



2010 LEGISLATIVE OUTLOOK

Federal and State Hiring and Training Incentives

January 19, 2010

With the start of the year and a weak labor report, federal and state officials are proposing and renewing tax credits and incentives to lower unemployment, protect existing jobs and provide workforce training opportunities.

First Advantage is following proposals made during State of the State addresses and is monitoring legislative opportunities. We'll provide you with ongoing updates and help you understand how these proposals may benefit your company.

First Advantage representatives will also be in Washington this week to gain additional support from Congress for quicker WOTC certifications as part of economic stimulus initiatives.

If you have questions about any of the following legislative activities or WOTC certification, please contact your First Advantage account manager or e-mail tax@fadv.com.

FEDERAL UPDATE

Katrina WOTC/FEZ/DC/RC Extensions

Before adjourning in 2009, the House voted to extend Katrina WOTC, Federal Empowerment Zones, Renewal Communities, the Indian Employment Credit and the DC Enterprise Zone tax credits for one-year as part of a larger extender package. This one-year extension is now with the Senate which is expected to consider the package after focusing on federal debt and health care.

President Obama will likely focus on employment and job creation in his State of the Union address and will encourage Congress to quickly pass a jobs bill.

STATE PROPOSALS

State governors are unveiling job priorities in their State of the State addresses. With many state legislatures in session, elected officials are focusing priorities on employment and allocating federal stimulus dollars to bolster local economic recovery.

Alabama

Governor Bob Riley proposed a \$1,500 tax credit to jumpstart new job growth, as well as an additional \$1,500 tax credit for jobs created in counties with the highest unemployment rates. "If others around the country are realizing tax incentives do work to create jobs, then Alabama should be leading this effort, not falling behind," the governor stated in his speech.

Arizona

Governor Janice Brewer proposed allocating \$10 million in federal stimulus funds for job training as well as the formation of the Governor's Jobs Cabinet, which will be charged with the role of accelerating job creation.

This information is intended to provide a brief synopsis of recent developments in federal and state tax credits and incentives and is intended to be informational only. Because the matters described above are complicated in nature, the reader should seek appropriate legal or other professional outside counsel for a more complete explanation prior to acting on the information contained in this document. Any advice contained in this document is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under applicable federal, state or local tax law.



California

Governor Arnold Schwarzenegger announced his proposed California Jobs Initiative, a \$500 million program that could create 100,000 new jobs and train an additional 140,000 California residents.

Illinois

Governor Pat Quinn spoke of Illinois Jobs Now, the \$31 billion recovery package passed in 2009 and the first major jobs/construction program in over a decade. He also proposed tools to help small businesses including creating Angel Investment Tax Credits and expanding venture capital funding for seed and early-stage firms.

Iowa

With creating jobs as his top priority, Governor Chet Culver proposed allocating \$100 million to the Iowa I-JOBS initiative.

Kentucky

The Incentives for a New Kentucky program was unveiled during Governor Steven L. Beshear's State of the State address. This proposal includes various tax credits to create new jobs and reinvest in the state.

New York

Governor David Paterson announced a replacement for Empire Zones. The Excelsior Jobs Program proposes to expand the investment tax credit to additional categories of investments, create the Enhanced Investment Tax Credit, and create the New Jobs Incentive that will provide tax credits for employers in targeted industries.

Vermont

Governor James Douglas proposed releasing federal stimulus money for job creation as well as modifying the Vermont Employment Growth Incentive by eliminating the existing program cap.

Washington

"The goal is to attract \$2 billion in capital investments to fuel job growth," Governor Chris Gregoire stated in her State of the State address. She also proposed a new employee tax credit to assist small business with hiring needs.

West Virginia

Governor Joe Manchin proposed creating two new business incentives: the Aircraft Tax Credit and the High-Technology Server Farm Tax Credit that could help diversify the economy and create well-paying jobs.

About First Advantage Tax Consulting Services

First Advantage Tax Consulting Services develops and implements strategies to reduce your tax liabilities, including the Work Opportunity Tax Credit and other employment-related incentives, location-based credits and grants, training grants, and economic incentive services.

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