



Reshoring Institute

DELAWARE

State Economic Survey and Incentive Comparison

CONTACT INFORMATION

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INCOME AND OUTPUT

This section highlights the state's productivity and income to provide an understanding of the amount of business conducted and the rate of growth for businesses and individuals.

Gross Domestic Product, in millions: \$79.3 billion (U.S. Bureau of Economic Analysis, Q2 2021)

Gross Domestic Product % Growth: 8% increase in real GDP year-over-year, Q2 2020 to Q2 2021 (U.S. Bureau of Economic Analysis, 2019)

Per Capita Personal Income *This is often used as a standard of living measurement:* \$56,097 (U.S. Bureau of Economic Analysis, 2020)

Per Capita Personal Income % Change: 4.3% increase from 2019 to 2020 (U.S. Bureau of Economic Analysis)

WORKFORCE

This section gives manufacturers an idea of the industry's environment in the state, including the makeup of the available workforce, the labor requirements, and recent trends.

Total Population: 989,948 (U.S. Census, 2020)

Total Civilian Labor Force: 486,900 (U.S. Bureau of Labor Statistics, Q2 2021)



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Total Number of Persons Employed: 452,300 (U.S. Bureau of Labor Statistics, October 2021)

Total Number of Persons Unemployed: 25,801 (U.S. Bureau of Labor Statistics, October 2021)

Unemployment Rate: 5.3% (U.S. Bureau of Labor Statistics, October 2021)

Manufacturing Employment: 24,400 (U.S. Bureau of Labor Statistics, October 2021)

Professional and Business Services Employment: 60,500 (U.S. Bureau of Labor Statistics, October 2021)

State Right-to-Work Law Y/N: No

Large Factory Openings during Previous year: Notable announcements in 2021 include:

- **December 2021:** B&M Meats, 190 new jobs, \$18.5M capital investment
- **October 2021:** Hologic, 225 new jobs, \$24M capital investment
- **September 2021:** Miller Metal, 25 new jobs, 92 retained jobs, \$7M capital investment
- **September 2021:** Siemens Healthineers, 498 retained jobs, \$32M capital investment
- **August 2021:** WuXi STA, 479 new jobs, \$510M capital investment
- **January 2021:** AWSM Solutions Delaware, 17 new jobs, 5 retained jobs, \$1M capital investment
- **January 2021:** Advantage Building Supply, 118 new jobs, \$8M capital investment

EDUCATION

This section provides further insight into the potential workforce education levels, advanced areas of education, and partnerships between higher education and industry for insight into quality of labor force and growth sustainability.

% High School Diploma or More: 90.7% (U.S Census Bureau, 2019)

% Bachelor's Degree or Higher: 33.0% (U.S. Census Bureau, 2019)

Enrollment in Higher Education Institutions: 61,425 (JobsEQ, 2020)

Science and Engineering Graduate Students: 2,415 National Science Foundation, 2018

List of High school, College, or University Manufacturing Partnership Programs *These are partnerships with manufacturers to help train future employees in certain skills:*

- **Advanced Manufacturing Pathways Program:** Delaware high school students throughout the state can enroll in either Manufacturing Engineering Technology, Manufacturing Logistics Technician, or Manufacturing Production Technician programs. These are two-year programs for high school juniors and seniors in partnership with Delaware Technical Community College. Students receive 600+ hours of instruction and hands-on experience in Delaware Tech's labs, as well as complete a 200-hour paid craftsmanship at the end of their first year of instruction.



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Various companies helped to develop the curriculum and provide the craftsmanship experiences each summer through a collaboration with the Delaware Manufacturing Extension Partnership (DEMPEP), an organization focused on the global competitiveness of Delaware manufacturers.

