quality of the local schools.

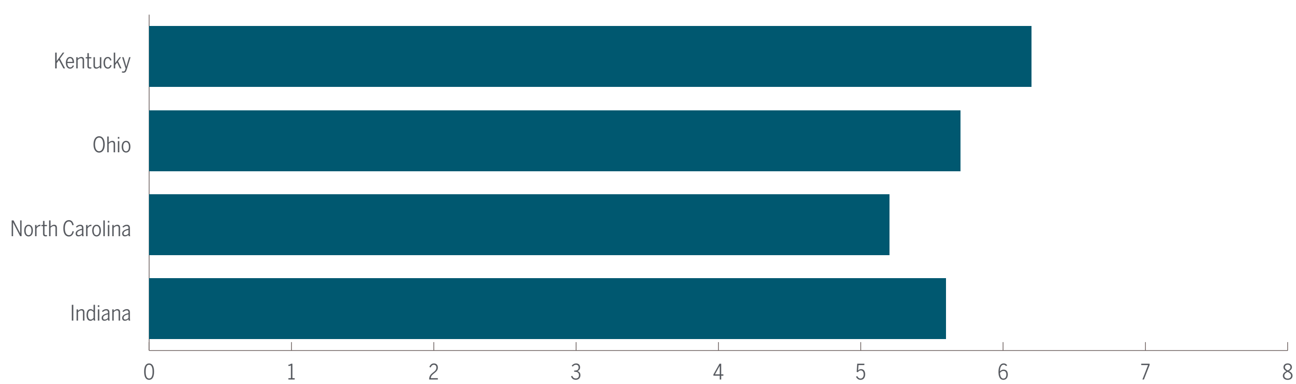
A Wealth Index considers the education and income of individuals and looks at the wealth of a community.

Demographic data is also researched to understand the larger population and income trends of potential sites. Demographic factors such as population size and growth, homeownership rates, median family incomes, level of education, and poverty rates all impact the long-term economic vitality of a region. The demographic data for the remaining target cities all illustrate growing and stable urban regions in the United States.

Workforce data is critical to a company's decision to locate or grow in a region. With the retirement of the Baby Boom generation regions everywhere are struggling to find the answer to the workforce development puzzle. The level of college-educated workers in the region under consideration is relevant to companies in the advanced services/white-collar and high-tech industries. Also, the volume and costs of that skilled workforce also can have a "leveling" impact that benefits regions with less growth in each sector. Finally, a cost of doing business analysis provides an economic measure of the wage rates, construction, real estate, and tax structure of multiple regions and states that determines the quality-of-life measures for the region.

Local and state government business tax rate. Taxes by the state and local governments are a critical component of measuring the cost of doing business in a region. The chart below outlines a comparison between Indiana, Kentucky, North Carolina, and Ohio of the business burden carried from state and local taxes on a per-employee basis as measured by the Council of State Taxation from FY 2021 data. However, the specific taxes a company will pay at a site is the most important analysis that a supply chain partner needs to understand as that is a critical cost of doing business the local and state government can directly impact through tax incentives.

Local and State Business Taxes Per Employee $ Per Thousand

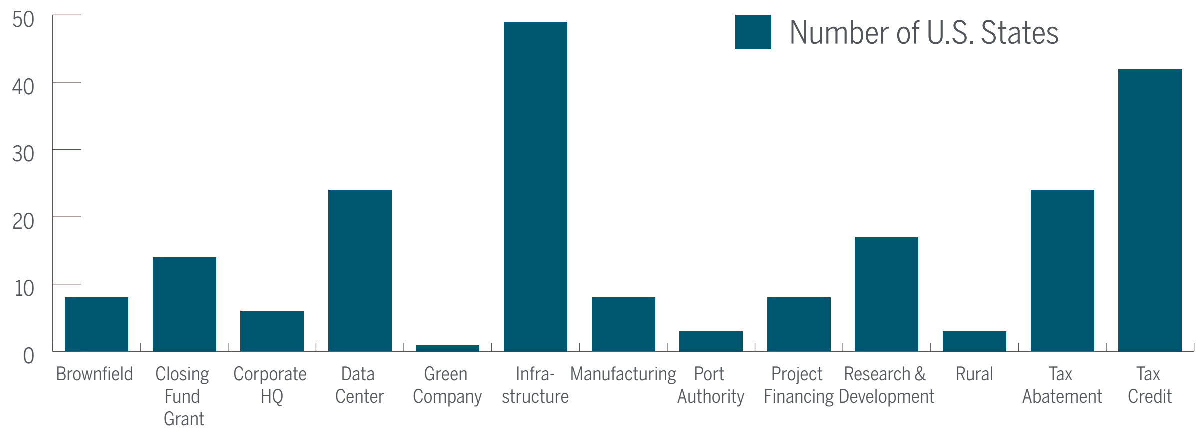


Source: Council of State Taxation

The tax burden placed on companies by local and state governments matters but it is also relevant for corporate site location projects what these local and state governments tax. Michigan, North Carolina, Ohio, Kentucky, and Michigan's tax burden on business, as measured on an employee basis, are all lower than the 7.8 per thousand averages among the fifty states.

Local and state tax incentives. To address the regional cost of doing business factors, all fifty states offer some form of economic development incentives. As the chart below outlines, infrastructure incentives are provided by all the states in the union except New Jersey where tax incentives have become a challenging political topic. State economic development tax credits follow closely behind infrastructure programs as the second most popular tax incentive program in the nation with efforts to attract data centers and using general tax abatements tying for third. Princeton Economics estimates that state and local governments invest about $30 B dollars in economic development incentives annually.[9] According to the Council of State Taxation, businesses paid more than $951 billion in state and local taxes in FY21.[10] Thus, while economic development incentives at times catch media headlines, they still constitute a very small percentage of the tax revenues state and local governments captures for companies.

Local and State Economic Development Incentive Programs



Tax credits are tools private developers, investors, and individual companies use to reduce tax burdens in exchange for economic growth. Tax credits may be either refundable or nonrefundable. A refundable tax credit, a moderate form of negative income tax, can reduce the tax owed below zero and result in a net payment to the taxpayer beyond its own payment into the tax system. A nonrefundable tax credit cannot reduce the tax owed below 0; thus, taxpayers do not receive a refund exceeding their payments into the tax system. Most state economic development tax credits are triggered by high-wage, non-retail job creation, and some level of capital investment. These tax credits in most cases are competitively awarded as there is a limited amount of state government funding available to support them. Thus, higher job growth, higher wages, and larger capital investments from companies attractive for investment are given priority for these tax credits.

To attract new businesses and encourage the expansion of existing businesses, state and local governments also may offer tax abatements as an economic development incentive. Tax abatements temporarily decrease the amount of taxes a business owes. While this tax incentive has a general effect on property taxes, the means employed by state and local governments to achieve this effect varies from program to program. Enterprise Zones are the most common tax abatement program.[11] These programs offer real and personal tax incentives to businesses that expand or locate within designated "Enterprise Zones." First, the locality must designate an area as an Enterprise Zone. Enterprise Zone designation is based on an area's poverty and unemployment rate. However, state law may not limit which municipality may use the Enterprise Zone program; thus, Enterprise Zones are as prevalent in wealthy suburban communities as they are in poor, inner-city neighborhoods. This goes against the original intent of the Enterprise Zone program. Once designated, businesses that wish to build or expand in Enterprise Zones can apply for the program's abatement. The tax incentive permits the local government to offer a full or partial exemption of the real or personal property values attributable to the new development.

States offer outright grants for companies in exchange for the retention and creation of an agreed-upon number of jobs and capital investment. A recent trend is the use of "closing funds" as the dominant form of economic development incentives. States moved to streamline their economic development incentives and focus on the creation of a large fund that makes cash awards to companies through major corporate site location projects. Low or no-interest government-sponsored loans or other project financing programs are an attractive alternative to bank or other private-sector financing for a planned economic development expansion. Companies with growth potential face new challenges to gain the financing needed to move to the next level and eight states offer some form of a project financing program to attract economic development as outlined below. Port authorities are governmental agencies with few restrictions placed on governments. Port authorities operate across the United States and provide services akin to a public bank providing a range of public finance tools critical to economic development projects. Three states have tax incentives designed to support the operation of local port authorities that include Alabama, Georgia, and Virginia. Arkansas, Ohio, and Wyoming also authorize port authorities to provide what is a sales tax exemption for the construction material in economic development projects that can produce substantial economic development savings.

Along with corporate headquarters, manufacturing jobs with their high wages and long supply chain that can provide a multiplier effect for the jobs have long been sought by economic development leaders across the nation. While every general state tax credit can be used for manufacturing firms, eight states as listed below also have tax credits designed specifically for manufacturing firms. Research and development and technology-related jobs are another major focus for economic development leaders. Technology-based Economic Development initiatives are attractive because they create high-wage "multiplier" jobs with companies in the growth mode for the Information Age economy. Research and development, particularly focused on the recruitment of corporate research and development centers, is an economic development prize, and seventeen states, as listed at www.montrosegroupllc.com, offer economic development incentives focused on gaining research and development centers. Many of these state programs are focused on the retention and attraction of major corporate research and development centers.

Recognizing the challenge of developing in rural communities, several states focus tax incentives on rural markets, including:

- Florida's Rural Job Tax Credit Program offers an incentive for eligible businesses located within one of 36 designated Qualified Rural Areas to create new jobs.[12] The tax credit ranges from $1,000 to $1,500 per qualified employee and can be taken against either the Florida Corporate Income Tax or the Florida Sales and Use Tax, and the credit can only be taken against one of these two taxes. These tax credits are provided to encourage meaningful employment opportunities that will improve the quality of life of those employed and to encourage the economic expansion of new and existing businesses in rural areas of Florida.[13]
- Pennsylvania's Rural Jobs and Investment Tax Credit Program is an investment tool designed to offer rural business owners access to capital for business development in rural areas.[14] The capital is sourced to Rural Growth Funds, designated to receive up to $50 million dollars in capital contributions from investors, and Pennsylvania is using this investment tool to attract and retain rural businesses to the commonwealth, create family-sustaining jobs, and stimulate economic growth in rural businesses.[15]
- New Mexico's Rural Jobs Tax Credit Program is a non-refundable credit program applied to Maines due on state, gross receipts, corporate income, or personal income taxes designed to spur job growth in any county other than Los Alamos County, certain municipalities like Albuquerque, Rio Rancho, Farmington, Las Cruces, Roswell, and Santa Fe, as well as 10-mile zones around those select municipalities for manufacturers making a product in the State, non-retail service companies exporting a substantial percentage of services out of the State (50% or more in revenue), or companies in certain green industries.[16]
- Utah Rural Economic Development Incentive Grant is a program designed for businesses creating new, high-paying jobs in rural Utah counties whether remote, online, or physically located in that county paying for each new position between $4,000 and $6,000 based upon the employee's location and wage.[17]
- Washington Rural County/CEZ Business and Occupation Tax Credit Program are available to manufacturers, labs, and commercial testing facilities located in a rural county or within a CEZ creating new employment or increasing in-state employment by 15% by paying a tax credit equal to $2,000 per position with annual wages/benefits of $40,000 or less and $4,000 with annual wages/benefits greater than $40,000.[18] The total cost of doing business at each site under consideration will be reviewed by comparing site real estate, construction, workforce, and tax costs minus the economic development incentives, and a site is then chosen that best serves the client's needs.[19]

Four-state case study and rural corporate site location. Indiana, Kentucky, Ohio, and North Carolina are four states that compete for corporate site location projects based upon their common, large economic market and workforce and their mix of urban, suburban, and rural markets connected to even larger regional Midwest and Southern markets. These states offer a good basis for a corporate site location project comparison.

Targeted State Demographic & Economic Comparison

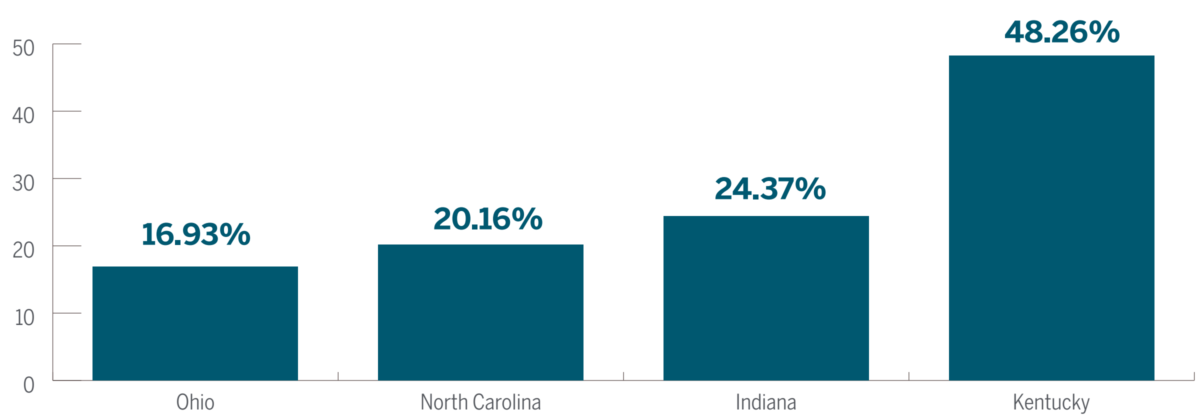
Fact	North Carolina	Kentucky	Ohio	Indiana
Population	10,698,973	4,512,310	11,756,058	6,833,037
Homeownership rate	65.9%	67.8%	66.6%	69.9%
Median home value	$197,500	$155,500	$159,900	$158,500
Bachelor's degree or higher	33.0%	25.7%	29.7%	27.8%
Median household income	$60,516	$55,454	$61,938	$61,944
Poverty Rate	13.4%	16.5%	13.4%	12.2%
State GDP (in millions $)	$762,865	$201,380	$852,902	$352,096

Source: Census Bureau Quick Facts

A review of the demographic and economic measures for North Carolina, Kentucky, Indiana, and Ohio illustrates these states, while not identical, are clearly alike enough to compete often for a range of economic development projects. Ohio and Indiana are more developed industrial centers with long-established manufacturing centers. North Carolina is a rising economic giant whose population and economy have enjoyed substantial growth in recent decades. Digging a layer deeper in North Carolina, Kentucky, Indiana, and Ohio, a review of these states' regional economies illustrates the counties that are truly rural. North Carolina, Indiana, Kentucky, and Ohio are dominated economically by midsized urban markets of Indianapolis (Indiana), Columbus, Cleveland, Cincinnati, Toledo, Akron, Canton, and Youngstown (Ohio), Lexington and Louisville (Kentucky) and Raleigh-Durham and Charlotte (North Carolina). Those markets are further served by ex-urban counties that have grown in recent years and have transitioned from rural to urban communities. The counties listed in Appendix A are the ones determined were going to constitute the rural counties for the purposes of this white paper.

