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Tax Intelligence

Job Creation Incentives

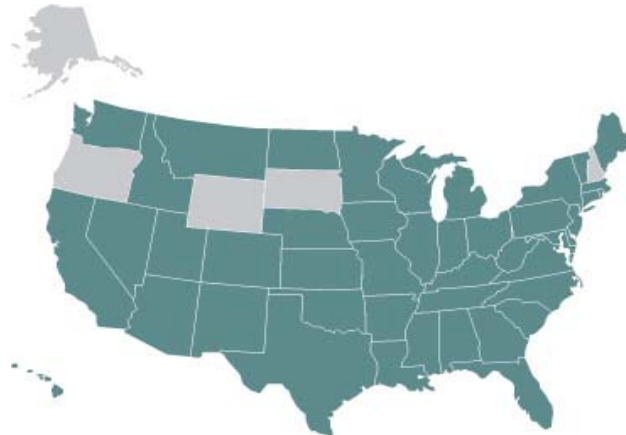
Situation

Forty-six of the fifty states offer a host of business incentives to foster job creation within its borders. These incentives are usually a reward to qualified businesses for creating net new high-paying permanent jobs. All of these programs have certain threshold requirements that must be met and are *targeted to certain industries like manufacturing, distribution, information technology, corporate headquarters, and research and development.*

Solution

Job creation incentives for targeted businesses are usually in the form of an income tax credit, a withholding tax refund, or a competitive grant. All of these incentives are based upon businesses meeting certain minimum requirements that may include average wage, investment, level of employer-paid benefit or other criteria based upon location. Each program is unique, so careful consideration must be given to the requirements to ensure eligibility. States are now trending towards competitive awards and new programs are now requiring a certain level of advance notification or approval in order to claim any benefit.

Highlighted states offer rewards to companies who create a net increase in new jobs, based on location and type of job.



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Examples include:

Georgia offers an income tax credit for net new full-time jobs created over a base year. The requirements and credit amounts are dependent upon the county where the facility is located, but the credit can range from \$750 - \$4,000 per net new job created.

Missouri requires qualified companies to file an application prior to claiming their Quality Jobs Program which allows companies to retain a portion of its withholding (up to 5% of payroll) and receive a refundable income tax credit (up to \$1 million annually).

New Jersey provides eligible businesses a \$3,000 grant per each new full-time job created and maintained in the state, but application must be made in advance, as these funds are competitive.

New Mexico offers companies a 10% refundable tax credit (cap of \$12,000 per new job) on wages paid to employees with average wages over \$28,000/year for new jobs created in rural areas or over \$40,000/year for new jobs created in urban areas.

Value

If your company is considering a new expansion or relocation of a facility that involves job creation, please contact our experts to review the project parameters for incentive opportunities. With advance planning, considerable tax savings can be achieved.

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