

CHAPTER 3

PROGRAM UTILIZATION

These incentives were first effective on January 1, 1995.

The B&O credit program for research and development spending has been used by 838 firms so far. This program has greater participation than the sales tax deferral/exemption because not all high tech firms are embarking on capital expansions which would otherwise be subject to sales tax. Between January 1995 and February 2000 about \$115.6 million in tax credit was taken. Firms do not apply for these credits as they do under the deferral/exemption program but instead submit declarations along with their combined excise tax returns to support the credit computation and eligibility.

More than 73 percent of the credits taken have been by companies in advanced computing and electronic device technologies; biotech firms represent 16 percent of the credits taken. Additional information is provided in Tables 3.1-3.3.

The sales/use tax program currently has received 253 applications which have been approved between January 1, 1995 and September 2000. The amount of state and local sales tax exempted now totals \$231.5 million. Of this, 59 percent (\$135.6 million) of these projects were completed, and the remainder of the projects are still in progress. The majority of the applications are in the areas of advanced computing and biotechnology, followed by electronic devices. The two other areas covered by the program, environmental technology and advanced materials, are represented by only a few projects. Tables 3.4-3.6 provide additional information.