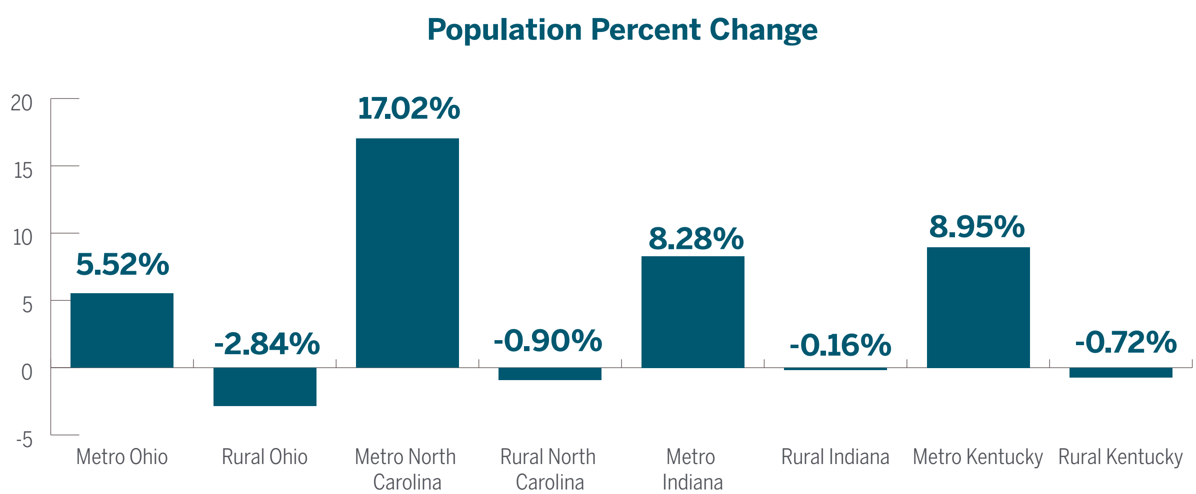
Indiana, Kentucky, North Carolina & Ohio rural population base. Demographics have a major impact on corporate site location decisions. Regions with a large and growing population base, have a younger, more educated workforce and less poverty are more attractive for economic investment. A comparison of Indiana, Kentucky, North Carolina, and Ohio offers insights into the competitiveness of these rural markets for corporate site location projects. Rural counties constitute 1.6 M residents of Indiana, 2 M in Kentucky, 2.1 M in North Carolina, and 3.9 M in Ohio. All four states reviewed offer a large population base in rural markets offering opportunities for corporate site location projects. North Carolina, Indiana, and Kentucky are much more rural in nature than competitors in Ohio. Kentucky is the state with the largest share of its population residing in rural communities with half its state population in rural counties.

Percentage of Population Considered Rural in 2023



Source: U.S. Census Bureau

The largest challenge facing rural communities is the loss of population. As the table below illustrates, rural communities are in large part losing the population which is traveling close by to their urban counterparts. This analysis of rural markets in these benchmark states is based upon a definition of rural that defines rural counties as those counties not located in an MSA. Rural Kentucky and North Carolina lost the least amount of people in our benchmark group. However, that is not a major accomplishment. Rural Ohio saw the largest amount of population loss among the four states, and Indiana finished in the middle. These rural communities are losing population to their neighboring fast-growing mid-sized urban centers of Columbus, Ohio, Indianapolis, Indiana, Charlotte, and Raleigh Durham, North Carolina. Columbus has grown by 10% during the same timeframe. Urban centers like Cleveland continue to struggle and are not benefiting from the migration of rural workers. High-growth metro North Carolina markets driven by substantial growth in the Raleigh-Durham and Charlotte markets illustrate the state's overall growth. The rural markets from a population standpoint are struggling as well in Indiana and Kentucky and their metro markets are not growing from a population standpoint as quickly as the South and Southwest. Of greater concern for Kentucky as their larger urban metro centers are not growing at the rate of successful mid-sized urban markets in North Carolina, Indiana, or even Ohio. The continued depopulation of rural regions will have a dramatic impact on the economic future of rural communities across the United States. Not only are rural areas less densely populated, their populations are getting older, on average, due to both outmigration of younger people, and, in some cases, older adults retiring to rural areas.[20] As of mid-2018, those 65 and older make up almost a quarter of the population in nonmetro areas, and prime working-age adults, 25 to 54 years old, comprise only 43 % of the population.[21] That compares to a 50 % share of prime working-age adults and 19 % of adults 65 and older in metro areas.[22]



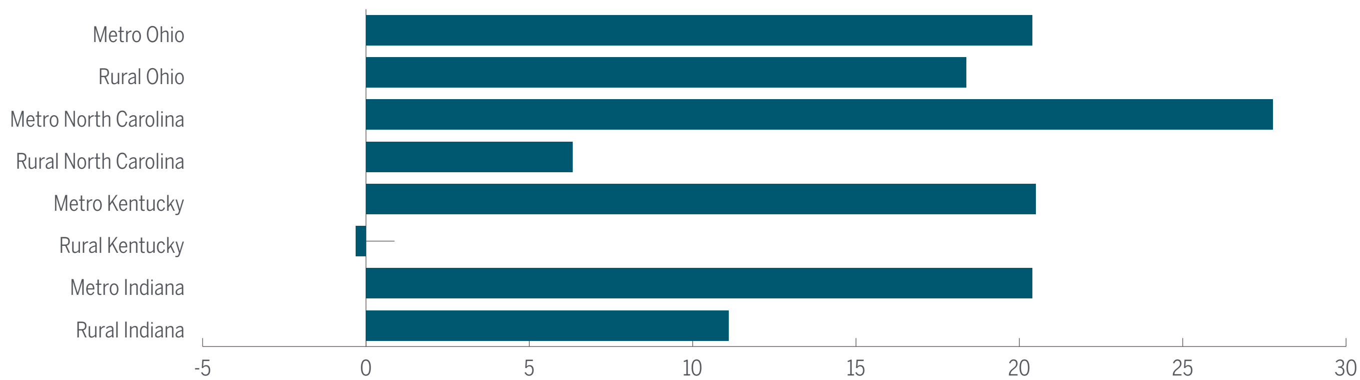
Source: U.S. Census Bureau

Indiana, Kentucky, North Carolina, and Ohio's rural GDP. The overall economic growth in rural communities across America is on-par with large, legacy cities but they are not growing at the same rate as the mid-sized urban markets located in the same state. However, these rural markets are sizable and capable of serving a range of corporate site location projects. Measures of a region's Gross Domestic Product (GDP) are the best measure of overall economic growth in a region. The rural markets in these target states in the aggregate illustrate large economies with

- Rural Indiana's GDP in 2018 at $ $58,618,413,000,
- Rural Ohio's GDP in 2023 at $96,177,174,000.
- Rural North Carolina's GDP in 2018 at $ $67,057,773,000
- Rural Kentucky's GDP in 2018 at $ $55,651,967,000.

These are substantial economic markets. As the table below illustrates, over a 10-year timeframe, counties in rural Ohio are growing economically faster than rural communities in Kentucky, Indiana, and North Carolina. However, most rural markets are not keeping space and are growing their economy at a slower pace than the mid-sized urban markets in their own state at a similar level as the table below illustrates comparing rural Indiana, Kentucky, North Carolina, and Ohio with urban markets in those states. Rural Kentucky is the outlier with negative growth in rural GDP. The metro regions in Indiana, Kentucky, North Carolina, and Ohio also illustrate economic growth.

Gross Domestic Product Percent Change 2010-21

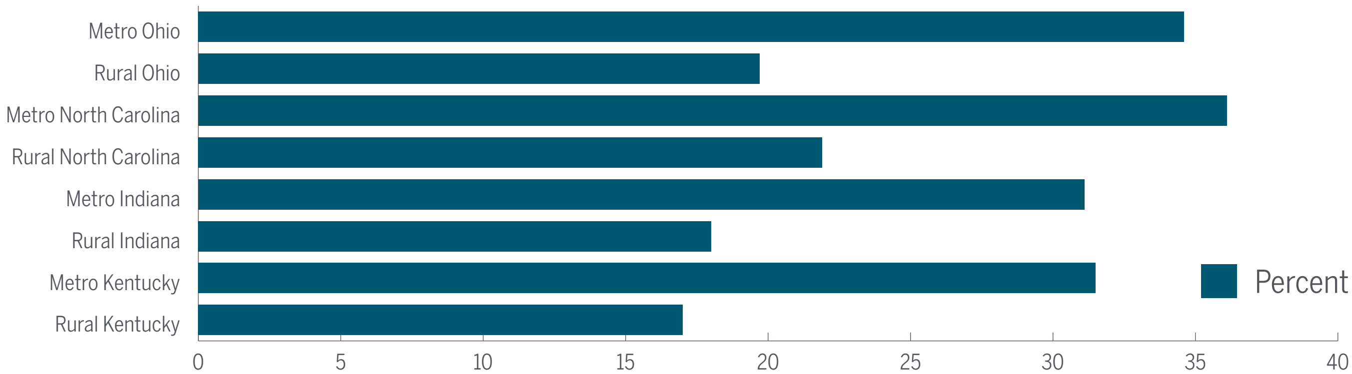


Source: U.S. Bureau of Economic Analysis

Rural workforce. The level of education for a region impacts the industries in which the region can attract companies in particular industries. As an example, if a region lacks a large base of college-educated workers, it will struggle to attract advanced services/white-collar jobs that need a base of workers with a bachelor's degree or higher. The same goes for the occupations of Science, Technology, Engineering, and Math (STEM) workers such as software engineers. Although educational attainment has increased in both metro and nonmetro areas since before the Great Recession, there remains a significant rural-urban education gap.[23] In metro areas as of 2018, 43 % of the prime working-age population has a four-year college degree or higher, compared with just 25 % of nonmetro populations.[24] About 40 % of the nonmetro-prime working-age population lacks any postsecondary education; however, the share of nonmetro-prime working-age adults with associate's or vocational degrees has increased at a faster pace than in metro areas since the start of the Great Recession in 2007.[25]

As the table below shows, rural communities possess fewer holders of bachelor's degrees on average compared to metro counties. This fall-off in college graduates is even more dramatic when examining successful mid-sized urban markets such as Raleigh-Durham which has half its population with a college degree, the Columbus MSA has a 37.9 bachelor's degree or higher rate. Thus, urban markets in Ohio, Kentucky, North Carolina, and Indiana have an opportunity to retain and attract a base of advanced services and technology jobs that demand college-educated workers with bachelor's degrees. Metro Ohio is second behind North Carolina in relation to the percentage of its residents with a college degree—the large university centers in this urban community help drive up the pool of college-educated workers. However, rural counties in all these benchmark states fall far short of the urban centers related to the percentage having a college degree. Not all jobs require a college degree, but a college-educated workforce is critical for advanced industry white-collar occupations that constitute most professional service firms. financial services that include banking and insurance, and higher-end computer software professionals.

Bachelors Degree or Higher Aged 25+

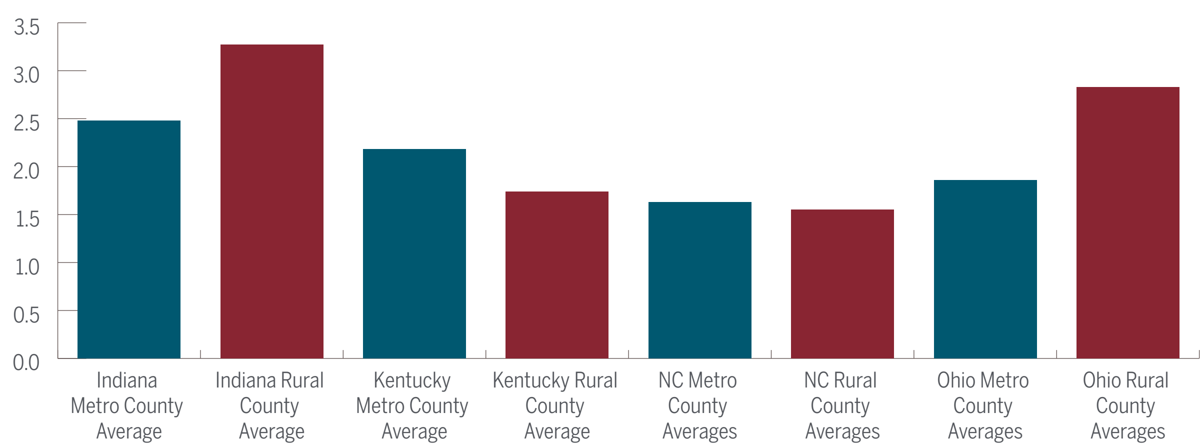


Source: ESRI Demographics

Rural communities and manufacturing. Rural communities present substantial economic opportunities. Manufacturers in the United States account for 11.39% of the total output in the economy, employing 8.51% of the workforce.[26] Total output from manufacturing was $2,334.60 billion in 2018.[27] In addition, there were an average of 12.8 million manufacturing employees in the United States in 2018, with an average annual compensation of $84,832.13 in 2017.[28] The percentage of the American economy manufacturing makes up has been declining steadily since the 1950s but it remains a substantial component of the nation's economy with its high-wage jobs.