- **Delaware Technical Community College:** In 2017, Delaware Tech was awarded a federal grant to deliver manufacturing production and automation technician training to unemployed, under-employed or incumbent workers. Delaware Tech has over 40 years of experience supporting industrial organizations by providing a trained and skilled workforce through:
 - Pre-employment assessment services.
 - Customized workforce-training programs for incumbent workers. Companies that have used the training include AstraZeneca, ILC Dover, W.L. Gore & Associates and Agilent Technologies.
 - Connecting graduates from related associate degree or certificate programs to partnering companies with hiring needs.
 - Partnerships with the Delaware Departments of Labor and Education offering skilled-based training to un-employed or under-employed individuals.
- **Delaware Manufacturing Extension Partnership (DEMPEP):** Created in 1994 in partnership with Delaware Technical Community College, DEMPEP is a federally and state funded non-profit organization that serves the competitive needs of manufacturers in Delaware. DEMPEP offers a variety of strategic growth courses such as Supply Chain Engagement & Risk Management, ExporTech: Fast track to Developing Strategies for International Sales, and Principles of Lean Manufacturing with Live Simulation. For a full list of DEMPEP services, visit <https://www.demep.org/services/>.
- **Vo-tech Adult Education Programs:** The vocational high schools in Delaware offer a variety of adult education programs which often include classes and hands-on training at apprenticeships. For example, in Polytech High School's Industrial Maintenance Mechanics Program, students enroll in classes to learn about working in a manufacturing environment as technicians and participate in manufacturing apprenticeships at Hirsh Industries, W.L. Gore & Associates, Croda, and a variety of other local businesses. Similarly, in the New Castle County Vocational Technical District, the Millwright program includes courses focused on maintenance repair, handling manufacturing tools, advanced trade math as well as apprenticeships at manufacturing plants in Delaware.

List of Additional Manufacturing Training Programs: Delaware Technical Community College offers a wide array of manufacturing training programs at the certificate, associates, and continuing education levels. Examples of programs include: Advanced Manufacturing; Aviation Maintenance Technology; Building Automation Systems; Electronics Engineering Technology; Facilities Maintenance Technician; General Airframe Maintenance; General Powerplant Maintenance; General Maintenance Technician; Logistics, Supply Chain, and Operations Management; Machinist Training; Mechanical Engineering Technology; and many more. The University of Delaware also offers relevant bachelor's degree programs such as Operations Management.



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List of Future Planned Manufacturing Training Programs *If known please include expected implementation date:* N/A

COST OF DOING BUSINESS

This section highlights the costs associated with doing business in the state including taxes, wages, insurance, and energy expenses.

State Corporate Income Tax: 8.7%—one of the more competitive rates in the Mid-Atlantic—and Delaware recently transitioned to single sales factor apportionment, which rewards companies for investing in Delaware by reducing the tax liabilities of businesses that have significant property and payroll in the state.

State Individual Income Tax %: Delaware has a graduated tax rate ranging from 2.2% to 5.55% for income under \$60,000, and 6.60% for income of \$60,000 or over.

State Level Sales Tax: 0%—Delaware does not have a sales tax.

State Use Tax: N/A

Unemployment Insurance Tax % (estimate): The taxable wage base is \$18,500 and the minimum and maximum tax rates are 0.3% and 8.2% respectively. Delaware ranks #3 in the nation for its low unemployment insurance taxes, according to the Tax Foundation.

Additional Relevant Taxes: No inventory tax and no personal property tax at the state or local level. Delaware has a gross receipts tax on the seller of goods (tangible or otherwise) or provider of services. It ranges from 0.0945% to 0.7468% depending on the business activity.

Workers' Compensation Employer Insurance Costs per \$100 of Payroll: \$1.47 (National Academy of Social Insurance, 2017)

Average Industrial Electric Rate: 7.87 cents per kilowatt-hour (U.S. Energy Information Administration, September 2021)

Average Price of Natural Gas Delivered to Industrial Consumers: \$10.27 per thousand cubic feet (U.S. Energy Information Administration, April 2021)

Average Hourly Earnings of Production Workers in Manufacturing: \$19.52 (JobsEQ, 2020)

Minimum Wage (current): \$9.25 as of 2021. Graduated increase to \$15 by 2025.

