

Update: May 2010

Tax Intelligence

Tax Credit and Incentive – New State Job Programs

Situation

With the huge push from Congress to stimulate job creation, several states have stepped up to create and enact new state job programs. The initial push came on February 13, 2009, when Congress passed the American Recovery and Reinvestment Act of 2009. The Recovery Act was a direct response to the economic job crisis and was passed to stimulate the economy by creating new jobs and saving existing ones. States were allocated funds to meet the Recovery Act goals. The result of the funds allowed states to implement new job incentive programs. The new programs are part of the **Temporary Assistance for Needy Families (TANF)** and in many states offer a referral based **Wage Subsidy**. The funding for the TANF programs is set to expire on September 30, 2010.

Congress continued to address the need to create new jobs through the **Hiring Incentives to Restore Employment (HIRE) Act** passed over a year later on March 17, 2010. A few states have enacted programs and have programs pending that will allow the employer to piggyback off of the HIRE Act for an additional benefit for hiring a qualified HIRE Act employee. The **State Piggyback Programs** start dates may vary, but the expiration date (January 1, 2011) and requirements to qualify an employee are the same as HIRE Act.

In addition to the new state job programs resulting from the Recovery and HIRE Act, a few states have taken the initiative to create and enact their own **New Job Programs** to help curb the economic job crisis.

Solution

The new state job programs resulting from the push to stimulate job growth, will allow companies of all sizes to benefit from hiring employees. Your organization should consider adding a process to capture the incentives available for the following programs:

California Targeted Subsidized Program assists employers (through referrals) with entry-level labor at no cost for at least four months. Eligible employees are CalWORKs participants currently receiving public assistance from the government. The program pays \$10.00 an hour for up to 40 hours a week until September 30, 2010.

Texas Back to Work Program offers employers up to \$2,000 in wage subsidies for hiring full-time qualified individuals for 120 days. Funds for the program are limited.

The Maryland Job and Recovery Tax Credit allows a \$5000 credit for hiring certain employees into new positions. All employees must be Maryland residents hired between March 25, 2010 and December 31, 2010 and meet the HIRE Act criteria's to qualify. Employers must show a net new increase in employment.

Indiana New Employer Credit is equal to 10% of the wages paid by the new or expanding Indiana business to qualified employees during a 24-month period. The business must create at least 10 full-time employees.

Value

TALX will continue to monitor all programs and provide updates on new or pending programs. If your company is interested in receiving more information on any new state job programs, please contact **Pete Krieshok** at (314)214-7325 or via email at pkrieshok@talx.com.