

ADVERTISING SUPPLEMENT TO THE KANSAS CITY BUSINESS JOURNAL

# TAX CREDITS & INCENTIVES

## ARE THEY RIGHT FOR YOUR BUSINESS?

A BUSINESS JOURNAL ROUNDTABLE

## PANELISTS



**BETTY NELSON-EKEY**  
MANAGING DIRECTOR, CBIZ

Betty Nelson-Ekey founded the Kansas City CBIZ MHM, LLC Tax Incentives practice when she joined the firm in 1999. As a Managing Director, Betty has recovered millions of dollars in tax credits and cash refunds to existing companies. Prior to coming to work for CBIZ, Nelson-Ekey worked for the Kansas Department of Commerce and it was there that she realized that state tax incentive programs are a common component in virtually every state's economic development policies.

She works directly with CBIZ clients and outside companies to make sure they are taking advantage of state incentives in various states across the U.S. She does a complete incentive review of historical tax returns to make sure that money has not been left on the table. In addition, Betty negotiates with multiple states regarding cash and tax credits that may be available to companies when they are expanding, adding jobs, and making capital investment.



**ELIZABETH ROSIN**  
PRINCIPAL, ROSIN PRESERVATION

Under the direction of company founder Elizabeth Rosin, Kansas City-based Rosin Preservation guides clients in preserving historic properties, in complying with cultural resource regulations, and in capitalizing on the economic advantages of historic preservation.

Rosin is recognized for her expertise in the diverse aspects of the preservation field. In the past 17 years, she has consulted on dozens of historic tax credit projects, representing more than \$500 million of construction activity. The spectrum of building types and architectural eras represented in Rosin's portfolio are comprehensive, and span from an early-19th century log house to mid-20th century office buildings.

State and local entities have bestowed preservation awards to numerous Rosin Preservation tax credit projects. The Kansas City chapter of the American Institute of Architects in 2014 honored Elizabeth Rosin as Preservationist of the Year.



**MICHAEL MARSH**  
MANAGING SHAREHOLDER,  
MARSH & COMPANY

Michael Marsh is the managing shareholder of Marsh & Company, P.A., a Certified Public Accounting (CPA) firm that mainly serves clients in the real estate consulting and advisory services.

Marsh has a real estate and accounting degree from the University of Hawaii and has over 30 years of experience serving clients in the real estate industry. He also has extensive experience in working with developers and owners of historic and low-income housing tax credit properties.

Mike worked for a national certified public accounting firm for over 14 years and was their national tax credit coordinator. He is a member of the American Institute and Missouri Society of CPA's. He also served on the Board of Directors of the Kansas City Metro Chapter.



**ANDREW NAVE**  
EXECUTIVE DIRECTOR, SHAWNEE  
ECONOMIC DEVELOPMENT COUNCIL

Andrew Nave leads the economic development efforts for Shawnee, Kansas (pop. 65,000). His primary role include working with public and private partners to attract new companies to Shawnee, encourage expansion of existing employers, and assist real estate development in the community.

He has worked in the economic development field for twelve years in Overland Park as well as a rural Missouri. In his career, Nave has assisted over 50 companies that created over 4,000 jobs many of which through the use of federal, state, and local tax incentive programs.

In 2007, Nave became the youngest Certified Economic Developer (CEcD) in the country at that time according to the International Economic Development Council. Nave grew up in Johnson County and Joplin, Missouri and graduated with a degree in Business Management and Economics from Pittsburg State University. His wife and children reside in Shawnee.

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# TAX CREDITS & INCENTIVES



**QUICK FACTS**

**56** tax credits offered by Missouri

**35** tax credits offered by Kansas

Recently, several economic development experts gathered at the Kansas City Business Journal to address that question. Publisher Stacie Prosser moderated the discussion about how business owners can navigate the plethora of programs to help their businesses grow.

**KCBJ:** What are some of the most common incentives you are seeing used in the business community?

Betty Nelson-Ekey, CBIZ: At the



From left to right: Betty Nelson-Ekey, Andrew Nave, Mike Marsh.

ANDREW GRUMKE

state level, the most common one is cash. Cash incentives can come in various forms, such as a cash award or a forgivable loan. In Kansas and Missouri, it comes in the form of retaining withholding taxes on net new hires. The Promoting Employment Across Kansas (PEAK) and the Missouri Works Programs are both examples of withholding-based cash programs. Other examples of

tax incentives include grant reimbursement for training new hires or retraining existing workforce, and sales tax exemptions on building materials and equipment.