Whether it is the attraction of a skilled and ready workforce, fewer labor unions, and flat, ready land primed for development, rural communities are often the choice for manufacturing corporate site location projects. The table below illustrates that rural counties in Ohio, North Carolina, and Michigan all have a higher concentration of manufacturing workforce wages than their metro counterparts. All these markets are strong manufacturing centers as they are above a location quotient of one. Measures of location quotients are a statistical tool to indicate whether a particular industry cluster is strong or weak in a region. Based upon national averages, a location quotient of one defines the region as meeting the national average for that industry. A location quotient below 1 indicates the region does not have a particular industry cluster strength in that market and above 1 illustrates the industry's relative strength.

Concentration of Manufacturing Wages Rural v. Metro

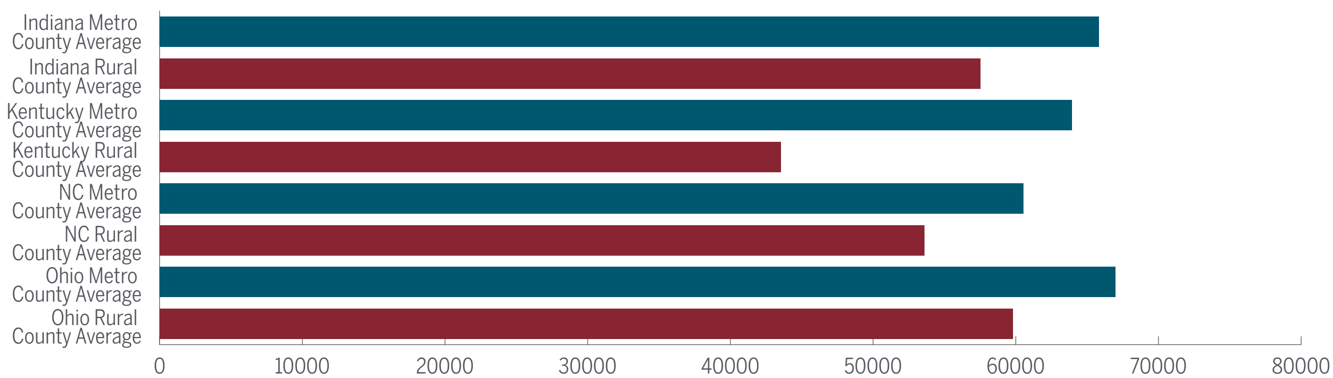


Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Rural markets in Indiana and Ohio far outweigh their urban counterparts with a concentration of manufacturing jobs while the metro regions in Kentucky and North Carolina edged out their state rural counterparts.

Rural community's labor costs. Rural communities' costs of doing business are lower than their urban counterparts. The largest cost for every company is labor. Paying workers, unless it is a data center or other energy-intensive, capital-intensive business, will be the largest cost facing any company. Regions with competitive wage rates are highly attractive for corporate site location projects. As the table below illustrates, rural counties in Indiana, Kentucky, North Carolina, and Ohio pay manufacturing workers a lower wage compared to their metro-urban counterparts in the same states. The same factor in an urban setting costs more to operate which quickly adds up to millions of dollars in costs. From a public policy standpoint, all these manufacturing jobs in metro and rural communities pay far above the average wage in the state—these are still high-wage jobs communities should continue to chase. From a wage benchmarking standpoint between these four states, Kentucky leads the race with the lowest average manufacturing worker wages, followed by North Carolina, Indiana then Ohio. However, all these wages remain highly competitive.

Manufacturing Average Annual Wage



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Rural commercial real estate costs. Workforce costs are not the only factor impacting rural communities' lower cost of doing business. Lower real estate costs are another important factor making rural markets attractive for corporate site location projects. First, real estate is all driven by local factors impacting the site in question. So, generalizations can be challenging but the laws of supply and demand and the rapid growth of urban and suburban markets have driven up prices in these urban markets. Second, many urban sites are complex compared to rural greenfield sites. Urban sites in many cases involve a reuse of land which has benefits from an infrastructure standpoint but may have environmental issues as well as being in a struggling neighborhood with residents who may or may not wish development. An example is telling for how rural real estate costs compare to urban or suburban counterparts.

Indiana, Kentucky, North Carolina & Ohio Economic Development Incentives. Indiana, Kentucky, North Carolina, and Ohio all offer economic development incentives that can spur development in rural communities.

Indiana Economic Development Incentives

- The Indiana Economic Development for a Growing Economy (EDGE) Tax Credit provides an incentive to businesses to support job creation, capital investment and to improve the standard of living for Indiana residents. The refundable corporate income tax credit is calculated as a percentage (not to exceed 100%) of the expected increased tax withholdings generated from new job creation. The credit certification is phased in annually for up to 10 years based on the employment ramp-up outlined by the business.
- The Indiana Hoosier Business Investment Tax Credit provides an incentive to businesses to support job

creation, and capital investment and to improve the standard of living for Indiana residents. The non-refundable corporate income tax credits are calculated as a percentage of the eligible capital investment to support the project. The credit may be certified annually, based on the phase-in of eligible capital investment, over a period of two full calendar years from the commencement of the project.

- The Indiana Venture Capital Investment Tax Credit program improves access to capital for fast-growing Indiana companies by providing individual and corporate investors an additional incentive to invest in early-stage firms. Investors who provide qualified debt or equity capital to Indiana companies receive a credit against their Indiana tax liability.
- The Indiana Redevelopment Tax Credit provides an incentive for investment in the redevelopment of vacant land and buildings as well as brownfields. This credit provides companies and developers with an assignable income tax credit for investing in the redevelopment of communities, improving the quality of the place, and building capacity at the local level.
- Indiana Skills Enhancement Fund - aids companies to support the training of employees required to support business growth in Indiana.
- The Indiana Community Revitalization Enhancement District (CRED) Tax Credit provides an incentive for investment in community revitalization enhancement districts. The credit is available to taxpayers that make qualified investments for the redevelopment or rehabilitation of property located within a revitalization district. Only those projects that the IEDC expects to have a positive return on investment will be considered.
- The Indiana Headquarters Relocation Tax Credit (HRTC) provides a tax credit to corporations that relocate their headquarters to Indiana. The credit is assessed against the corporation's state tax liability.
- The Indiana 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 Indiana Research & Development Sales Tax Exemption: There is a 100 percent sales tax exemption for qualified research and development equipment and property purchased. Taxpayers may file a claim for a refund for sales tax paid on such a retail transaction should they not purchase it exempt from sales tax at the time of the actual transaction. Research and development equipment and property is defined as tangible personal property that has not previously been used in Indiana for any purpose and is acquired by the purchaser for the purpose of research and development activities devoted to experimental or laboratory research and development for new products, new uses of existing products, or improving or testing existing products.
- The Indiana Patent Income Tax Exemption provides that a taxpayer may not claim an exemption for income derived from a particular patent for more than ten taxable years. The exemption percentage begins at 50 percent of income derived from a qualified patent for each of the first five taxable years and decreases over the next five taxable years to 10 percent in the 10th taxable year. It also specifies that a taxpayer is eligible to claim the exemption only if the taxpayer is domiciled in Indiana and is either an individual or corporation with not more than five hundred employees including employees in the individual's or corporation's affiliates or is a nonprofit organization or corporation.
- The Indiana Data Center Gross Retail and Use Tax Exemption provides a sale and use tax exemption on purchases of qualifying data center equipment and energy to operators of a qualified data center for a period not to exceed 25 years for data center investments of less than $750 million. If the investment exceeds $750 million, the IEDC may award an exemption for up to 50 years.
- The Indiana Industrial Grant Fund aids municipalities and other eligible entities as defined under I.C. 5-28-25-1 with off-site infrastructure improvements needed to serve the proposed project site. Upon review and approval of the Local Recipient's application, project-specific Milestones are established for completing the improvements. IDGF will reimburse a portion of the actual total cost of the infrastructure improvements.

Kentucky Economic Development Incentives

- Kentucky Business Investment (KBI) Program provides income tax credits and wage assessments to new and existing agribusinesses, headquarters operations, manufacturing companies, coal severing and processing companies, hospital operations, alternative fuel, gasification, energy-efficient alternative fuels, renewable energy production companies, carbon dioxide transmission pipelines and non-retail service or technology related companies that locate or expand operations in Kentucky. Projects located in certain counties may qualify for enhanced incentives. Click here to view a map of the enhanced incentive counties.

- The Kentucky Enterprise Initiative Act (KEIA) is for new or expanded companies engaged in manufacturing, non-retail service or technology activities, agribusiness, headquarters operations, coal severing and processing, hospital operations, alternative fuel, gasification, energy-efficient alternative fuels, renewable energy production companies, carbon dioxide transmission pipelines, or tourism attraction projects in Kentucky. KEIA provides a refund of Kentucky sales and use tax paid by approved companies for building and construction materials permanently incorporated as an improvement to real property. It is also available for Kentucky sales and tax refunds for eligible equipment used for research and development, data processing equipment or flight simulation equipment.
- Workforce Development Programs – Bluegrass State Skills Corporation Skills Training Investment Credit Provides credit against Kentucky income tax to existing businesses that sponsor occupational or skills upgrades through workforce development training programs for the benefit of their employees. Bluegrass State Skills Corporation Grant Reimbursement Program Provides matching grant funds for customized business and industry-specific training programs.
- Kentucky Direct Loan Program (KEDFA) encourages economic development, business expansion, and job creation by providing business loans to supplement other financing. The Direct Loan Program provides loans at below-market interest rates (subject to the availability of state revolving loan funds) for fixed asset financing for agribusiness, tourism, industrial ventures, or the service industry. Retail projects are not eligible.
- Kentucky SBIR-STTR Matching Funds Program -The Cabinet will match, on a competitive basis, Phase 1, and Phase 2 federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) awards received by Kentucky high-tech small businesses and those willing to become Kentucky-based businesses. This includes matching Phase 1 federal awards up to $150,000 to support the exploration of the technical merit or feasibility of an idea or technology, and up to $500,000 of federal Phase 2 awards, which support full-scale research and development.
- Kentucky Small Business Credit Initiative (KSBCI) is designed to generate jobs and increase the availability of credit by reducing the risks participating lenders assume when making loans to small businesses. Using three distinct credit enhancement programs, KSBCI will help lenders finance creditworthy small businesses that would typically fall just outside of their normal lending guidelines. Please click here for a listing of approved projects.
- Kentucky Small Business Loan Program is designed to help small businesses acquire the funding needed to start or grow their small business. A small business must be engaged in manufacturing, agribusiness, or service and technology. Loan funds may be used to acquire land and buildings, purchase and install equipment, or for working capital. The minimum loan amount is $15,000 and the maximum is $100,000. The approved company must create one new full-time job within one year of the loan closing. KEDFA can fund up to 100 percent of the project costs and the loan can be used in conjunction with other lenders. The term of the loan can range from 3-10 years.
- Kentucky Reinvestment Act (KRA) provides tax credits to existing Kentucky companies engaged in manufacturing, agribusiness, non-retail service or technology activities, headquarters operations, hospital operations, coal severing and processing, alternative fuel, gasification, energy-efficient alternative fuels, renewable energy, or carbon dioxide transmission pipelines on a permanent basis for a reasonable period of time that will be investing in eligible equipment and related costs of at least $2,500,000 for owned facilities and $1,000,000 for lease.
- Kentucky Investment Fund Act (KIFA) provides tax credits to individuals and companies that invest in eligible small businesses through venture capital funds that have been approved by the Kentucky Economic Development Finance Authority (KEDFA). Investors in KIFA-approved funds may be eligible for a tax credit against Kentucky individual or corporate income tax or Kentucky corporate license tax.
- Kentucky Angel Investment Tax Credit offers a credit of up to 40 percent of an investment in Kentucky small businesses. Prior to investment, both the investor and small business must submit applications for certification. Each investment must be certified in advance, as well.
- The Kentucky Small Business Tax Credit (KSBTC) is designed to encourage small business growth and job creation by providing a nonrefundable tax credit to eligible businesses hiring one or more eligible individuals and investing at least $5,000 in qualifying equipment or technology. With certain exceptions, most for-profit businesses with fifty or fewer full-time employees are considered eligible for this program. The KSBTC program has a limited allocation of available tax credits.
- The Commonwealth Seed Capital, LLC, (CSC) is an independent fund that makes debt or equity investments in early-stage Kentucky business entities to facilitate the commercialization of innovative ideas and technologies.

- The Kentucky Tax Increment Financing (TIF) is an economic development tool to use future gains in taxes to finance the current public infrastructure improvements for development that will create those gains.