Pending Legislation Regarding Minimum Wage: N/A



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ENTREPRENEURSHIP AND INNOVATION

This section underscores the successes of the state in terms of business innovation through awards, venture capital, and intellectual property attainment.

Total Small Business Innovation Research (SBIR) Awards: From 2015-2018, Delaware received 51.1 awards per 1,000 firms, which is the 7th highest rate in the nation. (Michigan Entrepreneurship Scorecard, 2020)

Total Small Business Technology Transfer (STTR) Awards: From 2015-2018, Delaware received 14.2 awards per 1,000 firms, which is the 2nd highest rate in the nation. (Michigan Entrepreneurship Scorecard, 2020)

Venture Capital Deals, in millions: \$383.7 million (Crunchbase, 2020)

% of State with Internet Accessibility: As the only state in the nation that surpasses the FCC's 25 Mbps broadband threshold, Delaware offers businesses a robust connectivity network unparalleled by other U.S. states. In fact, the 4 Mbps Broadband Adoption (IPv4) rate in Delaware is 98 percent (Akamai: The State of the Internet, Q12017). In 2021, the State of Delaware announced a \$110 million investment to cover every "last mile" of Delaware with high-speed, wired broadband internet service. The broadband infrastructure investment – funded by the American Rescue Plan Act (ARPA) – aims to make Delaware the first state to provide wireline broadband access to every Delaware home and business.

Newly Registered Businesses: There were 35,171 establishments in Delaware at the end of 2020, up by 296 since 2019.

Newly Registered Patents: 300 (U.S. Patent and Trademark Office, 2019)

FOREIGN DIRECT INVESTMENT

This section provides insight into the amount of current investment overseas and the potential state market for manufacturers to reshore.

Foreign Direct Employment: 24,600 (Select USA, 2020)

Foreign Direct Investment, in millions: \$484 million in new FDI, 2020 (U.S. Bureau of Economic Analysis, 2020)



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TRANSPORTATION AND INFRASTRUCTURE

This section sheds light on the basic infrastructure of the state and what a company can expect in terms of the logistics of shipping their product.

Number of major 2 or 4-Lane Highways running through state: Northern Delaware sits along Interstate 95—the most traveled interstate in the United States. Other key interstate highways include Interstate 295—providing access to New Jersey and beyond—as well as Interstate 495, which provides direct highway access to the Port of Wilmington. State Route 1 runs the length of the entire state, and the state is also served by U.S. Highways 13, 113, 301, 202 and 9, as well as well-maintained primary and secondary roads throughout the state.

Number of major railways going through state: Norfolk Southern and CSX Corporation both offer freight rail service in Delaware. Amtrak, which has a passenger rail station on the Wilmington waterfront, provides frequent service to New York, Boston, Washington, DC, and Richmond. In addition, DelDOT/SEPTA Wilmington–Philadelphia provides commuter rail service between the cities.

Number of major ports connected to state: The Port of Wilmington is a full service, strategically located Mid-Atlantic seaport at the confluence of the Christina and Delaware rivers, serving more than 200 million North American consumers. In 2018, Emirati port operator GulfTainer entered into an agreement with the State of Delaware to privately operate the Port of Wilmington under a 50-year lease. GulfTainer will invest approximately \$600 million in upgrades and build a new container-handling terminal. With the goal of a 75 percent increase in traffic for noncontainerized goods like liquids and automobiles, GulfTainer intends to establish Wilmington as the largest logistics facility on the Delaware River.

Number of airports throughout state: Delaware's three counties—New Castle County, Kent County, and Sussex County—each have regional airports. The New Castle Airport is just five miles south of Wilmington and only a 25-minute drive from Center City Philadelphia. Central Delaware is also home to a U.S. Air Force Base in Dover.

