



WELCOME

Residency Transition for Business Owners

- **We'll begin at the top of the hour**
- **Please have your computer speakers turned on**
All audio is streamed directly through the console and heard through your computer speakers. There is not a dial-in number.
- **For technical support, please use the Q&A window**

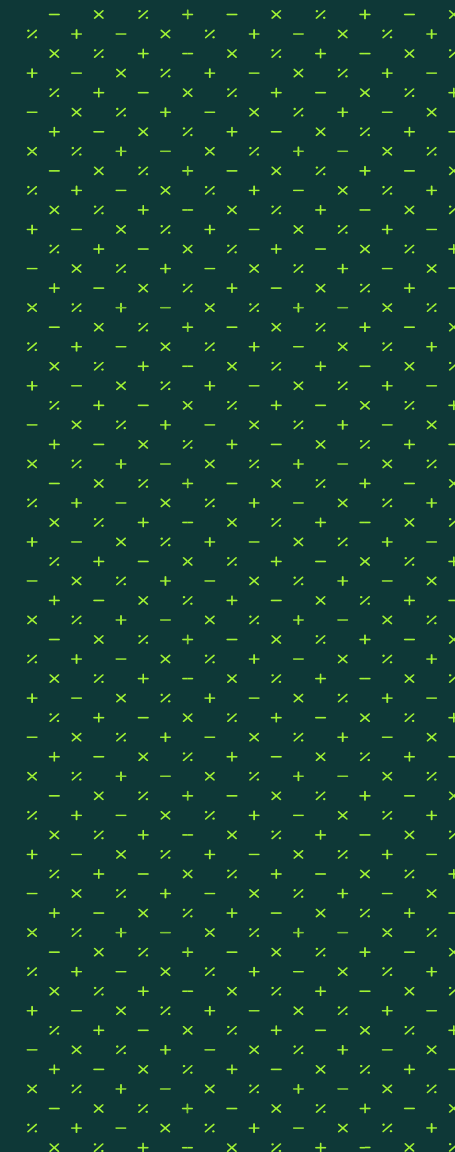
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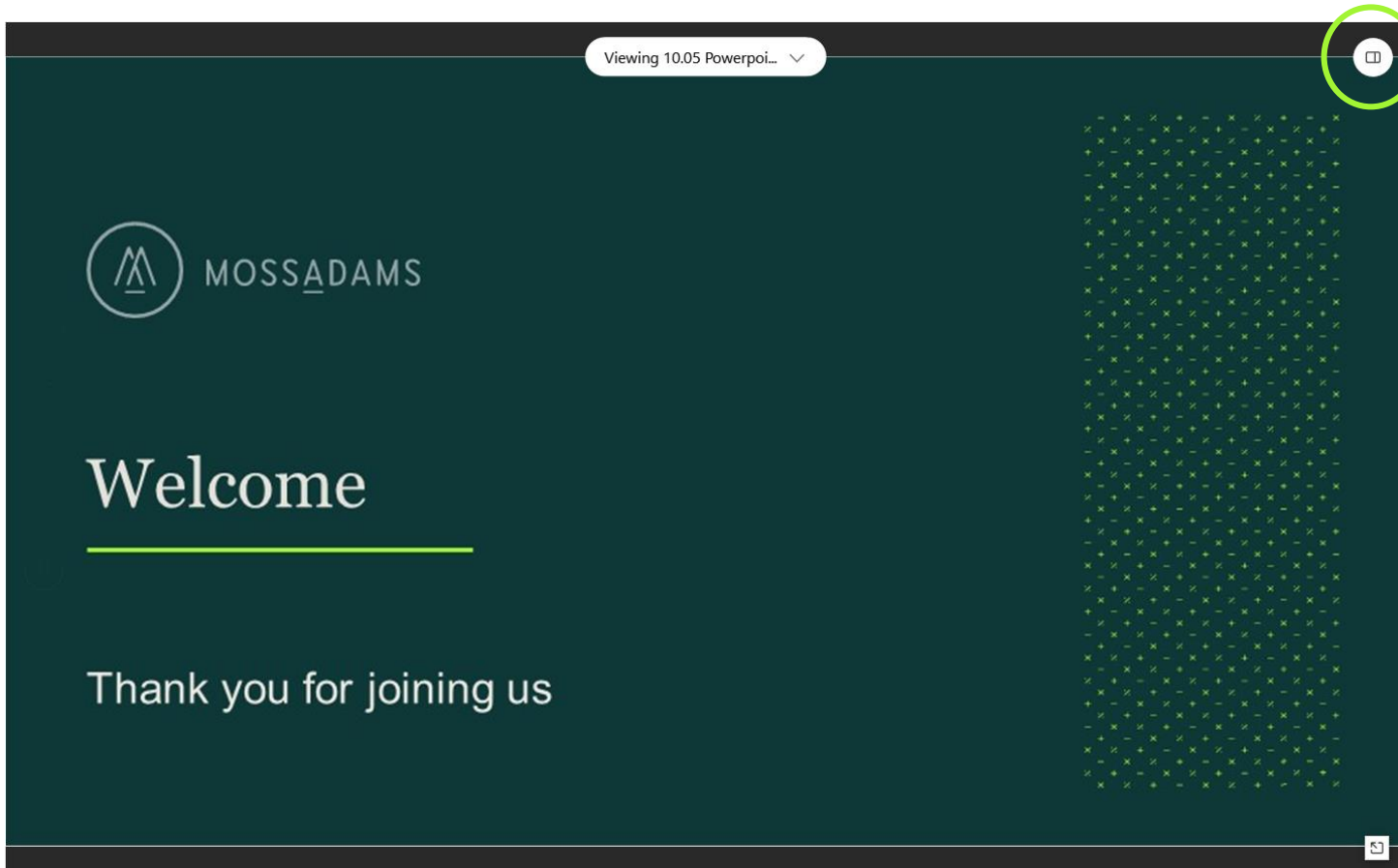


