

Update: February 2012

Tax Intelligence - Federal & State Credit and Incentive Key Legislative Developments

Situation

Several federal and state incentive programs have been extended, enhanced, expired, replaced, or eliminated in 2011/2012.

Solution

2011 federal and state credit and incentive key legislative developments included the expiration of the Work Opportunity Tax Credit (WOTC), Federal Empowerment Zone (EZ) and the Indian Employment Credit (IEC) program as well as legislative changes affecting many other federal and state tax incentives, including "The Vow to Hire a Hero" act and the Colorado Enterprise Zone and Louisiana program enhancements.

Federal program legislative developments:

Several business tax credits expired at the end of 2011. These programs are currently in hiatus and TALX is hopeful that the programs will be renewed retroactively this year.

- Work Opportunity Tax Credit (WOTC) - TALX is hopeful the WOTC program will be renewed retroactively this year.
- Federal Empowerment Zones (FEZ)
- Indian Employment Credit (IEC)
- Legislation expanded and extended the veteran category of the Work Opportunity Tax Credit (WOTC) through 2012.

State program legislative developments:

- Arizona Enterprise Zone expired on June 30, 2011, and was replaced with the Arizona Competitiveness Package.
- Colorado passed Senate Bill 10-162, along with several other bills resulting in significant changes to Enterprise Zone Tax Credits and the process by which Enterprise Zone tax forms are certified, including the precertification of credits, electronic certification process, electronic notification, and electronic filing.
- Connecticut phased out three programs (The Job Creation, Qualified Small Business Job Creation and Vocational Rehabilitation Job Creation Tax Credit Programs) and replaced them with a new job expansion tax credit program that provides a nonrefundable tax credit for taxpayers that create new jobs and hire residents to fill them in 2012-2013.
- Illinois Replacement Tax Credit and Research and Development Credit have been extended from 2013 through 2018 and the Research and Development Credit has been retroactively reinstated through 2015.
- Louisiana Economic Development (LED) issued new rules for the Louisiana Enterprise Zone Program. In addition to the Enterprise Zone Program, Louisiana also signed into law the enhancements of the following programs as part of the Governor's 2011 Legislative Package:
 - Angel Investor Tax Credit
 - Quality Jobs Program
 - Research and Development Tax Credit
 - Digital interactive Media & Software Tax Credit
 - Technology Commercialization & Jobs Tax Credit
- Maryland Qualifying Employees with Disabilities Credit has been extended through June 30, 2012.
- Michigan Business Tax (MBT) is being replaced January 1, 2012, with the Michigan Corporate Income Tax (CIT), which will eliminate MBT tax credits (including the Wage Compensation Credit, ITC, MEGA, Renaissance Zones and other MBT credits).

Value

TALX has a dedicated team of experts with experience in all areas of federal, state and local taxation reviewing and monitoring new legislation developments to assist employers in capturing tax credit and incentive opportunities. If your company is interested in receiving more information on the federal and state credit and incentive key legislative developments, visit our corporate blog at <http://blog.talx.com> or our legislative updates at <http://www.talx.com/Solutions/Hiring/TaxCredits/>. You may also contact Pete Krieshok at 314-214-7325 or by e-mail at pkrieshok@talx.com.