Number of International airports throughout state: Worldwide passenger service is less than a half-hour from downtown Wilmington at the Philadelphia International Airport (PHL). Serving southern Delaware, the Baltimore-Washington International Airport (BWI) is less than two hours away from most locations in Kent and Sussex counties.

Number of distribution centers: Most notably, Amazon recently completed its third warehouse in Delaware, with the creation of 1,000 jobs at an 820,000 square foot facility in Newport. In Middletown, Amazon already operates a one-million square foot distribution center as well as a New Castle location. Other large distribution centers include a Walmart facility and multiple Burris Logistics facilities in Kent and Sussex Counties. Warehousing employment in Delaware has nearly tripled during the past ten years and now accounts for nearly 5,000 jobs in the state.



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Number of foreign trade zones: Delaware has one FTZ in Wilmington, and it is one of only two states that provides companies with the option of becoming an FTZ with an Alternative Site framework (added flexibility).

INCENTIVES

State Grants and Loans

1. **Delaware Strategic Fund (Grants and Loans)** These performance-based grants are available to companies creating numerous new jobs and investment as an incentive to locate a project in Delaware. <https://business.delaware.gov/incentives>
2. **Transportation Infrastructure Investment Fund (TIIF)** Allows companies to make roadway infrastructure improvements that support job-creating projects in Delaware. Managed by the Transportation Infrastructure Investment Fund Council. <https://deldot.gov/Business/subdivisions/index.shtml?dc=tiif>
3. **Graduated Lab Space Grants** Eligible applicants may apply for a grant of up to 33% of the fit-out or building costs for the lab space portion of the space (at a rate of up to \$150/ft, for a space of up to 20,000 sq ft per company).
4. **Site Readiness Grants** The purpose of the Fund is to cultivate a resource of commercial, industrial sites that are readily available to new businesses that are considering moving to the State, or existing businesses within the State that need additional sites to remain or expand within the State.
5. **Workforce Training Grants** The State of Delaware offers **matching** grants of up to \$100,000 per project. https://business.delaware.gov/wp-content/uploads/sites/118/2018/09/Division-of-Small-Business-Workforce-Training-Grant-Application-Form_NEW.pdf
6. **Delaware Capital Access Program** and **State Small Business Credit Initiative Participation Loan** help lenders to provide financing to businesses deemed too risky for the traditional banking model due to minor collateral or credit issues. <https://business.delaware.gov/incentives>
7. **Delaware Technical Innovation Program (SBIR & STTR)** offers **transition grants** for companies that have completed Phase I and applied for Phase II of the federal Small Business Innovation Research or Small Business Technology Transfer programs as they work to bring new products to market. <https://business.delaware.gov/incentives>
8. **EDGE Grants (Encouraging Development, Growth & Expansion)** Businesses can receive matching grants to put toward a wide range of eligible expenses. Available grants up to \$50,000 for Entrepreneur Class and up to \$100,000 for STEM Class. <https://business.delaware.gov/edge-grants/>



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9. **Downtown Development Districts Rebate Program** Investors who make Qualified Real Property Investments (QRPI) to commercial, industrial, residential, and mixed-use buildings or facilities may apply for a DDD Rebate. *For more information:*
http://www.destatehousing.com/Developers/dv_ddd.php

10. **Energize Delaware Loan Programs** <https://www.energizedelaware.org/>
Low Interest Commercial Loan Program - With this program, businesses can borrow from \$10,000 up to \$2,000,000 per project.

Commercial property assessed clean energy, or C-PACE (or D-PACE) - Designed to help qualifying property owners access long term financing for the installation of qualifying energy improvements.

