



U.S. Economic Stimulus Plan: Opportunities for EU Companies

prepared by

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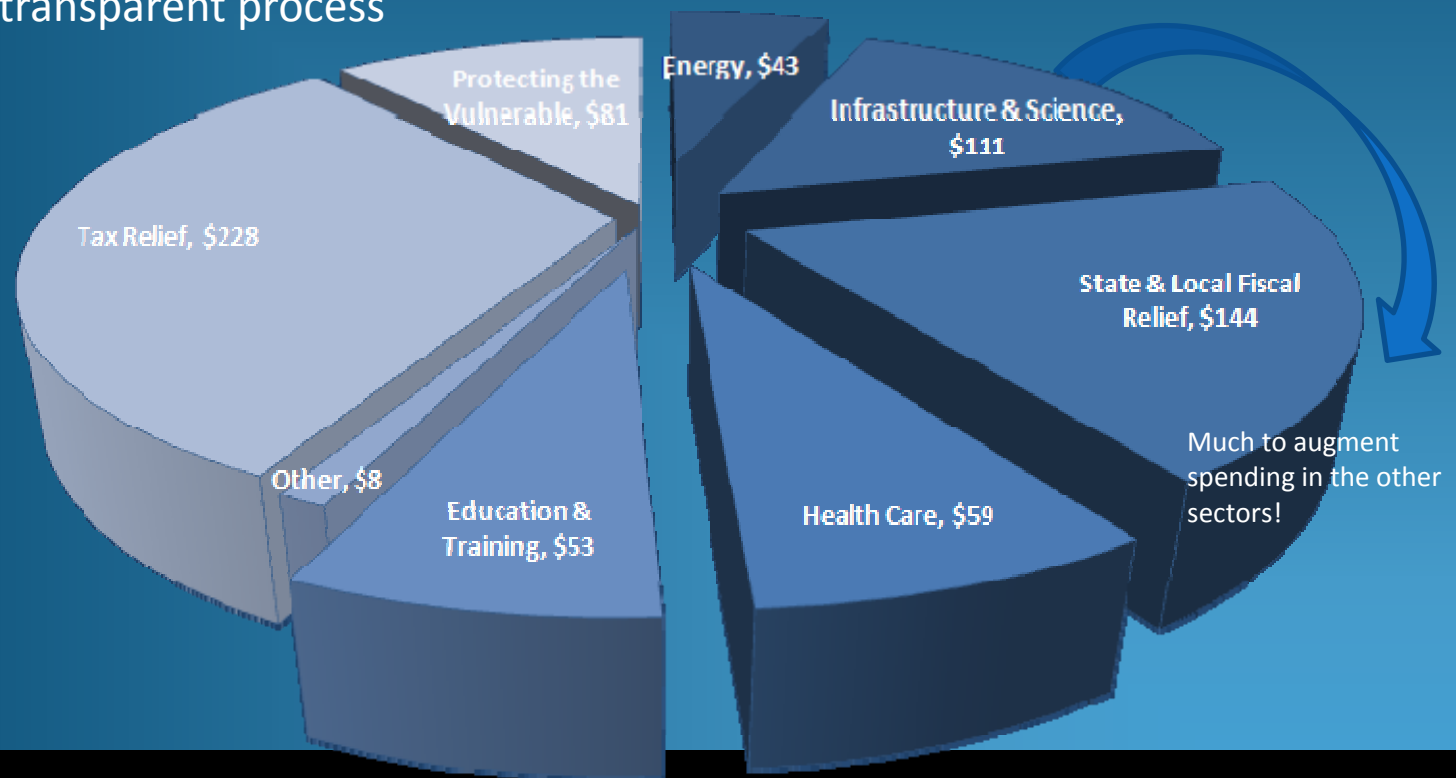
The European-American Business Organization, Inc.

US Economic Stimulus Plan

\$787 Billion in economic investment nationally

Goal:

- Jump start economy
- Create jobs for Americans
- Accountable and transparent process



Strategic Role of States

- Governors are offering tax incentives, grants, loan funds, etc to companies that invest and create jobs in their states.

