

## CASE STUDY: Harnessing the Power of Credits and Incentives to Save Clients Millions



Crowe Horwath LLP establishes the best practice of an integrated credits and incentives research workflow using Thomson Reuters Checkpoint and the new Credits and Incentives Pinpointer.

### Executive Summary

- As the United States economy rebounds from the Great Recession, federal, state, and local governments are focused on incentivizing job creation and workforce development to stimulate economic growth, resulting in billions of dollars in available federal, state, and local credits and incentives.
- Identifying and obtaining these credits and incentives is no easy task. Many are tied to specific geographical areas, and business or employee addresses must fall within specific boundaries of a federal, state, or local incentive zone.
- Using the Thomson Reuters Credits and Incentives Pinpointer, users can quickly identify all zone-based credits and incentives available for specific addresses. Results list contact information and include links to websites for more information about the zone program.
- Crowe, one of largest public accounting and consulting firms, developed an integrated credits and incentives research workflow using Checkpoint and the Credits and Incentives Pinpointer to save both staff and senior level time spent finding, researching, and reviewing zone-based credits and incentives.

### About Crowe Horwath LLP

Crowe is one of the largest public accounting and consulting firms in the United States, offering a full range of audit, tax, risk, and advisory services to public and private entities. With 2,600 personnel in 26 offices across the United States, Crowe is recognized by many organizations as one of the country's best places to work. The firm's tax department is comprised of approximately 500 individuals, with 60 in the state and local tax (SALT) practice. Within the SALT group, there are five sub-groups that specialize in income franchise, sales and use tax, property tax, credits and incentives, and unclaimed property. Home to six dedicated professionals, the credits and incentives sub-group is the focus of this case study.

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## The Current Economic Landscape

It is more important than ever for businesses to cut costs where possible and keep a watchful eye on cash flow. State and local tax management represents one of the largest operating expenses for many businesses<sup>1</sup>. Because SALT is such a significant expenditure, companies are exploring opportunities to maximize the use of credits and incentives (C&I) to reduce their tax burden.

This affects not only the businesses themselves, but the communities they operate in. Dean Uminski, Principal at Crowe and frequent writer and speaker on SALT and C&I topics, explains, “The recession has been hard on many of our communities, making **business retention, business attraction, and workforce development** three very, very big issues right now. Now more than ever, communities are looking for consultants to come in and help them with strategic plans, so they will be more enticing to site selectors.”

## Credits and Incentives Opportunities Are Going Unused

State and local governments sponsor tax credits and incentives programs to stimulate their local economies by attracting and retaining businesses that develop their workforces. These programs are designed to drive job creation, employee training, capital investment, and new business development.

There are thousands of federal, state, and local C&I programs in the United States, available to businesses of all sizes across a wide range of industry sectors. Research shows that approximately \$60 billion is available in federal, state, and local incentives annually<sup>2</sup>. There is potential for corporations to save millions of dollars per year simply by accessing these opportunities. **However, industry estimates suggest that businesses are not taking advantage of all of the credits and incentives to which they are entitled<sup>3</sup>.**

### A New Professional Designation for the Credits and Incentives Practice Area

While credits and incentives is not a new practice area, it is gaining momentum within the profession as an area of differentiation where firms are establishing expertise and growing their business. To support this, the Institute for Professionals in Taxation (IPT) is currently developing a **Certified Credits and Incentives Professional (CCIP) designation** for professionals that specialize in this practice area. An expert in this field, Uminski is a member of the committee that is developing the exam and course curriculum for the designation.

## Using C&I to Grow Existing Business and Attract New Clients

In addition to attracting new client engagements, a firm’s credits and incentives practice area can be used as a value-added service to cultivate additional business with existing clients. Because so many companies are not aware of the money-saving potential with C&I, consulting firms can notify both current and prospective clients of missed opportunities where clients could currently be leaving money on the table.

Uminski elaborates, “C&I certainly is a door-opener. I don’t think people realize the amount of state and local tax savings that can be identified as a result of a big C&I project by an accounting firm. If we can get in on the front end of a deal for a client and work from the ground level up to provide a value proposition, it opens a lot of doors. From there, you can grow the relationship to include other engagements. A big C&I project can result in a lot of ancillary work. And that’s not just state and local tax work; that’s federal tax work as well.”

Crowe focuses on identifying sustainable SALT reductions to help businesses increase cash flow. The firm has helped clients apply for and obtain millions of dollars in incentives. Their services include **site selection, location analysis, workforce development assistance, cost comparative analysis, economic and fiscal impact analysis, multistate statutory credit reviews, negotiations**, and more. They also help clients stay in compliance with the requirements of business incentive packages on an ongoing basis.

Additionally, Crowe works with organizations to procure specific discretionary credits and incentives and apply retroactively for statutory incentives that might have been overlooked—so clients are assured they are receiving all the state and local business incentives for which they are eligible.

### Identifying Available Credits and Incentives

While C&I programs are widely available, finding and taking advantage of them is another matter. Corporate tax departments are seeking cost and time effective ways to identify and secure tax credits and economic incentives to improve cash flow.