North Carolina Economic Development Incentives

- Job Development Investment Grant (JDIG) is a performance-based, discretionary incentive program based upon the percentage of the personal income tax withholdings associated with the project, the project location, the number of jobs, and average wage providing cash grants directly to new and expanding companies and is disbursed over 12 years. The JDIG program also has two provisions. The High-Yield Project provision (HYP) is worth up to 90% of personal income tax withholdings for up to 20 years if the project invests $500 M while creating at least 1,750 jobs. The second, the Transformative Project provision is available when a company is investing at least $1 billion and creating at least 3,000 jobs. Under the Transformative provision, a 90% grant may extend to 30 years directly to new and expanding companies aiming to offset the cost of locating or expanding a facility in the State. There are no restrictions on the use of the funds.
- One North Carolina Fund is a discretionary, cash-grant program based on the number of jobs created, level of investment, location, economic impact, and importance to the State and requires that a local government provide matching funds depending upon its county-tier designation.
- Department of Commerce Rural Division Rural Building Reuse performance-based incentive provides reimbursement for eligible expenses to renovate or expand the footprint of an existing building, where the reimbursement amount is determined by the project location, number of jobs, capital expenditures, average wage, economic impact, and importance to the State.
- North Carolina's Data Centers Sales & Use Tax Program provides three sales and use tax exemptions for the purchase of certain items at qualifying data centers, eligible internet data centers, and other data centers that permit a qualifying data center may receive an exemption on purchases of electricity if at least $75 M of investment has occurred; at least $250 M in investment if an internet datacenter and computer software may be exempted from sales and use tax if the software is sold to an eligible data center.
- Department of Commerce Rural Division provides Economic Infrastructure Grants in designated counties based upon a tiered system with economically disadvantaged counties gaining more resources, a Utility Account cash-grant program providing incentives for projects located in its most distressed counties, a Rail Industrial Access Incentive Program provides infrastructure grants associated with rail-related projects, and the state uses its Community Development Block Grant Program to provide funding directly to local municipal or county governments for projects spurring job creation and retention through infrastructure development or vacant building renovations and expansions.
- Recycling Property Tax Exemption excludes equipment and facilities used exclusively for recycling and resource recovery from property tax liability.
- North Carolina may exempt machinery, equipment, electricity, fuel and natural gas, and raw materials from its sales and use tax and does not levy a property tax on inventories owned by contractors, manufacturers, and merchants.
- Project Development Financing allows local governments to borrow money to fund public improvements like transit stations, schools, and public parking within a designated area while attracting private investment, the debt incurred by the funding of the public improvement is both secured and repaid from additional property tax revenue over time considering an area's new development.

Ohio Economic Development Incentives

- Jobs Ohio Economic Development Grant – promotes development, business expansion, and job creation by providing funding for eligible projects in the State of Ohio
- Job Creation Tax Credit - a refundable tax credit for companies creating new jobs in Ohio. Must meet minimum investment, payroll, and jobs thresholds to be eligible and final approval from the Ohio Tax Credit Authority is required
- The Ohio Roadwork Development (629) funds are available for public roadway improvements, including engineering and design costs. Funds are available for projects primarily involving manufacturing, research and development, high technology, corporate headquarters, and distribution activity. Projects must typically create or retain jobs.
- stage, and that has generated revenues through a proven business plan. The program may finance allowable project costs with JobsOhio Growth Fund Loans typically ranging in size from $500,000 to

$5,000,000. For established and expansion-stage companies, projects should typically receive more than half of their total financing from other private capital sources. For growth-stage companies, JobsOhio may consider financing a higher portion of the project's total investment.

- The JobsOhio Workforce Grant was created to promote economic development, business expansion, and job creation by providing funding for the improvement of worker skills and abilities in the State of Ohio. The program requires job creation and training of employees within a specified period and may consider the amount of proceeds per job created and employee trained. JobsOhio may consider aiding for eligible projects that improve operational efficiencies or production expansion, along with the retention of jobs.
- The JobsOhio Growth Fund Loan provides capital for expansion projects to companies that have limited access to capital and funding from conventional, private sources of financing. JobsOhio will consider loans to companies that are in the growth, established or expansion
- The Ohio Community Reinvestment Area program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. Community Reinvestment Areas are areas of land in which property owners can receive tax incentives for investing in real property improvements.
- Ohio Rural Business Growth Program is designed to increase capital investment in businesses located in rural areas. The program provides an incentive to investors that capitalize on companies with principal business in a county with less than 200,000 people. It awards tax credit allocation authority to Rural Business Investment Companies or Small Business Investment Companies, or their affiliates, which serve as intermediaries between investors and projects. The investor provides cash to these authorized investment companies in exchange for the tax credit. The investment companies then deposit those investments into a rural business growth fund, using the fund to finance projects in rural areas.
- The Ohio Enterprise Zone Program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. The Enterprise Zone Program can provide tax exemptions for a portion of the value of new real and personal property investment (when that personal property is still taxable) when the investment is made in conjunction with a project that includes job creation.
- The Ohio Transformational Mixed-Use Development Program provides a tax credit against Development costs incurred during the construction of a project that will be a catalyst for future development in its area.
- The Ohio Rural Industrial Park Loan Program ("RIPL") promotes economic development by providing low-interest direct loans to assist eligible applicants in financing the development and improvement of industrial parks and related off-site public infrastructure improvements.
- The Ohio Loan Loss Reserve Program offers credit enhancement of up to 50% of a qualified energy efficiency project on an existing structure. Ohio Port Authorities originate loans for projects that make businesses and nonprofits' facilities more energy efficient.
- The Ohio Alternative Stormwater Infrastructure Loan Program offers below-market rate loans for the design and construction of green infrastructure as part of economic development projects. Up to $5 million in loan funds per project are available to governmental entities through the program. Developers are encouraged to work with the governmental entity for their projects. The funds can pay for design, demolition, construction, materials, and administrative costs associated with the green infrastructure project.
- The Ohio Energy Efficiency Program helps businesses, manufacturers, nonprofits, schools, and local governments reduce energy use and improve energy efficiency – resulting in lower energy costs by identifying energy use and costs and developing an efficient energy plan.
- The Data Center Tax Abatement provides a sales-tax exemption rate and term that allow for partial or full sales-tax exemption on the purchase of eligible data center equipment. Projects must meet minimum investment and payroll thresholds to be eligible.
- The JobsOhio Revitalization Program Loan and Grant Fund is designed to support the acceleration of redeveloping sites in Ohio. Businesses, non-profits, or local governments where the entity committing the jobs has signed an agreement such as a letter of intent, option, lease, or holds title for the project site and has a specific business plan, financing plan and schedule for redevelopment and job creation to occur are eligible to apply. An eligible site is an abandoned or under-utilized contiguous property where redevelopment for the immediate and primary purpose of job creation and retention is challenged by significant redevelopment constraints. Revitalization projects typically retain and/or create at least twenty jobs at a wage rate commensurate with the local market. Priority will be given to job creation and

retention projects within JobsOhio targeted industry sectors, those making additional capital investment beyond remediation and redevelopment, and/or projects with wages higher than the average local wage rate. Typical loan funding is between $500,000-$5 million and between 20% and 75% of eligible costs. Typical grant funding is up to $1 million.

- The Ohio Historic Preservation Tax Credit Program provides a state tax credit of up to 25% of qualified rehabilitation expenditures incurred during a rehabilitation project, up to $5 million. The tax credit can be applied to applicable financial institutions, foreign and domestic insurance premiums, or individual income taxes.
- The Ohio New Markets Tax Credit Program provides an incentive for investors to fund businesses in low-income communities.
- The Ohio Qualified Energy Project Tax Exemption provides owners (or lessees) of renewable energy projects with an exemption from the public utility tangible personal property tax.
- The Ohio Opportunity Zones Tax Credit Program provides an incentive for Taxpayers to invest in projects in economically distressed areas known as "Ohio Opportunity Zones."
- The Ohio Meat Processing Grant provides grants of up to $250,000 to Ohio livestock and poultry producers so they can implement processing efficiencies, expand, or construct facilities at existing sites, assist in training and certification, and improve harvest services.
- The Ohio Tax Increment Financing (TIF) is an economic development mechanism available to local governments in Ohio to finance public infrastructure improvements and, in certain circumstances, residential rehabilitation.
- The Ohio Energy Loan Fund helps small businesses, manufacturers, nonprofits, and local governments implement energy efficiency improvements to lower energy use and costs. Through the Energy Loan Fund, eligible applicants receive low-interest financing to install efficiency measures that reduce energy by at least 15%.
- The Ohio Brownfield Fund is a collection of funding sources that can be used to help plan, assess, and remediate brownfields throughout the state. A brownfield is a piece of property whose redevelopment is complicated by the potential presence of environmental contaminants such as hazardous substances, asbestos, lead-based paint, and petroleum. Brownfield redevelopment allows a community to reclaim and improve its lands, making property viable for new development.
- SiteOhio puts properties within industrial zoning through a more stringent and comprehensive review and analysis than any other state site certification process in the U.S. Site authentication guarantees that all utilities are on the property and have adequate capacity, that due diligence studies have been completed, and that all state and federal entities have provided concurrence with the studies.
- The Ohio Water and Wastewater Infrastructure Grant will provide $250,000,000 to help Ohio communities make necessary investments in water and wastewater infrastructure.

Montrose Group's 2023 rural corporate site location strategies. Montrose Group sees solid opportunities for companies considering rural markets for a corporate site location project, but the approach involves the development of a unique PPP that focuses not just on real estate, infrastructure, and economic development incentives but with a strong focus on ensuring the region retains and attract the talent needed. Companies considering rural markets for a corporate site location project need to focus on four key strategies all with the underlying goal of ensuring the talent needed for their company is available in these otherwise attractive markets. The four strategies include building communities' young talent wants to live, work, and play in; retaining and attracting tech and home-grown talent through industry partnerships; developing a stronger small business base while attracting technology centers and capitalizing on traditional manufacturing and logistics industry strengths.

Four Rural Corporate Site Location Strategies

- **Rebuild attractive communities**
- **Develop industry based training programs**
- **Expand small business & tech base**
- **Develop rural industrial parks**

Rural attractive rural communities. Transforming rural historic Downtowns to attract younger workers to live, work and play is a critical step to addressing the rural talent gap. Companies considering rural markets for a corporate site location project need to ensure the community is focused on transforming their rural Downtown. America's younger generation is more concerned with where they live and what they can do than necessarily where they work. However, rural communities will not be attractive to a younger generation of workers unless they can address critical quality-of-life issues such as the availability of quality housing, the creation of mixed-use developments, and the development of quality, local retail, and entertainment districts. Redeveloping rural Downtowns is the place to start when looking to retain and attract younger workers.

Redeveloping rural Downtowns can be accomplished through the creation of a Public-Private-Partnership (PPP) to incentivize retail, residential, and office investments. Redeveloping existing sites costs more than building on greenfield sites but the payoff for developers and the community can be substantial. Thus, states and the federal government offer a range of tools to support rural Downtown redevelopment that include Downtown Redevelopment Districts and historic preservation tax credits; entertainment districts designation, and state project financing.

Rebuild Rural Downtowns

- **Downtown redevelopment districts**
- **State & federal historic preservation tax credits**
- **State project financing**
- **Entertainment districts**

The redevelopment of historic structures is creating an economic boom in urban, rural, and suburban communities across the United States. In part, this historic building renaissance is driven by a new market-Millennials. The movement of Millennials to the urban core is bringing new light to the economic benefits of historic preservation. There are 77 M Millennials between the ages of 18-36 and they constitute the largest generation in America—just surpassing the Baby Boomers. Regions attracting Millennials gain workers and consumers that are major drivers of the American economy. However, attracting Millennials is not easy as their wants and needs differ from older generations-- 62% of Millennials want to live in mixed-use development, 40% of Millennials want to live in Urban NOT Suburban areas, 2/3 of Millennials are renters, Millennials own fewer cars as they aspire to live in a mixed-use, pedestrian-friendly environment. Fortunately for urban, rural, and suburban communities, the older, established Central Business Districts often dominated by historic structures are primed to attract Millennials as they are designed before the car-dominated America's development patterns.

Downtown redevelopment districts and rural Downtowns. Rural communities looking to redevelop their Downtown also have the opportunities in states like Ohio of utilizing the Downtown redevelopment district programs to spur private investment by capturing the growth of future property taxes. Ohio municipal corporations can create downtown redevelopment districts (DRDs) and innovation districts to promote the rehab of historic buildings if a city has a certified historic structure, creates a district as large as ten contiguous acres around that historic structure, and develops a DRD economic development plan. Six steps exist to redevelop historic property using DRDs.

The DRD is a critical tool to capture up to 70% of future property tax growth to permit investments in historic properties, public infrastructure, support not-for-profits working on economic development and potentially develop innovation districts.

State & Federal Historic Preservation Tax Credit program and rural Downtowns. Saving historic structures can be a key element to an economic development strategy—especially when it comes to redeveloping rural Downtowns whose walkable areas are attractive to younger workers. Most rural Downtowns are filled with historic structures—many of which are underutilized and primed for redevelopment. The redevelopment of historic properties in rural Central Business Districts creates a unique opportunity to spur economic growth through the attraction of Millennials to live, work and play. The Federal historic preservation tax credit program provides a 20% Federal tax credit to property owners who undertake substantial rehabilitation of a historic building in a business or income-producing use while maintaining its historic character and is often matched by state historic preservation tax credits.[29] Most states, 36 to be precise, offer a historic preservation tax credit that enhances the value of the federal credit. State historic preservation tax credits work hand in hand with the federal historic preservation tax credit and can provide a substantial boost to redeveloping historic properties. Indiana, Kentucky, North Carolina, and Ohio operate state historic preservation tax credit programs. Highlights of the Indiana, Ohio, Kentucky, and North Carolina historic preservation tax credit programs.