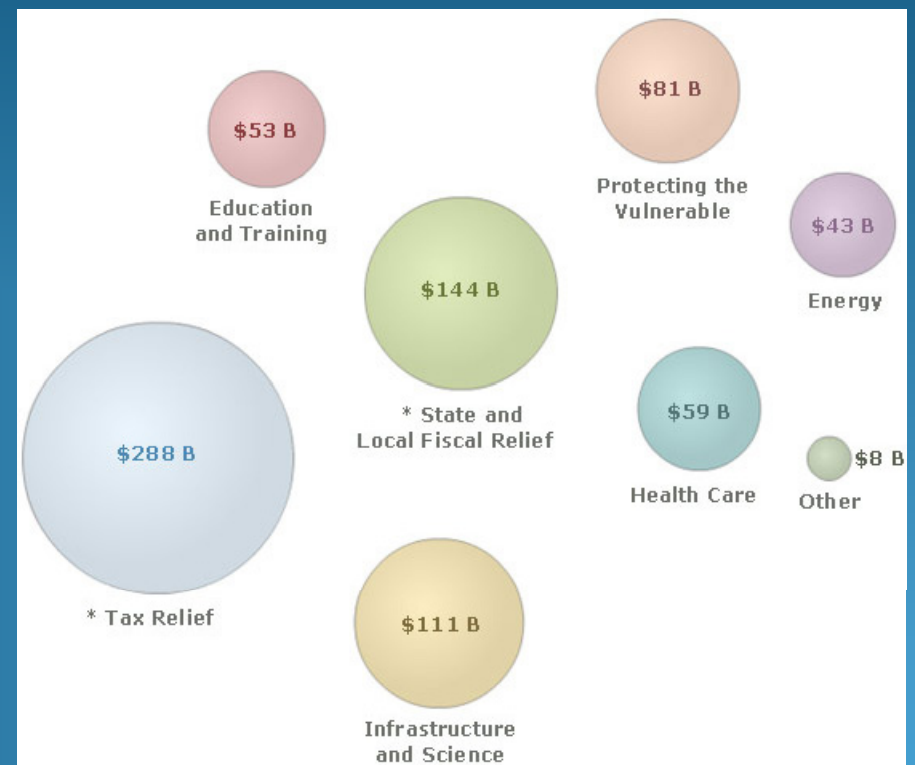
Examples:

- **Arizona:** tax incentives; changes and increases to the enterprise-zone program, which includes tax incentives on business property and income
- **Florida:** The main component is loans to small businesses. Small will be eligible for 2% interest rate loans to be used in expansion for their enterprise. This could include capital purchases, employee training and new position salaries.
- **Minnesota:** business tax cuts that includes tax-free zones for companies that create “green jobs;” 25% refundable tax credit for small-business owners who reinvest in their business; and 100% exemption on sales tax for equipment purchases by all small businesses.
- **New Jersey:** grants and tax incentives for small businesses to hire and expand. In addition to the grants, small businesses may be eligible for sales tax credits for capital investments over \$5,000.



Key Industries: Opportunities in...

- RENEWABLE ENERGY
- TRANSPORTATION
- BIOTECH & BIOSCIENCE
- BROADBAND & IT



Renewable Energy

Investment in Clean Energy:

More than 20 states with dedicated funds to finance clean energy projects:

\$6 billion to be invested in the next 10 years

\$1.5 billion invested in last 10 years

**5000%
increase**

Energy → Total: \$61.3 billion

- \$11 billion funding for an electric smart grid
- \$6.3 billion for state and local governments to make investments in energy efficiency
- \$6 billion for renewable energy and electric transmission technologies loan guarantees
- \$5 billion for weatherizing modest-income homes
- \$3.2 billion toward Energy Efficiency and Conservation Block Grants
- \$300 million to buy energy efficient appliances



SOLAR ENERGY

The US to lead the Global Solar Photovoltaic Market by 2020

- The US Solar PV market has grown from 168 MW in 2001 to 1,110 MW by 2008, growing at a rate of 31% during the period 2001-08
- The significant growth witnessed by the US solar PV sector could be attributed to the strong support from the **US Government in terms of tax credits**
- The recent extension of tax credits with effect from **1st January, 2009** till the year 2016, will further drive the US Solar PV market towards the growth trajectory
- Considering this, the US Solar PV market is expected to grow at a higher rate of nearly 50% in the coming years, to reach total installed capacity of more than 75 GW by the year end 2020.

Source: Global Solar Photovoltaic Market Analysis and Forecasts to 2020. By John G. Mar 13, 2009



Solar Industry per State

TEXAS

Policy Goal: Add 4,000 MW of diversified clean energy to the grid over the next 10 years.

- The solar energy sector is a maturing market space, expected to grow to over \$50 billion by 2010.
- The objective is to develop a strategy for high-surface-area electronics industry, which is the next stage in design and engineering of PV cells and wafer design.



