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## Tax Intelligence

# “Expiring” State Tax Credit Incentive Programs

## Situation

Business incentive programs vary by state and by local jurisdiction. Companies capturing tax credits and incentives are tasked with the challenge of staying abreast of ever-changing requirements. Managing multiple programs, forecasting tax savings and monitoring the compliance calendar add additional complexities to an already hectic tax cycle. Unless a company has a dedicated tax research professional, opportunities may be missed or details overlooked. The following information provides several examples of the changing landscape regarding tax credit and incentive programs.

## Solution

Companies need to stay informed of expired/expiring state incentive programs and be aware that in some cases, these expired credits may be renewed by the legislatures on a retroactive basis. Also, if companies are currently under audit, they may claim expired incentives for any open tax years.

- **Maryland Economic Opportunity Credit (EOC)** – Expired for employees hired after June 30, 2009. The income tax credit is up to \$3,000 per qualified employee for the first two years of employment.
- **Pennsylvania Employment Incentive Payment (EIP)** – Program is set to expire on December 31, 2009. The income tax credit is up to \$5,400 per qualified employee for the first three years of employment.

Although the Maryland and Pennsylvania programs have not yet been extended, they may be in the near future. A good example is the **Illinois Replacement Tax Investment Credit (RTIC)** that expired on December 31, 2008. This credit was subsequently extended but not until 2009.

The following are examples of popular state programs that are set to expire in 2010:

- **New York Empire Zone Program** – Program includes a wage, investment, and property tax credit. Over the past year, the state legislature enacted major program changes that imposed additional requirements on existing business participants. The Empire State Development Corporation is currently expected to propose replacement programs to the Governor.
- **North Carolina Article 3J Credits** – Program is comprised of a job creation tax credit, a tax credit for investment in business property and a tax credit for investment in real property. The program will either be extended or replaced. The Article 3J Credits replaced the William S. Lee Credits back in 2007.

## Value

Understanding the legislative landscape is crucial in order to maximize state and federal incentive opportunities. TALX has a dedicated team of tax professionals who continually review and monitor legislative and regulatory changes in order to understand the impact on businesses. If your company is interested in learning more, please contact **Pete Krieshok** at (314) 214-7325 or via email at [pkrieshok@talx.com](mailto:pkrieshok@talx.com). Visit our blog for more tax tips and information at <http://blog.talx.com/>.