Indiana Historic Rehabilitation Tax Credit. An adjusted gross income tax credit is available for the rehabilitation of historic residential property in Indiana. The qualified expenditures for the preservation or rehabilitation of the historic property must exceed $10,000, and the tax credit is equal to 20 percent of the qualified expenditures that the taxpayer makes for the preservation or rehabilitation of the historic property.[30] An Indiana taxpayer qualifies for the credit if all the following conditions are met:

- The historic property is in Indiana, is at least 50 years old, and is owned by the taxpayer;
- The historic property is listed in the Indiana Register of Historic Sites and Structures;
- A proposed preservation or rehabilitation plan complies with the Secretary of the Interior's Standards for the Rehabilitation of Historic Properties;
- The preservation or rehabilitation work that is subject to the credit complies with the preservation or rehabilitation plan consistent with the Secretary of the Interior's Standards for the Rehabilitation of Historic Properties;
- The preservation or rehabilitation work is completed in not more than two years, or five years if the preservation or rehabilitation plan indicates that the preservation or rehabilitation is initially planned for completion in phases; and
- The historic property is principally used and occupied by the taxpayer as the taxpayer's primary residence.[31]

However, the following costs do not count as qualified expenditures under the Indiana program including acquiring a property or an interest in a property, paying taxes due on a property, enlarging an existing structure, paying realtor's fees associated with a structure or property, paying paving and landscaping costs, and paying sale and marketing costs.[32] If the credit exceeds a homeowner's state tax liability, the remainder may be carried over for up to 15 years. The residential credit is subject to recapture by the state within five years of the work's completion—triggered if the homeowner sells the property or completes any additional work that does not meet the state's standards.[33]

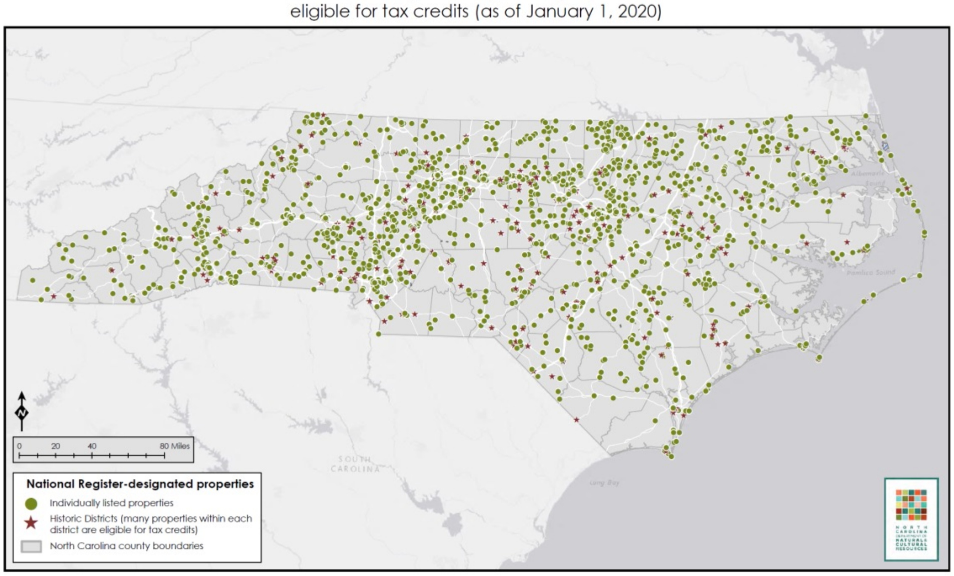
Kentucky Historic Preservation Tax Credit. The Kentucky Heritage Council/State Historic Preservation Office administers the Kentucky Historic Preservation Tax Credit Program in partnership with the Kentucky Department of Revenue.[34] The Kentucky Historic Preservation Tax Credit Program offers: up to 30% of qualified rehabilitation expenses for owner-occupied residential properties with a minimum investment of $20,000 required, with the total credit not to exceed $60,000; up to 20% of qualified rehabilitation expenses for all other properties (including commercial), requiring a minimum investment of $20,000 or the adjusted basis, whichever is greater and adjusted basis is the cost of the purchase price minus the cost of the land, minus any depreciation, and plus any improvement (prior to the credit).[35] For example, if the building and land were purchased for $50,000, and the land is valued at $5,000 (and there wasn't any depreciation or improvements), then your adjusted basis would be $45,000. The total credit for a single tax credit project cannot exceed $400,000.[36] Currently, the amount of historic preservation tax credits allowed for all Kentucky taxpayers for each calendar year is capped at $5 million, and, if that limit is exceeded by approved projects, an apportionment formula must be applied to determine the amount of the credit that will be awarded per project.[37] As a result, the final credit awarded to each project may be less than the entire percentage for which the project is eligible.[38] Buildings listed in the National

Register of Historic Places or located within a historic district listed in the National Register of Historic Places and certified by the Kentucky Heritage Council as contributing to the historic significance of the National Register district qualify for the tax credit.[39] The Program requires that you complete a "substantial improvement" (spending at least $20,000 for owner-occupied buildings or spending $20,000 or the adjusted basis for commercial or other buildings) within a consecutive 24-month period to qualify the work for the tax credit.[40] There is no allowance in Kentucky for phased projects longer than 24 months, so each tax credit project should be contained within a two-year period, and a building must be rehabilitated according to a set of technical standards established by the U.S. Department Secretary of the Interior.[41] Compliance with the Secretary of the Interior's Standards for Rehabilitation must be certified by the Kentucky Heritage Council, and the Standards are intended to provide guidance to historic building owners and building managers, preservation consultants, architects, contractors, and project reviewers prior to rehabilitation.[42]

Ohio Historic Preservation Tax Credit. Ohio's Historic Preservation Tax Credit Program is administered by Ohio's Development Services Agency.[43] The program provides $60 M in tax credits for the rehabilitation expenses incurred by owners of historically significant buildings located across the state, and the tax credits subsidize up to 25% of qualified rehabilitation expenditures for historic rehabilitation projects, capped at $5 million per project for a small number of catalytic projects.[44] Projects must be a certified historic structure, have a redevelopment plan consistent with its historic roots, and be certified by the Ohio Office of Historic Preservation. Ohio is full of potential historic redevelopment projects including: 48 certified national historic city halls; 51 certified national historic theaters; 59 certified national historic courthouses; 91 certified national historic college/university buildings; 139 certified national historic hotels; 179 certified national historic museums; and 239 certified national historic office buildings.[45] The program is highly competitive and receives applications bi-annually in March and September.[46] With 29 rounds of funding complete, tax credits have been approved for 587 projects to rehabilitate more than 819 historic buildings in 82 different Ohio communities.[47] The program is projected to leverage more than $8.27 billion in private development funding and federal tax credits directly through the rehabilitation projects.[48]

North Carolina Historic Preservation Tax Credit. North Carolina offers a historic preservation tax credit program. Since 1998 rehabilitation tax credits have encouraged over $1.36 billion of private investment in North Carolina's historic resources.[49] Rehabilitation of North Carolina's historic buildings increased dramatically following the 1998 expansion of the state tax credit for historic structure rehabilitation.[50] Since 1998, under the new state credits that enhanced the existing federal credit, 2,146 projects with a total estimated rehabilitation cost expended by private investors of $1.36 billion have been completed.[51] For Federal Fiscal Year 2011, North Carolina was third in the nation in the number of completed certified rehabilitations, and the state consistently ranks in the top five in the nation.[52] From the inception of the federal program in 1976 through 1997, 689 projects were completed with $288 million in rehabilitation costs.[53] North Carolina's historic preservation tax credit program has a $4.5 million cap, based on a $20 million project of the vacant mill in a distressed county. The North Carolina historic preservation tax credit programs provide 15 % of qualified rehabilitation costs of up to $10 million for historic income-producing properties, 10 % for $10 million to $20 million, and no credit for more than $20 million. A 5 % additional credit with a $20 million project cap for projects located in either Tier One or Tier Two areas or on an eligible targeted investment site on expenditures made prior to Dec 31, 2016.

National Register-designated properties
eligible for tax credits (as of January 1, 2020)

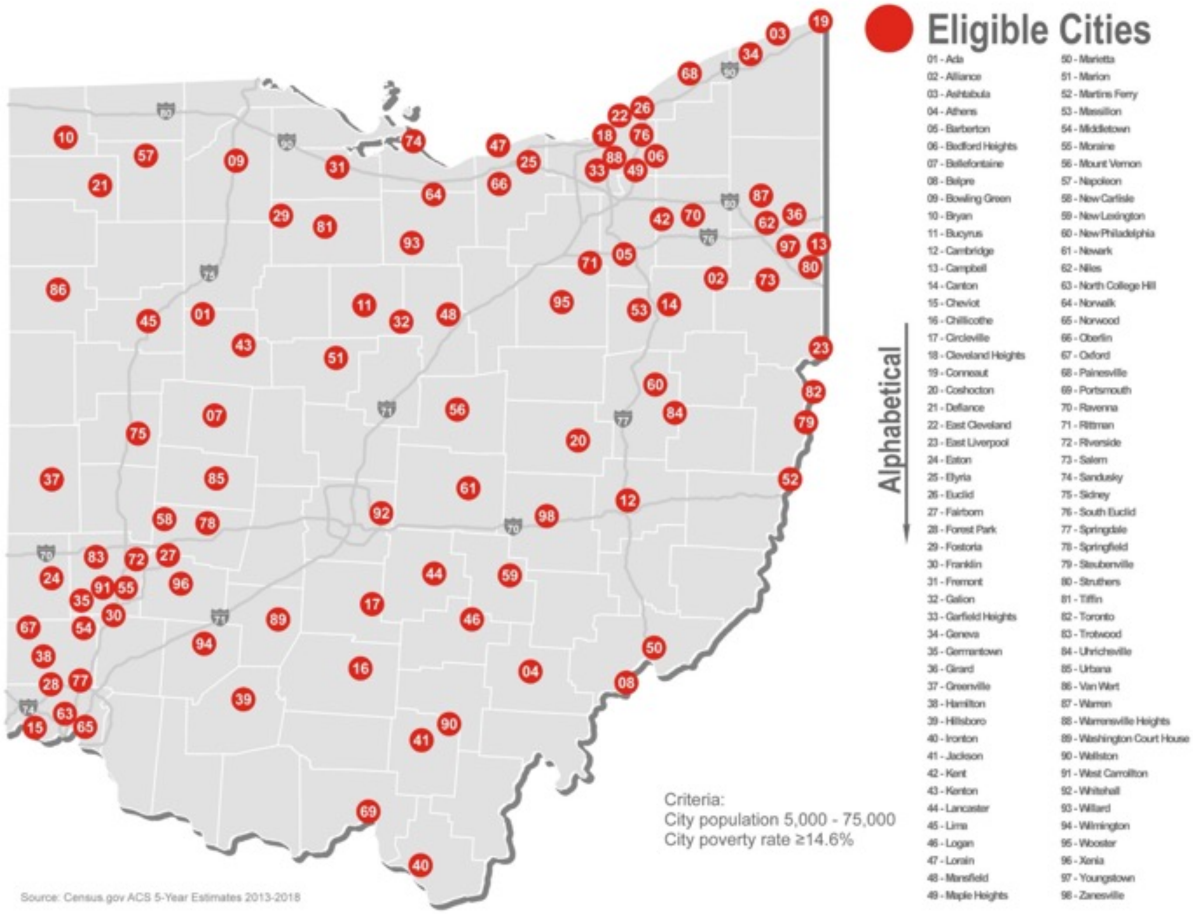


State project financing and rural Downtowns. State governments provide funding for the redevelopment of rural Downtowns.

The JobsOhio Revitalization Program Loan and Grant Fund is designed to support the acceleration of redeveloping sites in Ohio. The primary focus for the program is placed on projects where the cost of the redevelopment and remediation is more than the value of the land and a site cannot be competitively developed in the current marketplace.[54] Priority will be placed on projects that support near-term job creation opportunities for Ohioans, and for revitalization projects typically that retain and/or create at least 20 jobs at a wage rate commensurate with the local market with job creation and retention projects within JobsOhio targeted industry sectors, those making additional capital investment beyond remediation and redevelopment and/or projects with wages higher than the average local wage rate.[55] Eligible applicants include businesses, non-profits, or local governments where the entity committing the jobs has signed an agreement such as a letter of intent, option, lease, or holds the title for the project site and has a specific business plan, financing plan, and schedule for redevelopment and job creation to occur.[56] Eligible sites include abandoned or under-utilized contiguous property where redevelopment for the immediate and primary purpose of job creation and retention is challenged by significant redevelopment constraints.[57] Eligible costs include demolition; environmental remediation; building renovation; asbestos and lead paint abatement; removal and disposal of universal and construction waste; site preparation; infrastructure; environmental testing and lab fees; and remediation projects.[58] For environmental remediation loans and grants, a No Further Action letter issued by an Ohio Certified Professional is typically required for projects where long-term engineering controls are necessary on the site.[59] In certain circumstances, JobsOhio may require a Covenant Not to Sue from the Ohio Environmental Protection Agency, depending on the project and site characteristics.[60] The JobsOhio Vibrant Community Program assists distressed small and medium-sized communities with the implementation of catalytic development projects that fulfill a market need and represent a significant reinvestment in areas that have struggled to attract new investment.[61] JobsOhio has identified 98 cities with populations between 5,000 and 75,000 and poverty rates that are at or above the state's average poverty rate that are eligible for support in this program, and eligible applicants include businesses, non-profits, developers, port authorities or local governments.[62] The Vibrant Community Program will offer competitive grants of up to $2 million for development projects that help transform areas within a distressed community.[63] Funding will not exceed 50% of eligible costs, projects must have at least one identified end user. Mixed-use projects are eligible; however, the strongest applicants will have a higher %age of space used for job creation and retention.[64] Eligible projects fall into two categories:

- Real Estate Development Projects – Includes redevelopment of significant community assets, downtown redevelopment, or renovation of outdated retail spaces for a new, non-retail use, and they must have an end user committed to occupy at least 30% of the space.
- Operated Shared Spaces - Includes business incubators, accelerators, innovation centers and co-working spaces, facilities should target appropriate users, preferably within defined JobsOhio target industries but may also include early-stage businesses, and shared spaces must be managed by an experienced entity and offer relevant programming.[65]

The projects will be evaluated on several criteria to assess their financial feasibility and community impact and funded on an annual basis.[66]



The North Carolina Center for Community Action drives substantial economic development opportunities. NCCAA is committed to living and fulfilling the promise of community action. In collaboration with our partners and volunteers, our Community Action Agencies have worked diligently to reduce poverty in their communities. In Robeson County, North Carolina, the NCCCA assumed leadership of a regional workforce coordination effort that was organized following massive job loss and increasing poverty in the mid-2000s.[67] The workforce effort, called Women's Economic Equity Project, convened regional government, business, education, and nonprofit leaders to find ways to exploit emerging employment opportunities in health care and education.[68] Area healthcare providers, the school system, the community college system, and the University of North Carolina Pembroke partnered to develop career pathways for employment in each of the two sectors, offering women tailored education to help them advance in the education and healthcare fields.[69] To maintain the pathways, NCCA organizes quarterly "alliance" meetings with employers, community nonprofits, and public agencies.[70] The meetings are used to determine how best to support employees in these sectors, to discuss shared policy and advocacy positions, and to determine how to create more jobs in the region.[71] Services provided directly to participants include individualized career coaching, monthly support group meetings, and financial support, and current reports indicate the Women's Economic Equity Project serves over 200 women, and NCCA is working to expand the program throughout the county and the region.[72]

Entertainment districts and rural Downtowns. Craft beer is big. Every town wants a craft beer maker. Some urban markets have hundreds of craft breweries. However, rural communities do not need dozens of craft beer joints to have an active and attractive Downtown. However, rural Downtowns do need to be places where young people want to live, work, and raise a family. Playing usually involves some form of entertainment districts and many states have programs local governments can implement to develop these. Communities across the United States permit open containers of alcohol to be carried beyond the licensed premises connected to entertainment districts in the region. One-way communities can enhance commerce in a downtown business district is to establish a Designated Outdoor Refreshment Area, commonly referred to as a DORA. In April 2015, the Ohio Legislature passed Substitute House Bill 47 creating Designated Outdoor Refreshment Areas, which authorizes municipal corporations and townships to establish designated areas where beer and intoxicating liquor containers purchased from a designated establishment can be consumed at various locations within the DORA.