Welcome

Thank you for joining us



Viewing Options



For optimal viewing select “Side by Side” view from the top right-hand corner.

FOR BETTER VIEWING

- Close all other applications
- Turn up your speaker volume



WebEx Controls



Mute
(not active)

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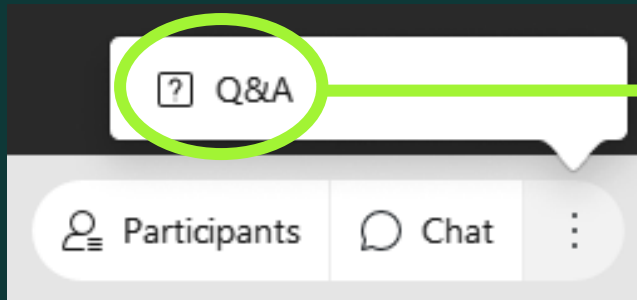
Participants

Message

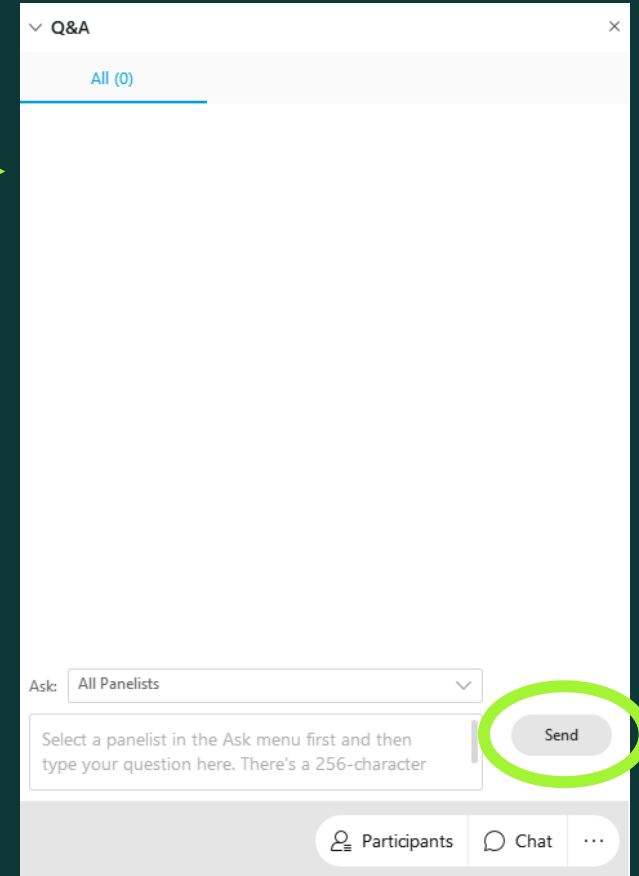
More
options



Questions?



- Under the “more options” button, select “Q&A”
- A new box will open on the right-hand side to type your question to the speakers or host



Technical Difficulties?



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If you are still experiencing issues, please feel free to use the question box
and direct your question to the “host”

OR

email meetings@mossadams.com



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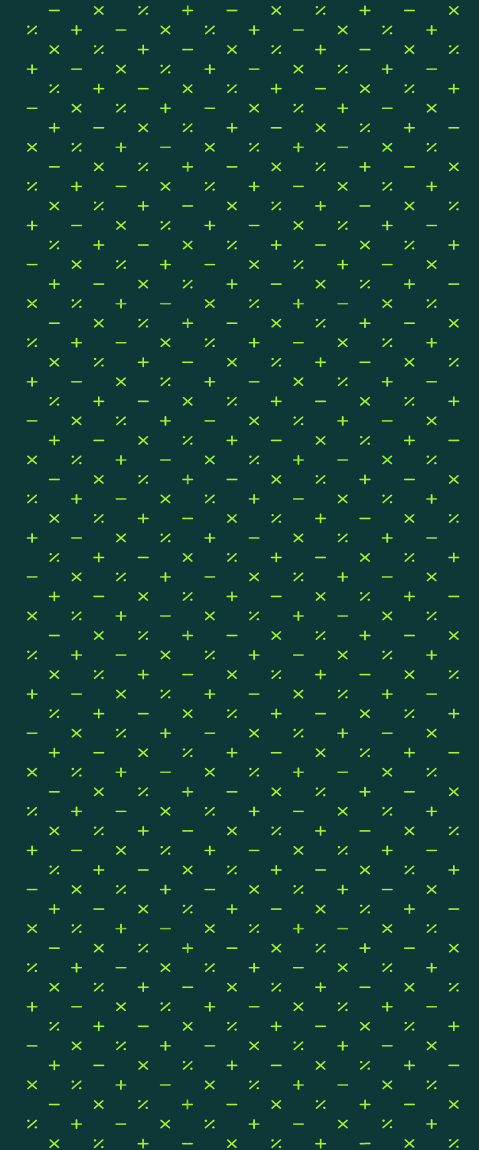




MOSSADAMS

Residency Transition for Business Owners

November 2021



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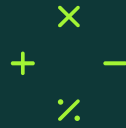
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Agenda

01

RESIDENCY TRANSITION PLANNING

- Planning Approach
- Personal Considerations
- Other Considerations
 - Estate planning
 - Non-tax reasons to move

02

BUSINESS TRANSITION CONSIDERATIONS



Reasons Businesses Relocate

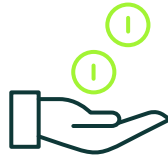
- Overall lower cost of doing business
- Another city offers a better quality of life
- Attracting and retaining talent
- Potential sale of business or large liquidity event
- Personal financial considerations for ownership
- Business expansion/new market
- Shift to remote workforce
- Real estate costs
- Logistical advantages
- Tax credits and incentives



Why is planning so important?



