



June 2010 Legislative Update

June 4, 2010

Recently Enacted or Pending State Job Incentive Programs

Alabama – Reemployment Act of 2010 is available to all Alabama employers and provides an income tax deduction of up to 50% of the gross wages paid to each qualifying individual hired in 2010 and 2011. The deduction is available for new employees who were unemployed at the time of hire and work at least 37.5 hours per week for 12 consecutive months.

Florida – Jobs for the Unemployed Credit allows a certified business to claim an income tax credit of \$1,000 for each qualified employee hired on or after July 1, 2010. A qualified employee is an individual who has been out of work for at least 30 days, works at least 36 hours per week and is employed for at least 12 months.

Georgia – The proposed Works Tax Credit provides a credit against an employer's share of employee payroll taxes for eligible new hires. New hire qualifications include individuals receiving unemployment compensation from the State of Georgia, are eligible to receive at least an additional eight weeks of unemployment benefits, and work at least 30 hours per week for each quarter the credit is claimed. The credit is worth between \$25 and \$125 per eligible employee per quarter for the first four quarters after an employee is hired. Legislation is still pending.

Indiana – New Employment Tax Credit is available for tax years 2010 through 2012. This incentive provides a credit against the employer's state tax liability for new, relocating or expanding Indiana businesses. The credit is equal to 10% of wages paid to qualified employees within a 24 month period. To qualify, a business must hire at least 10 full-time employees who reside in Indiana.

Maryland – The Jobs Creation & Recovery Tax Credit provides employers an income tax credit up to \$5,000 for each new, full-time position created or for certain vacant positions filled, up to \$250,000 per employer. A qualified employee must be an unemployed Maryland resident hired between March 25, 2010 and December 31, 2010. The credit amount is pro-rated based on the number of employees hired and the number of months employed during the taxable year.

Tax Extender Packages Moves to Senate

On Friday, May 28, the House passed HR 4213, American Jobs and Closing Tax Loopholes Act of 2010. This bill includes a one-year extension of the following tax credits:

- WOTC – Hurricane Katrina Employee category
- Federal Empowerment Zone/Renewal Community (FEZ/RC)
- Indian Employment Credit
- District of Columbia Enterprise Zone tax credit

The Senate will reconvene on June 7 and is expected to consider the bill sometime that week. Senate Majority Leader Harry Reid has committed to finalizing this legislation; but it's unclear on how negotiations will proceed.

For more information contact us at tax@fadv.com or 800.669.6005.

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.