VIRGINIA

- Since 1990, VA has offered the **Solar Photovoltaic Manufacturing Incentive Grant Program:**
 - \$ 4.5 million/year to encourage photovoltaic panel production
 - Annual incentive grants for 6 years for new manufacturers
- VA's Dept of Mines, Minerals, and Energy plans to dedicate \$39 million dollars of stimulus money for solar and wind energy systems (public and private sector solar installations)
- Programs could start as early as July 2009



Wind Energy

A Fast Growing Industry in the US

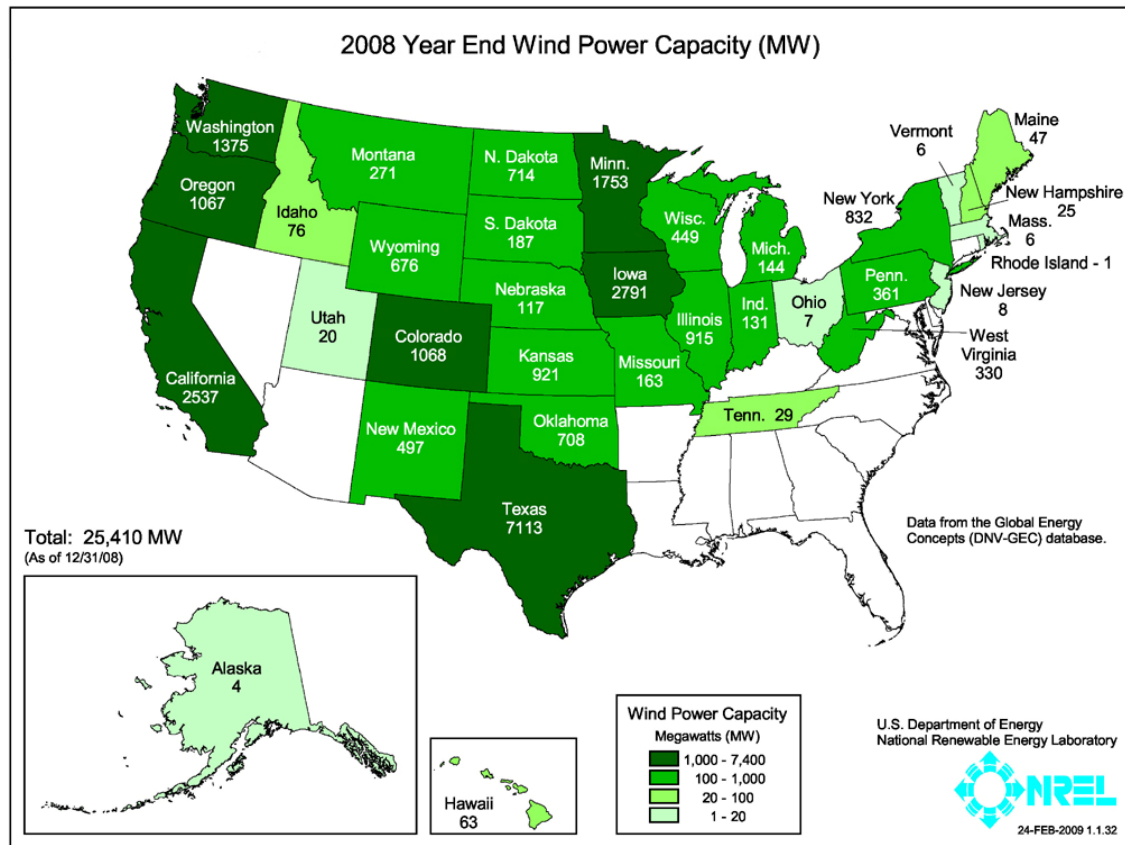
- US - the world's largest wind power market.
- Over 8,500 MWS of new generating capacity installed in the US in 2008, shattering all previous records.
- Competitive, vibrant market, attracting new players and providing growth opportunities.

Conditions Stimulating the Growth of the Wind Power Industry in the US

- Increasing demand for wind power due to the new consumer tax credits for energy efficiency.
- The nation's natural attributes (wide-open spaces and a vast wind resource).
- Attractive renewable energy incentives, tax credits, and grants.



US Wind Energy Industry by State



- Top Five States – Texas, Iowa, California, Minnesota, and Washington.
- Texas leads in wind capacity and largest wind farms installed.
- North Dakota ranks 1st for potential wind energy output.