Anything worth doing
is worth doing well



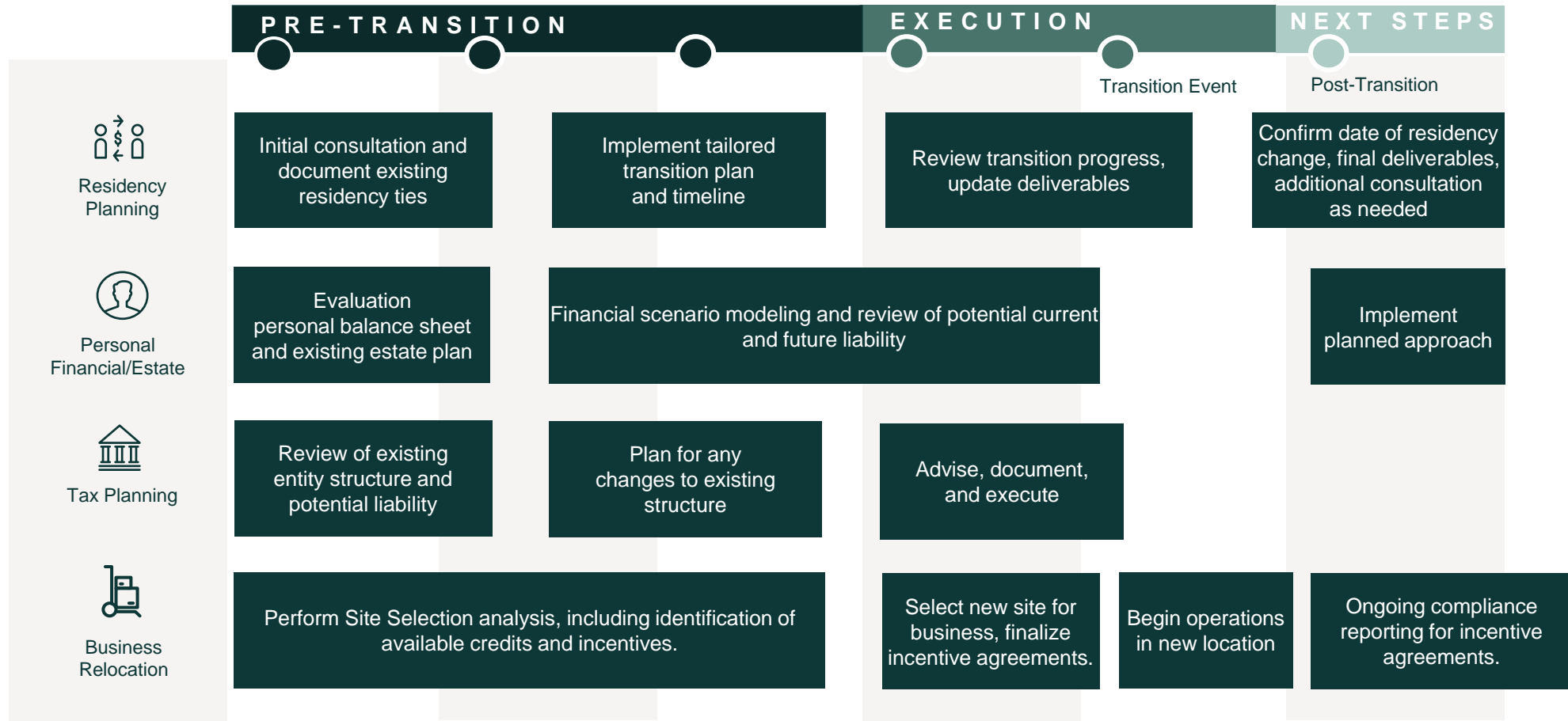
Being ready creates
and protects value



Mitigate
Audit risk



Make a Plan



POLLING QUESTION #1

I'm attending today's presentation on residency transition because:

- A. Recent legislative changes have accelerated my interest in moving
- B. I have my bags packed and am in the process of moving
- C. I have a potential taxable event on the horizon that I want to plan for
- D. Business climate may be better in another state



