

**261—174.7(15) Capital investment, qualifying investment for tax credit programs, and investment qualifying for tax credits.**

**174.7(1) Capital investment.** The department reports on the amount of capital investment involved with funded projects. This rule lists the categories of expenditures that are included when the department determines the amount of capital investment associated with a project.

**174.7(2) Qualifying investment for tax credit programs.** For the tax credit programs (EZ and HQJC) there are statutorily required minimum investment thresholds that must be met for the project to be considered to receive an award. Not all expenditures count toward meeting the investment threshold. This rule identifies the categories of expenditures that can be included when the amount of investment is calculated for purposes of meeting program eligibility threshold requirements.

**174.7(3) Investment qualifying for tax credits.** Not all of the expenditure categories used to calculate the investment amount needed to meet program threshold requirements qualify for purposes of claiming the tax credits. The following table identifies the expenditures that do not qualify for tax credits.

	Capital Investment <sup>1</sup>	Qualifying Investment <sup>2</sup>	Investment Qualifying for Tax Credits <sup>3</sup>
Land acquisition	Yes	Yes	Yes
Site preparation	Yes	Yes	Yes
Building acquisition	Yes	Yes	Yes
Building construction	Yes	Yes	Yes
Building remodeling	Yes	Yes	Yes
Mfg. machinery & equip.	Yes	Yes	Yes
Other machinery & equip.	Yes	No	No
Racking, shelving, etc.	Yes	No	No
Computer hardware	Yes	Yes	Yes
Computer software	No	No	No
Furniture & fixtures	Yes	Yes	No
Working capital	No	No	No
Research & development	No	No	No
Job training	No	No	No
Capital or synthetic lease	No	Yes	Yes
Rail improvements <sup>4</sup>	Yes	Yes	Yes
Public infrastructure <sup>5</sup>	Yes	Yes	Yes

<sup>1</sup>“Capital investment” is used to calculate project investment on depreciable assets.

<sup>2</sup>“Qualifying investment” is used to determine eligibility for EZ and HQJC programs.

<sup>3</sup>“Investment qualifying for tax credits” is used to calculate the maximum available tax credit award for a project.

<sup>4</sup>“Rail improvements” includes hard construction costs for rail improvements. (These costs are included as part of construction or site preparation costs.)

<sup>5</sup>“Public infrastructure” includes any publicly owned utility service such as water, sewer, storm sewer or roadway construction and improvements. (These costs are included as part of construction costs.)