Rural workforce development. Workforce development remains a challenge for the United States. Recent U.S. Department of Agriculture (USDA) survey data shows one out of four businesses located outside metropolitan areas struggle to find qualified workers, compared with just one in six businesses in metro areas that cite the same problem.[73] According to participants, job applicants in their rural regions lack the necessary skills in basic math, hands-on trades, information technology, and manufacturing; however, participants also noted a shortage of higher-skilled workers with bachelor's degrees and beyond.[74] The Federal Reserve Bank of Atlanta cited several opportunities for investment in workforce development in rural areas, including:

- Education and training programs that prepare young and adult workers for high-demand jobs and skills within existing and burgeoning industry sectors;
- Economic diversification initiatives to expand the region's job base and increase economic resiliency in case a major employer closes or relocates elsewhere;
- Strategies to create community amenities, support entrepreneurship, and improve the quality of jobs to attract and retain workers with a range of skill sets and income levels;
- Community development efforts focused on transportation, housing, childcare, health care, and broadband that help workers and residents, particularly from low-wage sectors, access economic opportunity; and
- Collaboration across the public, nonprofit, and private sectors to align workforce development, economic development, and community development goals.[75]

Rural STEM workforce development. Developing a technology industry workforce is essential for companies and regions focused on economic growth. Workers in the Science, Technology, Engineering, and Math (STEM) fields are the core of any effort to build an energy-friendly workforce. STEM workers constitute about 5 % of the U.S. workforce but account for more than 50 % of the nation's sustained economic growth according to the Department of Labor. Again, according to the Department of Labor, if current trends continue, more than 90 % of all scientists and engineers in the world will live in Asia. The growth in STEM-related jobs is expected to exceed the demand for non-STEM-related occupations. However, while the U.S. leads all industrial nations in the raw number of STEM graduates, the U.S. is losing ground when it comes to developing younger STEM workers to meet workforce demands created by retiring Baby Boomers.

Companies and regions needing STEM workers to succeed can adopt several workforce development strategies to meet this challenge. Companies and regions need to identify industry and educational institution partners to create focus on increasing the number of STEM graduates. Focusing solely on higher education partners will not meet the demand for STEM workers. Many STEM workers do not need a four-year college degree but may require only a certificate or targeted training program. More importantly, universities and colleges cannot turn students into STEM workers with a magic wand. STEM workforce strategies focus on K-12 institutions in partnership with university and college partners to begin promoting the benefits of a STEM education at an early age to ensure students who reach high school are preparing for STEM majors in colleges. In addition, successful STEM initiatives need to address the potential shortage of K-12 teachers in math and sciences who will be needed to teach the additional STEM-related course.

Florida is a leader in rural STEM workforce development. The Northeast Florida Education Consortium (NEFEC) Rural Initiatives for STEM Education (RISE) builds partnerships with STEM professionals to develop connections among students, teachers, schools, higher education, businesses, and industries to develop a STEM workforce for Florida's rural regions. RISE builds partnerships with STEM professionals to provide:

- Independent and collaborative opportunities through workforce experiences for students
- Student and teacher mentoring opportunities with business, industry, and community leaders
- Needs-driven professional development for local school educators, administrators, guidance counselors, and teachers,
- Rigorous STEM challenges that engage students and teachers and help them to build conceptual understanding of STEM concepts.[76]

Rural communities and industry-based training. Rural communities face a greater talent challenge as they often lack a small pool of available workers and, even worse, the workforce pipeline that begins with students in high school leaving town as soon as they graduate. Pickaway County, Ohio's Pickaway Works Program provides a model for addressing the rural workforce development challenge. The mission of Pickaway Works is to collaborate with education, business, and community to build partnerships that create relevant career pathways for students and link them with resources and opportunities to succeed.[77] Their vision is to inspire and improve Pickaway County students' college and career readiness which will improve their quality of life and ultimately improve the economic stability of the area. As part of the fastest-growing metropolitan region in the Midwest, Pickaway County is in the midst of significant change.[78] The Columbus Region is experiencing historic economic growth with nearly 150,000 new jobs created in the last five years creating substantial economic opportunity for rural Pickaway County located just south of Columbus.[79] To meet local job demand, the local school districts in Pickaway County have invested significant resources over the last several years in developing new career readiness initiatives intended to prepare and align students with local employment opportunities, entrepreneurial training, internships, 21st-century skills curriculum, and a variety of other tools are now being utilized to equip graduates for the workplace.[80] To foster collaboration with Pickaway County employers and local education and workforce training resources, local economic development leaders began a series of Workforce Connection meetings.[81] These sessions led to the creation of a workforce solution known as Pickaway WORKS – World of Real Knowledge and Skills – launched in November 2017. Pickaway Works builds partnerships that create relevant career pathways and provide local career opportunities for students, meet workforce demands of local employers, and strengthen the economic stability of our community by connecting educators with employers, promoting internships for students, preparing students through mock interviews, implementing college readiness programs and other efforts focused on reconnecting education with business and community, to better engage with each other and support a more authentic learning experience for students.[82]

Many states offer important workforce development programs that support rural workforce development. Kentucky's Bluegrass State Skills Corporation Skills Training Investment Credit Provides credit against Kentucky income tax to existing businesses that sponsor occupational or skills upgrades through workforce development training programs for the benefit of their employees. Bluegrass State Skills Corporation Grant Reimbursement Program provides matching grant funds for customized business and industry-specific training programs. In Ohio, the JobsOhio Workforce Grant was created to promote economic development, business expansion, and job creation by providing funding for the improvement of worker skills and abilities in the State of Ohio. The program requires job creation and training of employees within a specified period and may consider the amount of proceeds per job created and employee trained. JobsOhio may consider aiding eligible projects that improve operational efficiencies or production expansion, along with the retention of jobs. Indiana's Next Level Jobs Workforce Ready Grant program also received $34 M in the state budget. The Next Level Jobs Workforce Ready Grant is a grant program that covers the tuition and fees of qualifying certificate programs across Indiana for Indiana residents looking to work in one of 150 targeted industries that include Advanced Manufacturing, Building & Construction, Health & Life Sciences, IT & Business Services, and Transportation & Logistics. Indiana's workforce development grant programs in total received well over $60 M in state funding in the new budget as workforce development continues to be a focus for states seeking corporate site location projects.

Rural technology company location strategies. Technology companies employ over 11M Americans and jobs in computer and information technology occupations are projected to grow 11 % from 2019 to 2029, much faster than the average for all occupations adding 531,200 new jobs driven by cloud computing, the collection and storage of big data, and information security.[83] These technology companies employ STEM workers paying an average wage double the national average and have the best potential for long-term growth. However, STEM jobs required highly skilled and educated workers and are involved in promoting small business startups and attracting large technology companies to a region. Building a rural STEM workforce involves a substantial PPP between businesses, education institutions, and the government to develop industry-based workforce development programs targeting rural communities. Second, the development of rural business incubators is an action step that can help to reduce the small business failure rate in a community. Substantial state and federal funding is available for business incubator development that starts with the creation of a business incubator feasibility study to outline the industry and business focus, real estate and other costs, revenue models based upon subsidized small business rents, and the services that need to be provided to the small companies such as the operation of a revolving loan fund for business incubator tenants, and professional services for business incubator tenants. Finally, a new model is being developed that creates business technology service centers in rural communities to drive information technology services to be provided in rural communities often from large corporations in urban markets. There is also a major IT workforce development training aspect to these technology service centers. Finally, rural communities may not be good targets for large company technology projects involving thousands of workers, but these regions could have sites well-positioned for data centers. Data centers provide a smaller number of higher-wage jobs but produce a substantial amount of property and sales tax for the local and state government. Competition for data centers, whose growth from COVID-19 will be substantial, is fierce and rural communities seeking data centers need to identify sites primed for data center projects, prepare data center site development plans, address required infrastructure for data center projects, and seek a utility-based data center certification status for site. Companies considering data center projects should look to these rural markets as prime, secure locations.

Rural communities' key to long-term success is to diversify their economies through expansion in the technology sector. Technology-Based Economic Development strategies for rural regions address challenges and opportunities but focus on bringing technology work to rural communities, developing a rural STEM workforce, enhancing access to capital for rural companies, and supporting the creation of start-up companies in rural communities.

Rural Technology Industry Initiatives

- **Business Incubators**
- **Rural Technology Center**
- **Rural Broadband**

Rural Business Incubators. Developing technology incubators and innovation centers is another step rural communities have taken—often in partnership with a local university—to make their cities a place a new generation wants to live, work and play. The first business incubator is believed to have originated in New York as Batavia Industrial Centre in 1959.[84] Business incubators are defined as a business support process that accelerates the successful development of start-ups and fledging companies by providing entrepreneurs with an array of targeted resources and services.[85] Well over 1,000 business incubators exist in the United States today and globally it is estimated there are 17,000 business incubators.[86] The EDA is a prime source for business incubator funding, but they do require the completion of a business incubator feasibility study and participation in a regional Community Economic Development Strategy or CEDS prior to the award of public works funding to these requests. Business incubators address the high failure rate among small and medium-sized enterprises in the developing world estimated at 75% within three years. The completion of a regional Community Economic Development or CEDS strategy and a business incubator feasibility study is required before the U.S. Department of Commerce's Economic Development Administration will award funding for a facility. A business incubator feasibility study should identify the incubator structure design for promoting the creation of new high-wage jobs through company creation with emerging technology and small businesses.

Montrose Group Incubator Feasibility Study Methodology

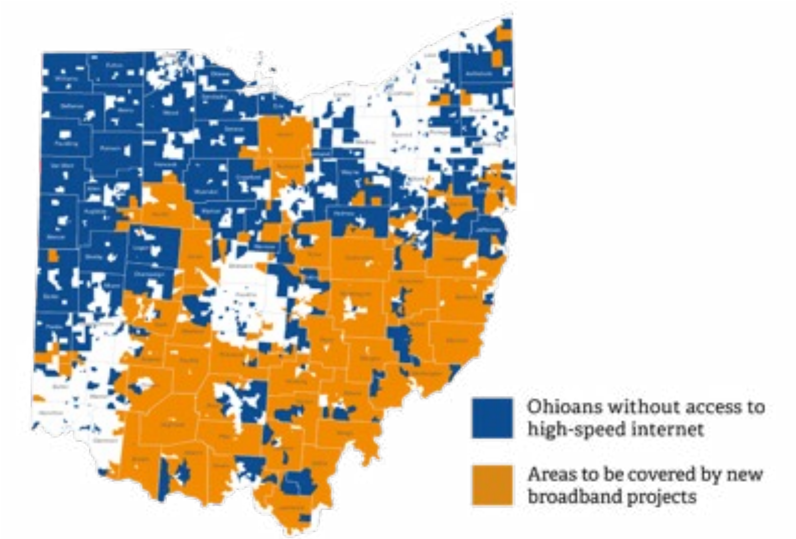
A business incubator feasibility study defines the startup market opportunity, and the partnership model needed, and rolls out a marketing plan to make the business incubator a success. Seven key company startup market analysis measures determine the incubator's likelihood of success. The key market measures include defining:

- the economic impact of a business incubator on the region by defining what a business incubator is and how it has impacted high-wage job creation and success rates for small businesses.
- the market growth through a review of the state and regional Gross Domestic Product, income growth, personal debt, and industry growth.
- the social need for the business incubator through a review of the demographic data of the state and region.
- support for small companies through a review of their small business company creation.
- the state and region have skilled workers available at a competitive wage through a review of their workforce pool, industry cluster strengths, and occupational wages in relevant industry sectors.
- the technology industry and small business startup focus of the business incubator based upon a review of the economic strengths and needs of the state and region.
- the support from industry partners exists to help develop the business incubator.

Next, a partnership model needs to be defined to successfully organize the business incubator in the region under consideration. The partnership model will review other successful incubator models, outline a suggested incubator organizational structure, provide a real estate analysis for the incubator as well as a business assistance program that would be the service offering of the incubator and impact expenses and revenues, and provide a financial analysis that builds a startup proforma for the organization. Finally, a marketing analysis for the launch of the business incubator is needed to develop a sustainable development model. Marketing recommendations will include building development and financing strategies, business programming services and financing strategies, and the development of products and services and the expense and revenue opportunities for both.

