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Local Governments Expand Incentive Programs for Technology Companies.

Incentives are taxpayer backed programs used to influence business decisions and spur company investment or job creation in specific locations. Incentive use has expanded tremendously over the past several years, though the exact amount of money devoted to incentives is unknown.

We do know that incentives are no longer reserved for special, targeted projects, but are offered to entities of all types and sizes. They include bonds, grants, investments, loans, and tax breaks. They might be used to provide capital, reduce taxes, prepare or purchase a facility or site, build or extend infrastructure, or recruit and train a workforce.

Over the past few weeks several communities in the Greater Washington region have either proposed or implemented changes to their incentives policies in the hopes of attracting more technology companies. Here is a quick rundown of some of their actions:

Arlington, VA: Proposed expanding the definition of eligible businesses that can take advantage of Technology Zone incentives that reduce the Business Professional and Occupational License tax on gross receipts. If implemented, smaller business (<100 workers) and expanding firms (not just new businesses) in a broader set of technology fields will be eligible for a 50% rate reduction ($0.18 instead of $0.36) in all 4 of the County's Technology Zones.

Digital DC: The District of Columbia has committed $1 million to a venture fund that would provide $25k-$250k grants to early stage tech entrepreneurs locating in a designated corridor in the city. These businesses would also be eligible for funding for building rehabilitation or office construction. Digital DC adds to existing DC Tech Incentives and incubator/accelerator programs supported by the city.

Prince George's County, MD: Approved creation of a science and technology business districtin order to create jobs by providing tax incentives, streamlining permitting and approvals, and fostering collaboration among academia, government and industry. The district in the northwestern portion of the County includes College Park (University of Maryland), Greenbelt (NASA Goddard Space Flight Center) and Beltsville (USDA).

Alexandria, VA: A Business Tax Reform Task Force has as one of its objectives to "identify revenue or other incentives that the City can deploy to attract businesses and encourage beneficial development aligning with the City's Strategic Plan."

Incentives have become more important to business investment decisions and the day-to-day work of economic development. We founded Smart Incentives because we believe it is vital for state and local leaders to have access to high-quality business intelligence, data and analytical tools to make the best decisions for their community.

Smart Incentives helps communities make sound decisions throughout the economic development

incentives process. We serve cities and economic development organizations by providing in-depth business research on companies seeking incentives and business case analyses for incentive projects. Smart Incentives is also at the forefront of efforts to develop better processes for monitoring compliance and evaluating the effectiveness of incentive programs.

Ellen Harpel is President of Business Development Advisors (BDA) and Founder of Smart Incentives. She has over 17 years of experience in the economic development field, working with leaders at the local, state and national levels to increase business investment and job growth in their communities.

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APRIL 14, 2014

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