Residency Transition Considerations

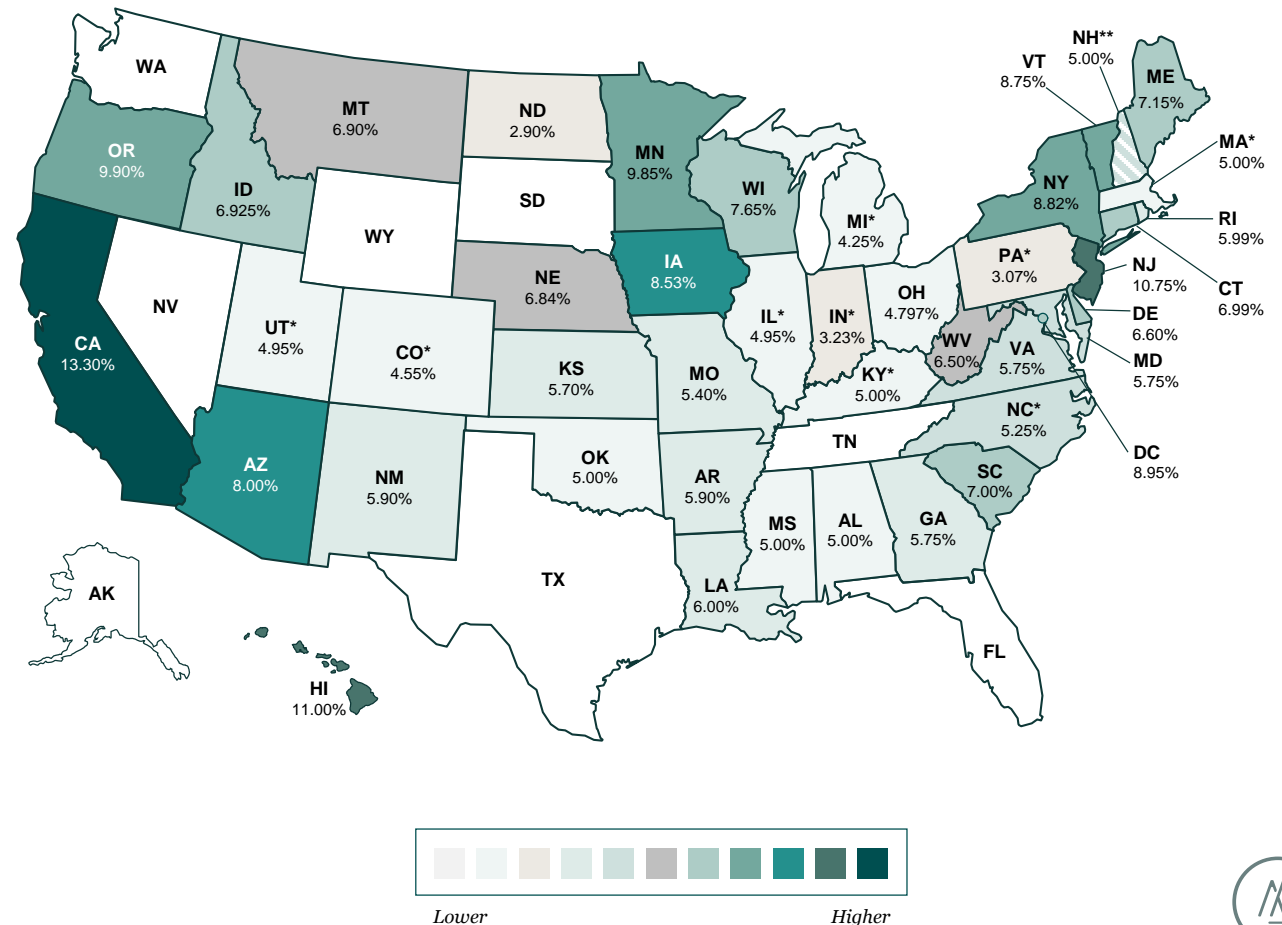
TRANSITION CONSIDERATIONS

- State income tax savings
- Estate planning: multigenerational, philanthropic, estate tax savings
- Potential sale of business or large liquidity event
- Also relocating business? Consider a site selection analysis
- Review potential credits and incentives available to business



Highest State Income Tax Rates

1. California 13.3% ◀
2. Hawaii 11.0%
3. Oregon 9.90%
4. Minnesota 9.85%
5. Iowa 8.98%
6. New Jersey 8.97%
7. District of Columbia 8.95%
8. New York 8.82%
9. Maine 7.95%



Important Considerations in Business & Estate Planning

1. Family First: the non-financial issues are often more important
2. Personal Financial Planning: taking care of yourselves first
3. Business Financial Planning: control, flexibility, “business wisdom” & cash flow
4. Ownership Transition Planning: the need to comply with existing business agreements and/or modify accordingly
5. Income tax coordination and property taxes
6. Separate property vs community property rules



POLLING QUESTION #2

When was the last time you reviewed your estate plan?