Transportation

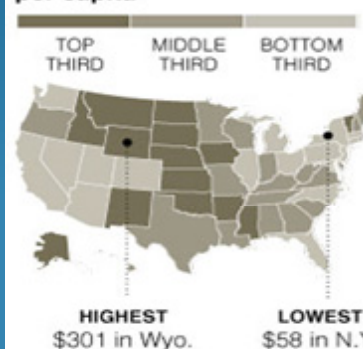
Total: \$51.2 billion

- \$27.5 billion for highway and bridge construction projects
- \$6.9 billion for new equipment for public transportation projects (Federal Transit Administration)
- \$1.3 billion for Amtrak
- \$8 billion for intercity passenger rail projects and rail congestion grants, with priority for high-speed rail
- \$100 million to help public transit agencies
- \$750 million for the construction of new public rail transportation systems and other fixed guide way systems.

Cash for Transportation

States are beginning to decide how to spend \$27 billion for transportation projects and \$7 billion for mass transit projects — the first installment on nearly \$50 billion in transportation money they will receive from President Obama's stimulus package.

Highway and bridge spending per capita



Mass transit spending per capita



Transportation

SPEED RAIL



- The legislation includes \$8 billion for fast trains in the U.S. — the most ever allocated for rail at one time.
- The state that may be furthest along in planning is California, where voters approved a \$9 billion bond issue last fall for high speed trains
- The government has identified 10 corridors, each from 100 to 600 miles long, with greatest promise for high-speed development.



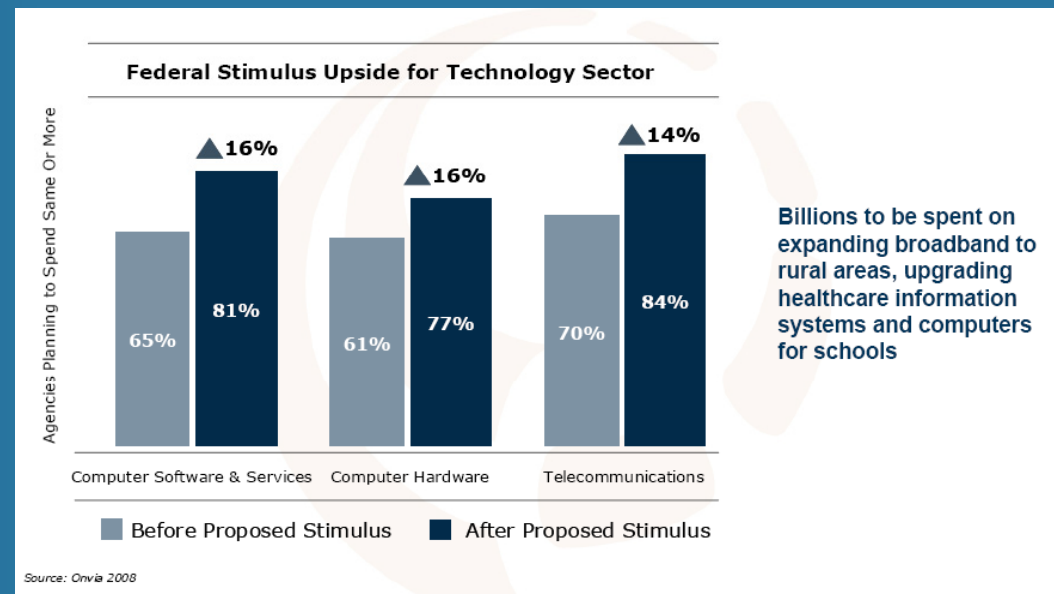
Source: Stimulus Puts High-Speed Rail On The Fast Track
by [Brian Naylor](#)



Investing in America's IT Infrastructure

“The Digital Road to Success”

- Provide a short-term boost to the U.S. economy by spurring job creation.
- Lay the groundwork for long-term economic growth and international competitiveness.
- Major Focus:
 1. Broadband and wireless Internet access
 2. Health Information Technology
 3. “Smart Grid”



1. Broadband and Wireless Internet Access

- \$7.2 billion in grants to promote broadband deployment in underserved areas.
- NTIA¹ Broadband Grant Program - \$ 4.7 billion funding to support supply-side and demand-side broadband projects.
- RUS² Broadband Funding Program - \$2.5 billion distributed as grants and/or loans for projects that serve rural areas without sufficient access to Internet.



Notes:

1. National Telecommunications and Information Administration
2. Rural Utility Service



State Efforts to Expand Broadband Access

Example: Mississippi

- Favorable Operating Costs Including Low Taxes.
- Quality Workforce and State Sponsored Training.
- Progressive Financial and Tax Incentive Programs:
 - Broadband Technology Tax Credits – encourage the deployment of high-speed internet access with emphasis on rural areas. The tax credits can be applied to state income or franchise taxes.
 - Sales and Use Tax Exemption for Broadband Technology - available for eligible telecommunications businesses that deploy broadband technology. The amount of exemption that is allowed is based on the location of the facility.