Many credits and incentives are tied to job growth or to a business investment for a specific geographical area. One of the initial challenges in securing an eligible credit is to identify whether a business or employee address falls within the boundaries of an available federal, state, or local incentive zone. To make matters more complicated, the exact location is paramount when it comes to identifying zone-based tax credits and incentives. **The side of the street in which an address is located—or even the building number—can impact the incentives available to businesses.**

To address this challenge, Crowe uses the Thomson Reuters Credits and Incentives Pinpointer. This tool allows users to quickly see zone-based credits and incentives for specific addresses—including the relevant contact details for the incentive zone—with the ability to link to the incentive program website for more information. The Credits and Incentives Pinpointer, with its sophisticated geo-coding capabilities, provides a dynamic list of zone-based credits with details for a specific address within the United States. Coverage includes U.S. federal zones, state zones, local zones, and expired zones.

The Credits and Incentives Suite also offers a Batch Processor which is useful for practitioners who need to process a large volume of addresses at a time to identify applicable zone-based credits. These dynamically-generated reports can be filtered according to state and federal incentives, and exported into all industry standard formats (.xls, .xml, .csv).

### Using the Credits and Incentives Pinpointer to Save Time for Staff and Senior Level Managers

Crowe began using the Credits and Incentives Pinpointer in April of 2012. **It soon became integral to the firm's credits and incentives workflow, and is the first step when researching credits and incentives projects.** "We use the tool for every one of our credits and incentives projects," said Uminski. "Being able to quickly look up an enterprise zone using the Credits and Incentives Pinpointer is much more efficient than doing it point by point on a map. The tool helps us save time on our engagements while providing us with the information we need."

First, staff plug addresses into the Credits and Incentives Pinpointer to identify zone-based credits and incentives. Then they visit the state websites to read the state law for the credits and incentives identified. Next, they use Thomson Reuters Checkpoint to research the statutes to find their true qualifications and specific requirements. "The state brochures will oftentimes refer to the statutes, but there can be ambiguity between what might be on the state website and the actual statute itself," said Uminski. "Our clients are signing incentive agreements under penalties of perjury; we need to thoroughly understand all of the tax laws. We use Checkpoint to get the authoritative statutes on those programs—and we use that research as backup documentation in each of our project files."

The integrated research workflow using the Credits and Incentives Pinpointer and Checkpoint has resulted in time savings for not only the staff level employees who research the engagements, but for managers as well. Uminski explains, "I pretty much know the gamut of what's out there, and I can spout off most statutory and discretionary incentives offhand—but it's my staff that does the initial research on our C&I projects. Their ability to use these tools helps reduce the time for review on my part."



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<sup>1</sup><http://www.crowehorwath.com/services/tax/salt.aspx>

<sup>2</sup>Stiftel, Fred. "Tax Credits & Incentives: Are You Missing The Boat?" ChiefExecutive.net, 11 May 2011, <http://chiefexecutive.net/tax-credits-incentives-are-you-missing-the-boat>

<sup>3</sup>Ibid.

## Looking to the Future

Uminski predicts credits and incentives will continue to be a high growth area for his firm, as the U.S. economy rebuilds and job creation increases. He explains, "I think there's a trend right now that we're seeing more manufacturing jobs coming back to the United States. Also, more of the states are incentivizing non-manufacturing job creation: distribution, warehousing, and retail to some extent. I think that there's a big initiative from a federal agenda standpoint with workforce development—that if we can get our workforce to where our educators and businesses think they need to be, we'll see more enhancements in our productivity, more capital investments, and more jobs being created as well."



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### About Dean Uminski

Dean Uminski is a principal at Crowe Horwath LLP. He helped start the firm's dedicated state and local tax practice in 1998, when he joined the firm. Prior to joining Crowe, Uminski worked in the private sector in the steel industry, where he was in charge of a company's internal site selection team. He is a frequent writer and speaker on SALT and C&I topics and serves on the Certified Credits and Incentives Professional (CCIP) Committee at the Institute for Professionals in Taxation (IPT), where he is currently working with other professionals on developing the exam and course curriculum for a new C&I designation for the profession.

### About Thomson Reuters

Thomson Reuters is the world's leading source of intelligent information for businesses and professionals. We combine industry expertise with innovative technology to deliver critical information to leading decision makers in the financial and risk, legal, tax and accounting, intellectual property and science and media markets, powered by the world's most trusted news organization. With headquarters in New York and major operations in London and Eagan, Minnesota, Thomson Reuters employs approximately 60,000 people and operates in over 100 countries. For more information, go to [www.ThomsonReuters.com](http://www.ThomsonReuters.com).

### About Thomson Reuters Credits and Incentives Pinpointer

Thomson Reuters Credits and Incentives Pinpointer is a robust and powerful solution, allowing state and local tax practitioners to quickly and easily identify the universe of tax credits available for a business. No other tool brings together location-based search as well as the ability to search credits by jurisdiction, credit type, or industry type. It also supports practitioners with their next phase of research with complete details about each credit. The tool saves valuable research time while generating revenue by supporting clients with their critical decisions—including entering new markets, relocating facilities, hiring new employees, and more.

Learn more at <http://tax.thomsonreuters.com/pinpointer>

### About Thomson Reuters Checkpoint

Thomson Reuters Checkpoint is the industry leader for online information for tax and accounting professionals.

Checkpoint blends cutting-edge technology, editorial insight, timesaving productivity tools, online learning, and news updates with intelligent linking to related content and software. Thousands of tax and accounting professionals rely on Checkpoint every day to understand complex information, make informed decisions, and use knowledge more efficiently.

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