- A. Within the last 6 months
- B. Within the last year
- C. Within the last 3 years
- D. Within the last 5 years
- E. Creating an estate plan is still on my to-do lists



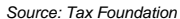


Estate, Gift and GST Exclusions Proposals

- \$11m+ exclusion amounts scheduled to sunset on December 31, 2025
- These amounts could change sooner
 - \$3 to \$5 million per person
 - \$6 to \$10 million per couple



Source: Bloomberg Tax; state statutes



Planning with Low Interest Rates & Low Valuations

- Interfamily Loans
- Gifts of FLP/LLC interests
- Outright sales to family members
- Sales to defective grantor trusts
- GRATs – Grantor Retained Annuity Trusts
- Charitable Lead Trusts





Top 5 Residency Tests

1. Intent
2. Physical Presence
3. Residential Property
4. Personal Property
5. Community & Social Ties



POLLING QUESTION #3

Are you considering moving some or all business operations as part of residency transition?

- A. Yes
- B. No
- C. Maybe



Credits & Incentive Opportunities Related to Business Relocation

- Many state and local jurisdictions offer incentives to attract and retain businesses
- It's important to begin incentive process early to avoid losing leverage
- An incentive analysis and site selection study can be critical pieces of a residency transition plan



Types of Incentives

Statutory 1a: Automatic ("as of right")

- Provided to companies "as of right" if they meet defined statutory requirements
- Pre-certification or prior approval not required

Statutory 1b: Pre-approval or Prior Certification Required






- Require companies to meet additional approval qualifications within state and local statutes and regulations

Discretionary ("but for")

- Customized financial incentive packages that are negotiated with state and local government agencies



Examples of Incentive Opportunities

 CASH INCENTIVES	 TAX INCENTIVES	 TRAINING BENEFITS	 FINANCING	 GREEN INITIATIVES
<ul style="list-style-type: none"> • Discretionary grants for job creation and retention • Discretionary grants for capital investment • Infrastructure assistance (roads, water, wastewater, etc.) • Permit / impact fee waivers • Vehicle, forklift and vehicle supply equipment replacement grants 	<ul style="list-style-type: none"> • Hiring tax credits • Payroll tax rebates • Income / franchise tax credits for capital investment & targeted activities • Sales & use tax refunds / exemptions • Real & personal property tax abatements / rebates • Federal and state zone credits • Research & Development credits • Gross Receipts Tax Credits 	<ul style="list-style-type: none"> • Training cash grants: performance-based contracts that provide reimbursement of prospective training expenditures • Training tax credits (retroactive and prospective): dollar-for-dollar reduction in tax liability for qualified expenditures • In-kind services: no (low) cost service for curriculum development 	<ul style="list-style-type: none"> • Tax Increment Financing ("TIF") • Free / discounted land or building • Forgivable loans • Industrial Revenue Bonds (IRBs) • New Markets Tax Credits • Reduced import tariffs & custom duties • Tax privileged enterprise zones 	<ul style="list-style-type: none"> • Stimulus funding • Utility rebates / discounts • Energy efficiency credits & grants • Credits and grants for investments in renewable energy property • Pollution control tax credits and abatements • Recycling tax credits

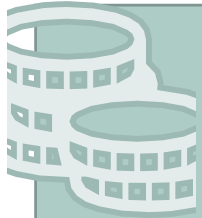


Benefits of a Site Selection Study



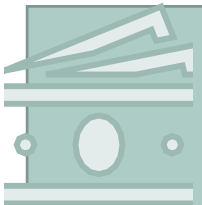
Workforce

- Determine costs and availability
- Quality of life
- Unemployment rates
- Degree attainment, # of colleges & universities



Tax Implications

- Assess state and local tax impact
- Better understand full cost of doing business



Incentives

- Identify financial incentives available to offset costs



Real Estate

- Locate suitable space for operations
- Assess proximity to customers, suppliers, transportation hubs, etc.

