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Tax Intelligence

Job Creation Incentives

Northeast United States

Situation

The job creation incentive programs in the northeast United States are targeted to companies making planned expansions/relocations or are reserved for companies hiring targeted employees. The majority of these programs require application or certification prior to the start of hiring, so companies need to factor the incentives process into their planning.

Solution

The majority of business incentive programs require application or pre-certification.



Companies expanding their workforce or investment must be proactive in their planning to take full advantage of business incentives.

Examples of state benefits include:

Connecticut provides business corporations an income tax credit for new jobs created (minimum of 10 full-time) and maintained for a period of at least twelve months. The credit is up to 60% of the state income tax withheld from the new employee's wages and can be claimed for five consecutive years upon approval from the state. The state also provides a \$1,500 corporate income tax credit for each dislocated worker hired as a result of a layoff. The credit is claimed in the first twelve months of the individual's re-employment.

New Jersey has several grant programs that offer job incentive payments for businesses expanding or relocating in the state. The new Job Creation Grant provides a \$3,000 grant per new employee to any New Jersey business that creates a new full-time job and maintains that job for at least one year. The Business Employment Incentive Program (BEIP) offers companies a grant equal to an amount up to 80% of the state income tax withheld on new job creation. Both programs require application, and funding is at the discretion of the state.

New York has 85 state-designated Empire Zones that allow qualified businesses operating within its boundaries a \$1,500 wage tax credit for each new qualified job for five years. For employees in special targeted groups the amount is raised to \$3,000 per employee per year. Application is required. Effective 4/1/2009, new certifications are available only to the following industries – manufacturing (including high-tech, bio-tech, clean-tech and agri-business), financial services or extraordinary projects. The state also offers businesses that employ individuals with disabilities an income tax credit for the first two years of employment. The credit is 35% of the first \$6,000 in wages in the first or second qualified year wages, up to \$2,100 per employee. Qualified employees must be certified by the NY State Department of Labor's Economic Development Services Unit.

Pennsylvania provides eligible businesses that create at least 25 new full-time jobs or increase employment by 20% a \$1,000-per-job tax credit. Application is required and the company has three years from the start date to create the targeted number of jobs. The state also provides an Employment Incentive Payment (EIP) to eligible companies that hire targeted individuals receiving public assistance. The credit is a percentage of actual wages paid to the employee for up to three years and ranges from 30% in year 1 to 10% in year 3, not to exceed \$9,000 in wages per year.

Value

If your company is expanding or relocating or hiring targeted individuals, please contact TALX to review your project for incentive opportunity. With adequate planning, additional incentives can be realized.

For more information, please contact Pete Krieshok at (314) 214-7325 or via email at pkrieshok@talx.com.