Tax Credits

Delaware's Division of Revenue administers tax credits. For more information click here:
<https://revenue.delaware.gov/business-tax-forms/>

1. **New Economy Jobs Tax Credit** Employers who add at least 200 new jobs in the state with an annual salary averaging \$70,000, or 50 new jobs with salaries of at least \$120,000 within one year are eligible for the credit; previous year may be prorated.
 - **The refundable credit** may be claimed against the Corporate and Personal Income Taxes, Bank Franchise Tax, Insurance Premium Tax, Gross Receipts Tax, or most other State taxes.
 - Available for up to 40% of the withholding taxes collected and paid on behalf of the new employees.
 - Qualifying firms are **eligible for credits over a ten-year period**. Eligibility in *each year* during that period is *independently determined*.
 - **90%** of eligible employees must not have paid withholding taxes in Delaware.
2. **New Business Facility Tax Credits** Encourages startup and investment into new business facilities.
 - Eligible businesses must create 5 new jobs and provide a capital investment of \$200,000 (\$40,000 per employee). The minimum credit is \$500 per employee hired and \$500 per every \$100,000 in capital investment.
 - Credit increases in **targeted and brownfield site areas**.
 - Credits can be used for the year the facility is placed in service and for the subsequent 9 taxable years. Unused credits carry forward for up to 10 years.
 - **Public Utility Tax Rate Reduction:** If eligible, a manufacturer may be entitled to a public utility tax rate reduction (2% from 4.25%).
 - **Gross Receipts Tax Rate Reduction** If eligible, a company may apply for a reduction of 5% to 90% of the gross receipts tax attributable to the new facility over a period of 10 years. Or, over 15 years if located in a targeted area.



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3. **Headquarters Management Corporations Tax Credits** Headquarters Management Corporations (HMC's) are entities treated as a corporation under the Internal Revenue Code of the United States that may be entitled to generous tax credits, which, by adding as few as five employees, eliminate 99% of the corporate income tax otherwise due. These credits are available for ten years.
4. **Business Finder's Fee Tax Credit** Incentivizes existing companies to encourage customers, suppliers, and service providers to operate in Delaware.
5. **Research and Development Tax Credits** This **refundable** credit promotes new research and development by lowering payments on taxable expenses. Two methods are available to determine the credit, which may be claimed against the Corporate and Personal Income Taxes. Small businesses (under annual gross receipts of \$20 million) are eligible for additional tax credit. There is **not a cap on total tax credits**.
6. **Historic Preservation Tax Credit** Promotes the rehabilitation of historic properties. A credit of 20% to 40% of qualified expenditures is available. The credit may be sold or transferred. For more information: <https://history.delaware.gov/preservation/taxcredit.shtml>
7. **Neighborhood Assistance Tax Credit** Encourages investment in impoverished to moderate income locations. Tax credits against the Personal and Corporate Income Taxes can be given at 50% of the approved investment.
8. **Individuals with Disabilities Tax Credit** Incentivizes Delaware employers to hire job candidates referred by vocational rehabilitation facilities. <https://dvr.delawareworks.com/employers/services-and-benefits2.php>

Other Programs:

Opportunity Zones There are 25 Opportunity Zones across Delaware. The program defers the payment of capital gains until Dec 31, 2026. And can reduce the taxes owed by up to 15% after 7 years. Can eliminate tax on gains earned from the Opportunity Fund if the investment is held for 10 years. For more info.: <https://business.delaware.gov/opportunity-zones/>

County and Municipality Assistance Individual counties and municipalities may have incentives or other programs to assist with expansions and new locations. The DPP can assist companies with introductions to community Economic Development Partners throughout the state.