Rural Broadband. The work-from-home (WFH) revolution that COVID 19 spread could be a boon for rural communities that address quality of life issues but not unless they have adequate broadband to serve this digital revolution. Consumers and businesses are using their mobile devices more than ever before to connect to everyone and everything around them. The demand for wireless data is on the rise with data usage on AT&T's network increasing more than 360,000% from 2007 to 2017. No one is against the installation of more broadband technology in rural communities. Two challenges exist with bringing enhanced broadband to rural communities. First is who should provide the service- the public or private sector. Many communities desperate for broadband services have launched publicly owned and operated broadband projects. Others are working to entice the private sector to provide these services. No matter who provides the broadband services, neither the public nor private sector will be successful without additional funding. Economists estimate the cost to provide a fiber optic network to underserved rural communities $61B.[87]

Ohio has made a major push to provide rural broadband funding. Ohio has made a major push to provide rural broadband funding. The Ohio Residential Broadband Expansion Grant Program awards grants to internet service providers to fund the construction of broadband projects in unserved and underserved areas of the state.[88] The program is administered by BroadbandOhio, a division of the Ohio Department of Development.[89] Grants are provided to internet service providers to help with the cost of expanding into unserved and underserved areas of Ohio, and the grants are designed to help with the infrastructure costs of the project and help build the networks in areas that lack high-speed internet.[90] The grants will cover the "broadband funding gap," which is the difference between the total amount of money a broadband provider calculates is necessary to construct the last mile of a specific broadband network and the total amount of money that the provider has determined is the maximum amount of money that is cost-effective for the provider to invest in last mile construction for that network.[91] Eligible projects should provide service access of at least 25 Mbps download and 3 Mbps upload to residences in areas that do not have a provider that can supply that speed, and areas that have less than 10 Mbps download and 1 Mbps upload are considered unserved, areas that have between 10 Mbps and 25 Mbps download and 1 Mbps and 3 Mbps upload are considered tier one areas.[92] Governor Mike DeWine has announced the award of 33 broadband projects in Ohio that can provide broadband access to 100,000 residents thus far from the Broadband Ohio program.



Rural industrial park development. Rural communities since the rise of labor unions in urban centers have long been a popular location for manufacturing corporate site location projects. These facilities through global competition or automation of their workforce are not the economic force for rural America they were twenty years ago. That economic stimulus can be reborn again through global economic changes spurred by COVID-19 to bring back the domestic supply chain to U.S. shores to prevent current and future disruptions in key manufacturing, pharmaceutical, and other industries looking to re-shore facilities. A critical tool rural communities should consider is a very mature tool- creating a rural industrial park. The slowdown in private developer industrial parks created by high-interest rates creates an opening for rural communities to capture the anticipated industrial growth that is forecasted to continue. Rural communities should develop industrial parks through a three-step process: create an industrial park plan, prepare a site for industrial development, and market the site for that industrial investment.

Rural Industrial Park Development Strategy

Industrial Park Plan	Site Development	Market Industrial Park
• Regional industrial market, industry focus and workforce analysis • ID potential sites • Utility and infrastructure needs of sites	• Negotiate site ownership • Entitlements and Incentives - Advocate land use entitlements such as zoning and annexation - Advocate for local and state economic development incentives	• Website development • Broker briefings • Regional & State EDO briefings • Site Tours • Industry targeting

Industrial Park Plan. The Montrose Group approaches its economic development planning, including developing industrial park planning, with a Learn, Listen, and Do approach.

The creation of an industrial park plan begins with focus on the development of an industrial park site plan based primarily upon research to answer five questions:

1. What industries providing high-wage jobs and promoting capital investment are likely to invest in the region based upon what other industries are in the region?
2. What sites and parcels exist in the region that are best suited for development?
3. What site development and infrastructure costs must be addressed to retain and attract these high-wage jobs in the region?
4. What transportation issues must be addressed to retain and attract these high-wage jobs in the region?

During the "Learn Phase" of an industrial site plan report, primary research is conducted using local, state, and federal government data sources as well as proprietary data sources and global economic development studies and analysis to answer these five questions.

Industry cluster analysis can be conducted in four distinct parts: location quotient analysis, shift-share analysis, and automaton analysis. Regional economies grow through the retention and expansion of like, growing industries already located in a region. Research is conducted into the economic cluster analysis to identify those industry sectors that have a concentration of firms in the region including core firms, supply chain, and other organizations that can contribute to the industry's competitive success using the federal government Bureau of Labor Statistics economic data to determine what industries exist in the region. Specifically, the industry cluster analysis is based on federal data Bureau of Labor Statistics data to measure historic industry strength for the region through a location quotient formula and a shift-share analysis, and based upon the targeted industry analysis, three targeted industries likely to invest in the region are identified. As part of an industry cluster analysis, a location quotient for growing industries in the region will be identified.

The rural industrial park plan next needs to review the existing infrastructure (electric/water/sewer/gas/fiber) in the study area based on the targeted industry analysis. The analysis needs to conduct a high-level analysis of potential sites in the study area that conducts a review of all the infrastructure needs of the potential sites in the study area to determine the costs of preparing the site for construction, building water, sewer, telecommunications, roadway, and other needed infrastructure specific to that industry. The review needs to include an inventory of existing infrastructure (electric/water/sewer/gas/fi her/roadway/rail/power) near the targeted sites, assessments of the costs of developing all infrastructure needed at the targeted sites in the study area, and assessment the costs of developing the sites in the study area. Infrastructure needs for potential development sites in the study area will be defined by comparing existing infrastructure to the infrastructure demand profile of industries that are likely to locate on these sites in the study area.

The industrial site development planning next needs to engage in listening to the community regarding the plan for a regional industrial park. A community board of advisors should be formed to consist of business and community leaders that will host meetings with local elected and appointed officials and business and real estate leaders, and property owners connected to potential property owners to review potential sites for the industrial park development.
The Learn and Listen stages of the plan will set up the action plan for developing the planned rural industrial park. The Site Development Plan will identify a number of sites that should be developed in the study area along with the timeline for developing those sites. Of equal importance, the action plan will identify funding strategies tied to each site including public finance mechanisms (TIF, JEDD, Port Authorities, Industrial Revenue Bonds, etc..), federal and state funding, and private funding for site and infrastructure development. "Do" steps in the plan may include:

- Conceptual design of targeted sites in the study area;
- Financing strategy to support the operation, site development, infrastructure, and transportation needed for the targeted sites;
- A business plan, including a marketing strategy for the sites; and
- Site certification through a state economic development organization or utility.

The action plan aspect of the report will be based not just upon the prior research and business and community input but also on the best practices of at least three successful industrial sites located in similar regions in the United States. Targeted industries, using the industry cluster analysis, will be identified that should be marketed to and pursued attraction to these sites. The Plan will deliver go-to-market attraction and marketing suggestions that capitalize on the site's strategic location and build a regional, multi-state economic development marketing plan by targeting industries and companies through paid, social, and earned media, participation in industry events and trade shows, and coordination with regional and state economic development organizations, developers and company leaders.

Site Development. Industrial or logistics projects must have a site prepared for development through a multi-step process involving several levels of local government that designates permitted land use, develops required infrastructure, provides for needed tax incentives to attract end users, and provides for tax revenues for local governments and schools impacted by the development.

The property in question whether in a township or municipal boundary must be properly zoned. In an Ohio township, the Rural Zoning Commission is the first stop to seek a change in the zoning for a site. In many regions, specific industrial and logistics business development districts are set up with specific zoning standards to attract industrial and logistics developments. Zoning applications must be developed following the creation of engineering and consulting reports that outline the transportation and infrastructure investments needed to permit the site to operate. Pre-zoning briefings with local government officials outline the scale and scope of the project as well as the transportation and infrastructure needed and the Return-on-Investment estimates for the local community. Approval will be sought with the local zoning and planning commission before a city council or township trustee board votes to approve the zoning change.

If an Ohio site is in a township adjacent to a municipal corporation, the property will benefit from the formation of a Joint Economic Development District. This allows for the provision of infrastructure to be brought to the properties including sewer, water, and roadwork. To tap into these services the property must apply to be included in the JEDD area. There is an income tax levied on employees who work in the JEDD which can be as high as 2.5% in Ohio. The JEDD is governed by a board of directors that approves the inclusion petition. Before the JEDD Board approves the petition to be in the JEDD, the township trustees and village or city council must approve the request to be included in the JEDD and proper zoning needs to be in place. Ordinances and agreements will need to be negotiated that provide funding for site infrastructure and set income tax revenue splits and service arrangements between the local governments.

The site will also need to have a substantial tax abatement to attract industrial and logistics projects as these primarily compete on an interstate basis. In Ohio, a Community Reinvestment Area. Being in this area allows for the taxes on real property to be abated. Tangible personal property is not taxed in Ohio and in a township, the County Commissioners and in a city the city council and mayor/manager have the authority to approve a CRA agreement. CRAs do not abate the taxes on the buildings; thus, the property tax value gained can be captured to use for Tax Increment Financing. Part of gaining a tax abatement is negotiating a compensation agreement with local governments- primarily local school districts. In Ohio, there must be revenue sharing with the school district in order to achieve 100%, 15-year abatement and several local models exist where the developer provides revenue sharing through a Tax Increment Finance District on the land that redirects the increased taxes on land to the school district with the CRA only abating taxes on the buildings.
Ohio law also allows Port Authorities to own property and lease it to private entities. The largest benefit for a private entity to use a port authority is for the exemption of sales tax on construction materials. Local port authorities do these transactions frequently and an agreement with the county or city to provide port authority financing in the county will be required. This is another funding opportunity for local governments but also provides a substantial reduction in sales tax tied to a project's construction materials.

North Carolina offers an interesting rural economic development leadership model worthy of replication. The North Carolina Rural Infrastructure Authority is a 17-member board that awards Rural, Community Development Block Grant (CDBG), and Utility grant funds, which include the Building Reuse Program and the Industrial Development Fund – Utility Account program. The Building Reuse Program provides grants to local governments to renovate vacant buildings, renovate and/or expand buildings occupied by existing North Carolina companies, and renovate, expand, or construct healthcare facilities that will lead to the creation of new jobs in Tier 1 and Tier 2 counties and rural census tracts of Tier 3 counties. The North Carolina Rural Infrastructure Authority (RIA) recently approved nine grant requests to local governments totaling $2,221,694, and these grants are for projects that have committed to creating 191 jobs and will attract more than $49.5 million in private investment. As an example, Cleveland County, North Carolina gained a $75,000 grant to support the reuse of a 237,000-square-foot building in Kings Mountain. The building will be occupied by ACTEGA North America, a manufacturer of specialty coatings and chemicals for the printing and packaging industries. This project is expected to create twelve jobs, with an investment of $8,524,014 by the company.

The North Carolina Economic Infrastructure Program provides grants to local governments to assist with infrastructure projects that will lead to job creation. The program gives priority to jurisdictions in the eighty most economically distressed counties (Tiers 1 and 2) and can help build water and sewer lines, wastewater treatment plants, natural gas lines, public broadband infrastructure, roadways, rail spurs, and other infrastructure allowed under program guidelines. Recently, the North Carolina Rural Infrastructure Authority approved an award to the Town of Dillsboro in Jackson County for a $104,000 grant, which includes a previous award from February 2023, will support the completion of water system improvements to provide enhanced fire protection, water flow and pressure to serve The Jarrett House/Mount Beulah Hotel, an adjoining restaurant, and the Town of Dillsboro. The company plans to create twelve jobs, which represents an increase from the previous award, with an investment of $966,370.

The North Carolina Industrial Development Fund – Utility Account provides grants to local governments located in the eighty most economically distressed counties of the state, which are classified as either Tier 1 or Tier 2. Funds may be used for publicly owned infrastructure projects that are expected to result in new job creation, and the IDF – Utility Account is funded through a process tied to North Carolina's signature Job Development Investment Grant (JDIG) program. When JDIG-awarded companies choose to locate or expand in Tier 2 or Tier 3 county, a portion of that JDIG award is channeled into the Utility Account. The RIA approved one request under this program: Craven County: A $1,077,694 grant will assist the county with the construction of an access road at the Coastal Carolina Corporate Aerospace Development Park in New Bern. In essence, North Carolina uses a statewide port authority model to create a bond fund to provide additional infrastructure support and create a public-private partnership to encourage community and economic development in rural counties.

Kentucky offers state programs to encourage the development of new industrial sites. The newly established Kentucky Product Development Initiative (KPDI) is a statewide effort to support upgrades at industrial sites throughout the commonwealth and position Kentucky for continued economic growth. KPDI, a collaboration between the Kentucky Cabinet for Economic Development and Kentucky Association for Economic Development (KAED), includes $100 million in state funding toward upgrades of sites and buildings across the state. KPDI applicants, such as local governments and economic development organizations, may seek funding assistance for the transformative site and infrastructure improvement projects that will generate increased economic development opportunities and job creation for Kentucky residents. Through KPDI, funding is available through a competitive application process, with each of the 120 Kentucky counties eligible for a maximum funding amount calculated based on population. There is a maximum of $2 million per county per project. Applicants are encouraged to submit regional projects, which allow available funding for multiple counties to be combined, increasing the maximum allowed for a given project.

Ohio's JobsOhio's Inclusive Project Planning Program recognizes that small and medium-sized distressed communities may not have adequate resources to develop catalytic economic development projects necessary to transform the community and attract private investment. This program offers targeted technical assistance to address gaps in capacity and expertise to generate more actionable projects across the state. JobsOhio identified ninety-eight cities with populations between 5,000 and 75,000 with poverty rates at or above the state's average poverty rate that are eligible for support from this program. This program provides grants to eligible communities of up to $20,000 and not more than 50% of total planning costs, should the community engage their own vendor(s), and communities may receive support through partnerships with JobsOhio and the JobsOhio regional network partners.