Cash incentives seem to be king right now, but local governments also offer tax credits. Those usually come in the form of property tax abatement, sales tax exemptions and free or reduced-price land. In addi-

tion, utility companies sometimes offer a utility rider when a company is expanding and using more utilities.

**Michael Marsh, Marsh & Co.:** The tax incentives we most commonly see for real estate development are the historic preservation credit, low-income housing credits and new markets tax credits.

**KCBJ:** How do you structure an incentive package that benefits both the public and private sectors?

**Andrew Nave, Shawnee Economic Development Council:** The public wants to make sure that the project comes to fruition and that the employer or developer lives up to what it promised. So we need agreements that have clawbacks that ensure the improvements do happen, just as businesses do with business-to-business contracts. It is important that public entities clearly define and convey the terms and goals of the incentive agreement – for the company involved as well as the general public.

**Marsh:** An example of how incen-



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When owners need a qualified CPA with extensive experience in working on historic rehabilitation projects, they call upon Marsh & Co. Rely on Marsh for financial projections, sensible tax credit strategies and preparation of cost certifications and tax returns essential to a successful project. We strive to meet and exceed client expectations everyday.



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*Cash incentives seem to be king right now, but local governments also offer tax credits. Those usually come in the form of property tax abatement, sales tax exemptions and free or reduced-price land.*

BETTY NELSON-EKEY, CBIZ

tives work to create a win-win situation is the use of low-income housing credits to develop senior housing in underserved areas.

**Elizabeth Rosin, Rosin Historical Preservation:** The historic preservation credit was created to incentivize preservation – the credit offsets the increased costs to maintain buildings that represent our shared heritage. Look at downtown Kansas City and the transformation it has undergone

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ANDREW GRUMKE

Kansas City Business Journal Publisher Stacie Prosser moderates the roundtable discussion.



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**From left to right:**  
Andrew Nave, Mike  
Marsh, Elizabeth Rosin.

ANDREW GRUMKE

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since 1998, when the historic preservation tax credit was enacted. Nearly all of those downtown projects that revitalized the area used the historic preservation credit, including the Power & Light District.

**Nelson-Ekey:** We often hear legislators bemoaning the cost of credits. They often lose sight of the substantial – sometimes tenfold – return on that investment or remember the historic buildings that were saved.

**Nave:** Another common argument is that the investment or development would have happened anyway, without the incentives. It might have happened, but not in our state or community, or it might not have happened at all. It is very hard to capture what didn't happen. But not having the ability to use incentives throws into question whether projects would happen at all or whether they would happen in your area.

**KCBJ:** How do incentives factor

**"We often find several tax credits combined on a single development. The Chatham Hotel in Kansas City, Mo., is a good example of how tax credits can be combined. They used the low-income housing, historic preservation and the new energy tax credits."**

**MIKE MARSH,** Marsh & Company

**into growth decisions for the business owner?**

**Nelson-Ekey:** Investigate your options before you decide whether to expand. We use a "but for" analysis: But for the incentives, we would not be expanding.

**Nave:** Incentives are meant to encourage companies to put their resources here versus somewhere else. If your company is considering expanding or making an investment, think about what tools your state and local agencies offer that could make you locate here rather than another city or state. As a business owner, incentives factor into determining where expansion makes the

best financial sense.

**KCBJ:** Are tax credits commonly combined?

**Marsh:** We often find several tax credits combined on a single development. The Chatham Hotel in Kansas City, Mo., is a good example of how tax credits can be combined. They used the low-income housing, historic preservation and the new energy tax credits.

**Rosin:** The historic preservation credit is often combined with the affordable housing and new markets credits. Energy credits are bundled with them from time to time as well.

**KCBJ:** Can you apply for real estate credits for the same building or project more than once?

**Rosin:** Absolutely. If a new owner is applying, it is always possible. If it is the same owner, the applicant has to meet a test for substantial investment. As long as you meet that test, you are eligible.

**KCBJ:** How do you know you need to hire someone to guide you through this process?

**Nelson-Ekey:** Companies really do need to hire experts if they can because there are a lot of nuances in the programs, statutes, rules and regulations. At CBIZ, we develop a strategy for each client. We don't just file paperwork. I do think companies benefit from hiring someone who has experience and expertise in tax credits and incentives.

**Marsh:** I agree you need to hire a professional to help you because these programs have a lot of traps. Experts can help you avoid the traps and maximize the benefits you receive from the credits.