State Efforts to Expand Broadband Access

Example: Florida

- Ranks among the top pro-business states in the nation because of its business-friendly tax codes and incentives for job creation, capital investment, new and incumbent worker training.
- Florida has the 4th largest Gross State Product and is the 8th largest economy in the Western Hemisphere.
- Florida has a significant and growing presence in the IT sector.
- State Incentives:
 - Income tax credits for any project designed to provide increased access to high-speed broadband capabilities, which includes coverage of a rural enterprise zone.
 - High Impact Performance Incentive Grant – negotiated grant for information technology projects (other eligible businesses include clean energy, biomedical technology, transportation equipment manufacturing).



2. Health Information Technology

- One of the major goals of the stimulus package is to computerize every American's health record in 5 years.
- \$19 billion in funding for health information technology.
- \$17.2 billion in the form of incentive payments for implementation of EHR¹ systems.
- The increased demand for Electronic Health Records systems, accompanied by available state business incentives across the nation, creates tremendous opportunities for companies in the health IT industry.

Notes:

1. Electronic Health Records



3. “Smart Grid” Funding

- \$11 billion funding for an electric “smart grid”.
- This spending will span a wide range of technologies:
 - IT and communications hardware;
 - Smart meters and other intelligent devices;
 - Applications software used to operate the grid;
 - Software to manage huge amounts of meter and grid data;
 - Advanced energy storage systems and grid-connected distributed generation resources.
- Smart Grid companies may represent one of the biggest and fastest growing sectors in the GreenTech market.



Life Sciences and Biotechnology

- Total of \$8.9 billion funding for scientific research.
- Distributed through the National Science Foundation, NASA, U.S. Department of Energy, university research facilities, etc.
- Biotechnology firms, pharmaceutical companies and other bioscience-related businesses now find it easier than ever to start or grow in the U.S.
- Most states offer incentive programs designed to stimulate growth in the industry.



U.S. Small Business Administration Innovation & Technology Funding

- Two Competitive Programs - Small Business Innovation Research Program and Small Business Technology Transfer Program:
 - To encourage small businesses to explore their technological potential and provides the incentive to profit from its commercialization;
 - To protect the small businesses and enable them to compete on the same level as larger businesses;
 - Only American-owned companies are eligible.
- Opportunities for small European firms to apply for these awards by partnering with American-based companies or by establishing a legal entity in the U.S.



Life Sciences & Biotechnology

Example: Oklahoma

- Best in Class R&D Facilities.
- Diverse Areas of Strength.
- Ready Access to Financial and Technical Assistance
 - \$1 billion Economic Development Generating Excellence (EDGE) Endowment – for large-scale, multi-year projects with strong commercial potential.
- Business-Friendly Environment:
 - low cost of doing business
 - cash-back and investment tax credits.



Life Sciences & Biotechnology

Example: Maryland

- Maryland – one of the fastest growing states in the life sciences sector.
- State investments of over \$450 million in bioscience infrastructure.
- Ranks 2nd per capita in federal R&D obligations - \$12.2 billion.
- Ranks 1st in per capita number of doctoral scientists in health and biological sciences.
- Business Incentive → Maryland Venture Fund



Life Sciences & Biotechnology

Other States' Resources

- New York Innovation Economy Matching Grants Program – NY commits up to 10% match in State funds for each NY-based ARRA awardee in strategic areas (biomedical & life sciences, renewable energy, smart grid, information technology).
- North Carolina Biotechnology Center – provides loans and matches to help leverage larger financial awards for biotechnology companies.
- Kansas Bioscience Authority – direct financing programs to facilitate the expansion of bioscience companies and the commercialization of their discoveries.
- Minnesota Bioscience Zone – help companies have greater access to educational institutions and provide tax incentives to facilitate their growth.



Invest in the US Now!

- European companies with the right products and services and an effective strategy can enter the US market relatively easily and cost effectively
- The economic crisis has made the costs of labor, land and capital in the US relatively cheap → good time to start the process of entering the market
- Individual States within the US are currently clamoring for investments and providing excellent incentives!
- Stimulus program lowers investment risk
- Increase speed of projects and need for technological partners



How EABO can help you:

- Establish a subsidiary
- Identify optimal partners in the local markets
- Identify the best deal for a location in the US
- Advise on joint venture and licensing agreements
- Provide access to officials at the federal, state & local levels
- Assist in the procurement bidding process
- Provide legal and tax advice for all of the above



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