**This information is from sources deemed reliable. Incentives and tax credit program requirements may occasionally change and require successful application and approvals. 11.2021*

Innovation Centers

Does the state have Innovation Centers or Additional Resource available for companies? (Y/N): Yes

If you answered YES above, please describe the available innovation centers or additional resources:



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- **Science, Technology, and Advanced Research (STAR) Campus at the University of Delaware:** The University of Delaware's Science, Technology, and Advanced Research (STAR) Campus is a 272-acre campus with the goal of combining research, talent, and businesses in one location in the state. STAR is home to the National Institute for Innovation in Manufacturing Biopharmaceuticals (NIIMBL) center for biopharmaceutical R&D and workforce training (a \$156 million, 200,000 square-foot facility with state-of-the-art labs).
- **Delaware Technology Park (DTP):** DTP is a leading nonprofit research park designed to provide early-stage companies with access to resources and connections. Today, more than 100 companies have set up operations here. DTP also has co-working labs and office space at the STAR campus at the University of Delaware.
- **Delaware Innovation Space:** Operating at DuPont's Experimental Station Campus, this space offers more than 100,000 square feet of state-of-the-art lab space, focused on supporting growing companies in science, technology, manufacturing and more.
- **The Mill:** A community and co-working space in Wilmington that was built to meet the needs of freelancers and Fortune 500 companies alike and provides unique and modern shared workspace.
- **Emerging Enterprise Center:** Provides affordable office space for entrepreneurs, along with regular pitching, incubator, mentorship and networking programs.
- **Middletown Business Incubator & Collaborative Workspace:** Provides resources for businesses and entrepreneurs to grow and be successful in the southern New Castle area.

REGIONAL INFORMATION

Many states have "regions" that specialize in certain industries such as automotive in Detroit or high tech in Silicon Valley. This section is to help you highlight these regions. If your state doesn't have any special regions please skip this page.

Region: New Castle County

- Delaware's most Northern County encompasses 60% of the state's population.
- Worldwide passenger air service is less than a half-hour from downtown Wilmington at the Philadelphia International Airport (PHL).
- Major Industries: Business & Financial Services, Life Sciences, Education & Healthcare, Manufacturing

For more information on New Castle County, visit: <https://www.choosedelaware.com/why-delaware/regions/new-castle-county/>



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Region: Kent County

- Kent County sits halfway between New York City and Washington, D.C.
- Kent County offers a low tax burden, below average construction costs and affordable real estate.
- Major Industries: Manufacturing, Education & Healthcare, Food & Agriculture

For more information on Kent County, visit: <https://www.choosedelaware.com/why-delaware/regions/kent-county/>

Region: Sussex County

- Sussex County produces the most broiler chickens in the nation with companies like Perdue, Allen Harim, and Mountaire operating here.
- Sussex County is home to most of Delaware's beach communities, with miles of coastline.
- Major Industries: Hospitality & Tourism, Education & Healthcare, Food & Agriculture

For more information on Sussex County, visit: <https://www.choosedelaware.com/why-delaware/regions/sussex-county/>



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AMERICAN MADE LABEL REQUIREMENTS

Federal Trade Commission oversees “Truth in Advertising” regulations including promotion or disclosure of products displaying “Made in USA” labeling. FTC requires products advertised as “Made in USA” be “all or virtually all” made in the U.S. “all or virtually all” means the product should contain no – or negligible – foreign content.

Made In USA Requirements

Does the state have any specific requirements for labeling products "Made in USA"? (Y/N): No

If you answered YES to the question above, what are the requirements for labeling products "Made in USA":
N/A

Is there pending legislation regarding these requirements? (Y/N): No

If you answered YES to the question above, please describe the proposed legislation including the bill number:
N/A

Made In YOUR STATE Requirements

Does your state have any specific requirements for labeling products "Made in YOUR STATE"? (Y/N): No

If you answered YES to the question above, what are the requirements for labeling products "Made in YOUR STATE": N/A

Is there pending legislation regarding these requirements? (Y/N): No

If you answered YES to the question above, please describe the proposed legislation including the bill number:
N/A

Is there an organization or entity that monitors state labeling? (Y/N): No

If you answered YES to the question above, please provide the name and contact information for the organization or entity: N/A

Date of Submission: December 17, 2021

Thank you for your time. Please email your responses to alevy@reshoringinstitute.org and your responses will be recorded and available online for review at www.reshoringinstitute.org.