JobsOhio's Ohio Site Inventory Program (OSIP) offers grants and low-interest loans to support speculative sites and building development projects with no identified end user. The primary goal of OSIP is to fill gaps in Ohio's real estate inventory with real estate targeting near-term sector wins to ensure our state is more competitive for reactive site selection projects. Program goals include filling gaps in Ohio's real estate inventory; mitigating developer risks preventing development; and accelerating the process of bringing in-demand projects and sites online. JobsOhio seeks a diverse portfolio of inventory types and locations such as both sites and buildings, small, medium, and large projects, office, or R&D, as well as manufacturing, warehousing and distribution, urban, suburban, and rural locations, and developed real estate that aligns with one of JobsOhio's targeted industry sectors. Other Key OSIP Components require a lead development entity (i.e., community, port authority, private developer, etc.) with loans typically for new construction, and grants will typically support costs associated with demolition, environmental remediation, building renovations, site preparation, and infrastructure improvements.

The state of Ohio, through the adoption of the biennial budget, approved new language to expand the eligibility criteria, along with renewed funding, for one of Ohio Development Services Agency's highly subscribed industrial development programs. The Rural Industrial Park Loan Program (RIPL) promotes economic development across rural areas in the state. The program provides low-interest loans to assist with financing the development and improvement of industrial parks and related off-site public infrastructure improvements and has been an extremely attractive tool in encouraging industrial development in rural communities. The current state operating budget enacted recently expands eligibility for loans from the RIPL to include projects that are located in any rural area, meaning any Ohio county that is not designated as part of a Metropolitan Statistical Area by the U.S. Office of Budget and Management, in addition to those located in a distressed, labor surplus, or situational distress areas under continuing law. Under the expanded definition of "rural," 48 Ohio counties are now eligible for the RIPL program. The bill provides $15,000,000 each fiscal year for this purpose. The RIPL may finance up to 75% of allowable project costs with loans ranging in size from $500,000 to $2,500,000. Development requires a minimum of 10% equity contribution from the borrower in the eligible project, however, a greater equity contribution may be required based on due diligence. The remaining eligible project costs need to be funded by the borrower either directly or indirectly through third-party investors and/or private lenders. At least 50% of the outstanding loan balance will be forgiven by Development upon successful completion of the project as described in the application and loan agreement. If the RIPL funds represent less than 50% of the total project costs, the percentage of loan forgiveness will be increased to an amount equal to 100% less than the percentage of the project being funded by the RIPL.

Indiana is working on several site development programs that can support major economic development projects. The IEDC established its first research and innovation district – LEAP (Limitless Exploration / Advanced Pace) – in Lebanon. The 7,000-acre site in Boone County, which was identified as a strategic location for future industry growth, will better position Indiana to compete globally for high-tech jobs and help the state deliver strategic, investment-ready sites to industry leaders. In May, Eli Lilly announced plans to anchor the LEAP district, investing $2.1 billion to establish two new manufacturing sites to bolster its global pharmaceutical production.

Indiana launched the Regional Economic Acceleration and Development Initiative (READI), a bold, transformational initiative that will dedicate $500 million in state appropriations to promote strategic investments that will make Indiana a magnet for talent and economic growth. Through this initiative, the state will encourage neighboring counties, cities, and towns to partner to create a shared vision for their future, mapping out the programs, initiatives, and projects that are critical for them to retain talent today and attract the workforce of tomorrow. READI is expected to attract at least $2 billion of local public, private, and philanthropic match funding that will propel investment in Indiana's quality of place, quality of life, and quality of opportunity. A sampling of IEDC READI projects includes NexusPark, Columbus, $6 million – transforming the former Fair Oaks Mall into a community health and recreation space, complete with shopping, restaurants, and an indoor sports fieldhouse which just got a concrete floor; Toyota YMCA, Princeton, $5 million – a YMCA center in the design phase, set to open in 2024; Boys and Girls Club, Gary, $10 million – the $30 million community center will provide adult education, with the potential for outdoor facilities in the future; and McCord Square, McCordsville, $3.5 million – a multi-use development that will include apartments and infrastructure upgrades to attract new talent and improve quality of life.

Indiana also permits the creation of Innovation Development Districts (IDD) to spur infrastructure investment tied to transformational projects. An IDD is a unique tool created to support the attraction and expansion of transformational, advanced industry businesses within the state. Designation as an IDD allows for the capture of certain state and local incremental tax revenues which can be invested in support of the IDD and the growth of the state's high-technology economy. For projects that contemplate a proposed capital investment of less than $2 billion, the executive of the local unit must consent to the designation and execute an agreement with the IEDC outlining the boundaries of the IDD, the proposed use of the incremental revenue captured by the IDD, the amount of property tax increment that will be transferred to the city, town, county, or school, corporations with territory within the IDD, construction management, and demolition costs, costs directly associated with the redevelopment or rehabilitation of a property, FF&E, if non-movable, and permitting costs directly related to redevelopment or rehabilitation outlining the boundaries of the IDD. An IDD may capture all incremental sales, state income, and property tax revenue growth during the term of the designation.

The Indiana Industrial Grant Fund aids municipalities and other eligible entities as defined under I.C. 5-28-25-1 with off-site infrastructure improvements needed to serve the proposed project site. Upon review and approval of the Local Recipient's application, project-specific Milestones are established for completing the improvements. IDGF will reimburse a portion of the actual total cost of the infrastructure improvements. The assistance will be paid as each Milestone is achieved, with the final payment upon completion of the last

Milestone of the infrastructure project. Eligible infrastructure expenses include lease, purchase, construction, or repair of real and personal public property; preparation of surveys, plans, and specifications for construction of publicly owned and operated facilities, utilities, and services; construction of airport facilities; construction of tourist attractions; construction, extension, or completion of:

- Sewer lines and other drainage facilities
- Waterlines
- Roads and streets
- Sidewalks
- Rail spurs and sidings
- Fiber-optic and other IT infrastructure.

The Indiana General Assembly also created a $500M per year deal closing fund for use by Indiana Economic Development Corporation (IEDC), with a 10% earmark for projects located in counties with less than 50,000 residents and established a $150M revolving fund for site acquisition to complement IEDC's deal-closing fund. Site development is seen as a critical issue for corporate site location projects as rising interest rates and skyrocketing construction costs have slowed much industrial development.

Marketing Industrial Park. Marketing the industrial park is the last step in its development. Marketing through briefings with commercial real estate brokers, site tours, web sites, social media, trade shows, business retention, and expansion visits are all common marketing tools for a rural industrial park. The prime marketing tool for rural industrial parks is focusing on the right potential customer. That customer is tied to rebuilding the supply chain in the United States for critical industries. COVID-19 illustrated the challenges created by a global supply chain for thousands of American companies. A supply chain is a network between a company and its suppliers to produce and distribute a specific product to the final buyer.[93] This network includes different activities, people, entities, information, and resources.[94] The supply chain also represents the steps it takes to get the product or service from its original state to the customer.[95] Companies develop supply chains so they can reduce their costs and remain competitive in the business landscape.[96] Supply chain management is the key to many companies' economic success. A survey by Thomas of over one thousand North American manufacturers found that 64% of manufacturers report they are likely to bring manufacturing production and sourcing back to North America — a 10% increase from the same sentiment reported in the March 2023 survey.[97]

Key supply chains and other industries worth focusing on include indoor agriculture, food manufacturing and processing, and data centers. The global indoor farming market size was valued at USD 26.8 billion in 2018 and is expected to expand at a CAGR of 9.19% from 2019 to 2025.[98] Increasing consumer awareness regarding the advantages of consuming fresh and high-quality food and the expansion of medical marijuana and the legalization of marijuana across the United States with regulatory requirements about where this crop is grown.[99] A University of Kentucky report found, based on the average production and the distribution of growers—indoor and outdoor— in Colorado, states like Kentucky which recently adopted a medical marijuana law will need between 10 and 14 cultivators in 2023, 18 to 24 cultivators in 2021, and 24 to 29 cultivators in 2022, and, based on the growth of qualified patients over time, Kentucky will support 85 infused-product manufacturers, perhaps in the first year of medical marijuana sales.

Food manufacturing or food processing is a growing industry whose prospects are even brighter for U.S. production as the "eat local movement" and COVID-19 creates food security issues and has the potential to drive additional production of this industry to domestic locations. Industries in the Food Manufacturing subsector transform livestock and agricultural products into products for intermediate or final consumption.[100] The industry groups are distinguished by the raw materials (generally of animal or vegetable origin) processed into food products, and the food products manufactured in these establishments are typically sold to wholesalers or retailers for distribution to consumers, but establishments primarily engaged in retailing bakery and candy products made on the premises not for immediate consumption are included.[101]

Data centers are another potential rural industrial park client. A data center is a physical facility that organizations use to house their critical computer applications and data. Several types of data centers operate including enterprise data centers that a single company houses on a corporate campus; managed services data centers run by third-party providers; colocation data centers where a company rents space within another's data center; and cloud data centers where off-premises data and applications are hosted by a cloud services provider such as Amazon Web Services (AWS), Microsoft (Azure), or IBM Cloud or others. Data center capex will grow at a 6% CAGR to reach just over $200 B over the next five years.[102] Leading regions for the location of data centers include New York City, Los Angeles, San Francisco, Dallas, Atlanta, Northern Virginia, and Seattle which may have more data centers than most other states.

Montrose Group Data Center Corporate Site Location Process

SITE DEVELOPMENT

- Protection from natural elements such as floods and earthquakes
- Adequate land
- Proximity to telecom central office
- Availability, reliability and rate of power
- Sustainability of power supply

CONSTRUCTION & INFRASTRUCTURE

- Tier 1 single-capacity components and nonredundant distribution
- Tier 2 multiple-capacity components and nonredundant distribution
- Tier 3 redundant-capacity components and multiple independent distribution
- Tier 4 redundant-capacity components and multiple independent distribution enable concurrent maintainability
- Critical mechanical & electrical virtual construction approach

LAND USE ENTITLEMENTS & ECONOMIC DEVELOPMENT INCENTIVES

- Zoning and land use entitlements
- 24 states offer data center tax incentives
- Local property tax abatements & Tax Increment Financing for infrastructure
- Port authority construction materials sales tax exemptions

As outlined above, the corporate site location process for data centers is driven by the availability of water, power, and economic development incentives. The U.S. data center construction market is expected to register a CAGR of approximately 9% during 2020 - 2025. In 2021, there were 209 data center deals, with an aggregate value of more than $48 billion, up some 40 percent from 2020, when the deals were worth $34 billion.[103] In the first half of 2022, there were eighty-seven deals, with an aggregate value of $24 billion. It is estimated that there is an increase of 35% in data generated every year, globally, which has resulted in many organizations, doubling their on-premises storage over a three-year period interval."[104]

Over thirty states have data center tax incentives. However, how a state taxes data centers is critical. Property taxes are payable on IT equipment, furniture, or other equipment that is not bolted to the real estate and can be removed, and these taxes are paid each year based on the original purchase price, depreciation, and the local effective tax rate. These taxes can be substantial for data centers that can include hundreds of millions of capital equipment. As most data centers are not "worker heavy" traditional state data center tax incentives are not focused on the job creation tax credits used for other industries, but those credits may apply in some cases. The list below outlines the existing state data center tax incentive programs.

Benchmark Indiana, Kentucky, and North Carolina State Data Center Tax Incentives

Indiana Data Center Gross Retail and Use Tax Exemption provides a sale and use tax exemption on purchases of qualifying data center equipment and energy to operators of a qualified data center for a period not to exceed 25 years for data center investments of less than $750 million. If the investment exceeds $750 million, the IEDC may award an exemption for up to 50 years. Indiana local governments may also provide a personal property tax exemption on qualified enterprise information technology equipment to owners of a data center who invest at least $25 million in real and personal property in the facility.[105]

Kentucky offers a sales tax refund for computer equipment for data centers investing $100 M.[106]

North Carolina provides three sales and use tax exemptions for purchase of electricity and support equipment providing service or function included in the business of an owner, user or tenant of the data center, the generation, transformation, transmission, distribution or management of electricity, including exterior substations, generators, transformers, unit substations, uninterruptible power supply systems, batteries, power distribution units, remote power panels and other capital equipment for these purposes; HVAC and mechanical systems, including chillers, cooling towers, air handlers, pumps and other capital equipment used for these purposes; and hardware and software for distributed and mainframe computers and servers, data storage devices, network connectivity equipment and peripheral components and equipment, or providing related computer engineering or computer science research purchased for a "Qualifying Data Center investing $75 M within 5 years paying the county wage standard and providing health insurance, certain business property purchased for an "Eligible Internet Data Center" in Tier 1or 2 North Carolina counties for projects investing $250M within 5 years focused on software publishing; and computer software, defined as a set of coded instructions designed to cause a computer or automatic data-processing equipment to perform a task, at a "Data Center" that is defined as a facility that provides infrastructure for hosting or data-processing services and is concurrently maintainable, the power and cooling systems serving the computer equipment must include redundant capacity components and multiple distribution paths, and, although the facility must have multiple distribution paths serving the computer equipment, a single distribution path may serve the computer equipment at any one time.[107]

Ohio provides a sales-tax exemption on the purchase of eligible data center equipment including equipment cooling systems to manage the performance of computer data center equipment, to generate, transform, transmit, distribute, or manage electricity necessary to operate the tangible personal property used or to be used in conducting a computer data center business, and building and construction materials sold to construction contractors for incorporation into a computer data center with $100M investment and $1.5M in payroll, and data centers are eligible for property tax abatements negotiated at the local government level.[108]

Industrial parks can spur economic growth in rural communities and offer an important location for companies considering manufacturing growth in the United States.

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