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## Tax Intelligence

### Job Creation and Investment Incentives

#### Western United States

##### Situation

The majority of the incentive programs in the western United States are targeted to businesses operating within certain designated zones or are reserved for companies conducting specific business activities and providing high-wage jobs. Companies must be aware of the various requirements in order to take full advantage of these incentives.

##### Solution

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##### Examples of state benefits include:

**Arizona** has 26 Enterprise Zones that allow businesses operating within its boundaries a wage tax credit for qualified net new employment. The credit is up to \$3,000 per new employee claimed over a three-year period. In addition, qualified manufacturers or commercial printers operating within these zones may also be eligible for a property tax reduction.

**California** has 42 Enterprise Zones, 8 Local Agency Military Base Recovery Areas (LAMBRA) and a Targeted Tax Area (TTA) that allow businesses located within the designated boundaries a state income tax credit for hiring members of targeted groups. The hiring credit may be claimed over a five-year period in amounts ranging from 50% to 10% of qualified wages, resulting in potential credits of up to \$37,000 per eligible employee. A sales tax credit is also available for qualified purchases of up to \$20 million annually.

**Colorado** has 19 Enterprise Zones and sub-zones that allow businesses operating within its boundaries a series of ten tax credits. Some of these include an investment credit of 3% of qualified expenditures, a \$500 credit per new job created, and a 10% credit for qualified training expenses.

**New Mexico** offers a tax credit for new jobs paying over a certain minimum depending upon the location of the business. The credit is equal to 10% of the combined value of salaries and benefits, not to exceed \$12,000 per year per new job. The minimum salary requirement is \$28,000 per year in areas with populations less than 40,000 persons and \$40,000 for areas with larger populations.

**Washington** provides a Business & Occupation (B&O) tax credit for each new employment position created and filled by specific industries in rural counties and community empowerment zones. The credit can be up to \$2,000 or \$4,000 (if wages exceed \$40,000) for each new position. Targeted industries include aerospace, manufacturing, research and development and high technology. Sales and use tax exemptions are also available for these industries.

##### Value

If your company is considering hiring additional employees, a new expansion, or relocation of a facility that involves job creation or investment, please contact TALX to review the project for new incentive eligibility. With proper due diligence and proactive planning, considerable tax savings could be achieved.

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