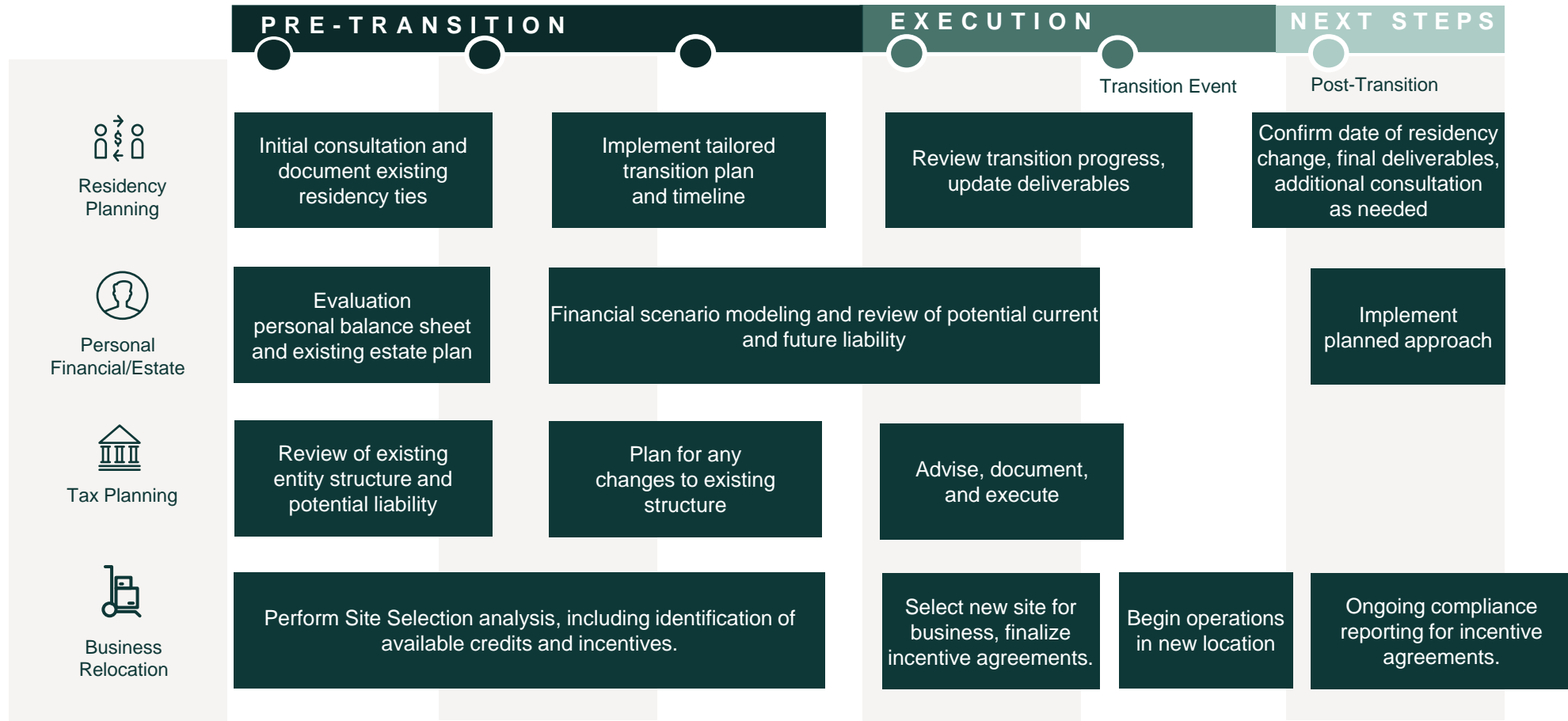


New Geography

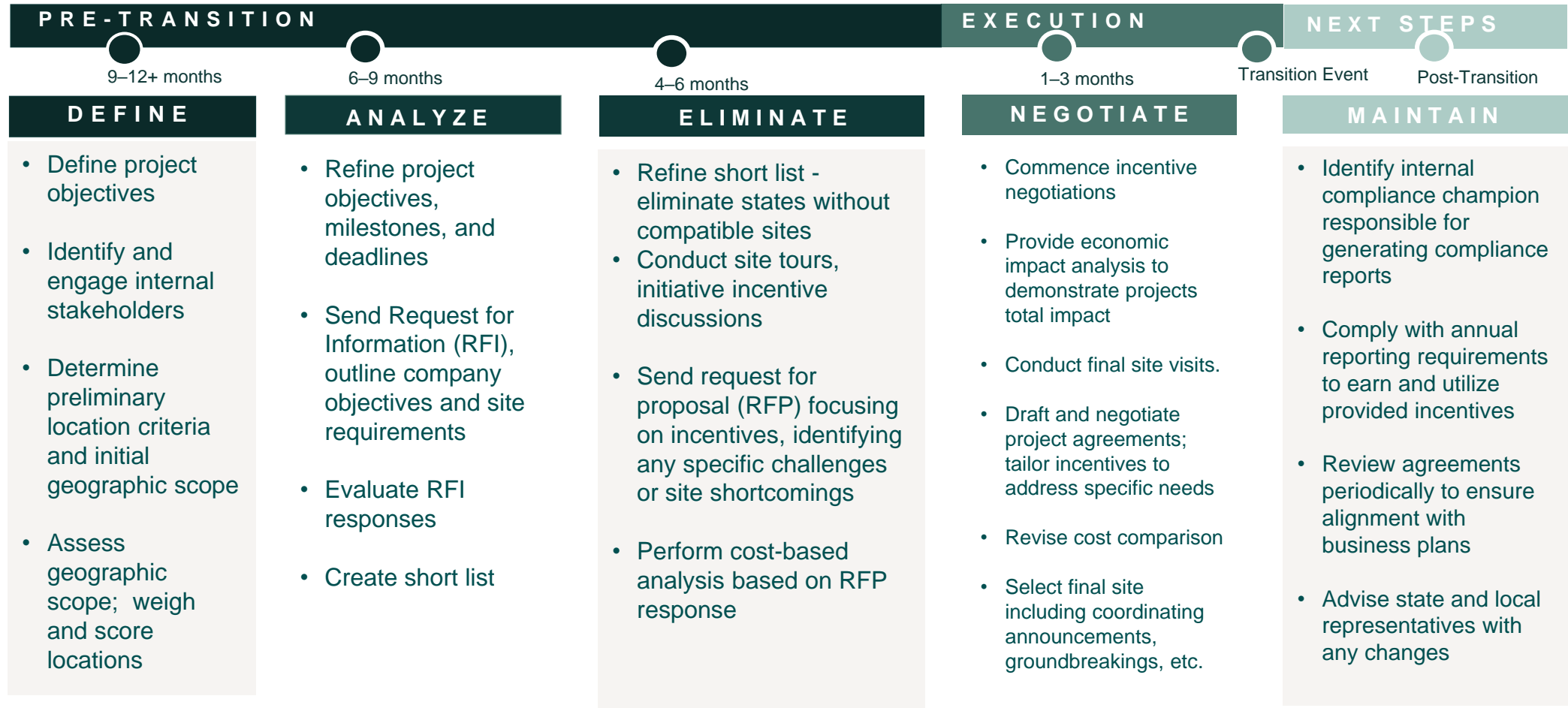
- Analyze new or strategic geographic regions critical to business growth



Make a Plan



Site Selection Process



Next Steps

The earlier you plan, document, structure and file, the greater your ability to create and protect value.

- Review your existing plan
- Consult with your team of advisors
- Make changes and document as necessary
- Live with peace of mind knowing you prepared adequately



Questions? We're here to help.

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