

INCENTIVES FOSTERING JOB CREATION AND EXPANSION IN TARGETED BUSINESSES OR LOCATIONS - MULTISTATE SURVEY

This memorandum was requested to provide information on the availability of incentives in other states that are similar to the new or expanding business exemption provided in North Dakota Century Code Section 40-57.1-04, the microbusiness income tax credit provided in Section 57-38-01.27, and the wage and salary credit provided in Section 57-38-30.1. The following table provides an overview of each incentive, including the name of the incentive, the agency administering the incentive, a brief description of the incentive, and the statutory citation.

State	Incentive Title	Administering Agency	Description	Statutory Citation
Alabama	Alabama Targeted Counties Credit	Alabama Department of Commerce	A company that locates to a county with a population of 25,000 or less and creates at least 25 new jobs may qualify for a credit against income tax liability in the amount of 4 percent of the wages paid to eligible employees in the prior year. Any credit amount exceeding a taxpayer's liability may be carried forward for up to five taxable years.	Code of Alabama Sections 40-18-375 and 40-18-376.1
Arizona	Qualified Facility Tax Credit	Arizona Commerce Authority	A taxpayer expanding a manufacturing facility in Arizona or locating a new manufacturing facility to Arizona may qualify for a refundable credit against income tax liability. To qualify for the credit, the taxpayer must create net new full-time employment positions at the facility and at least 51 percent of those positions must be paid wages of at least 125 percent of the Arizona median wage. The taxpayer must also pay at least 80 percent of the new employees' health insurance. The amount of the credit is equal to the lesser of 10 percent of the total qualified investment made at the facility, \$20,000 per qualified job created at the facility, or \$30 million per taxpayer. The maximum amount of credits that may be awarded to all taxpayers may not exceed \$70 million per calendar year.	Arizona Revised Statutes Annotated Sections 41-1512, 43-1083.03, and 43-1164.04
Arkansas	Tourism Project Development Tax Credit	Arkansas Economic Development Commission	<p>A company approved as a tourism attraction business by the Arkansas Economic Development Commission may receive a credit against income tax liability equal to 4 percent of the company's payroll for new full-time permanent employees. An approved company must make at least \$500,000 in capital investments if it locates in a high-unemployment county and at least \$1 million if it locates in any other county. Any credit amount exceeding a taxpayer's liability may be carried forward for up to nine taxable years.</p> <p>An approved company may also qualify for a sales tax credit equal to 25 percent of all eligible costs if the company is located in a high-unemployment county or 15 percent of all eligible costs if the company is located in any other county. The credit may be applied to offset a portion of the company's increased state sales tax liability. Any credit amount exceeding a taxpayer's liability may be carried forward for up to nine years.</p>	Arkansas Code Annotated Sections 15-11-501 through 15-11-509
California	California Competes Tax Credit	California Governor's Office of Business and Economic Development	A business that expands in California or locates to California may claim a credit against income tax liability. The amount of the credit is based on the number of jobs created by the business, the compensation paid to employees, the amount the business invests in the state, the duration the business proposes to remain in the state, the opportunity for future growth and expansion by the business in the state, the extent of unemployment or poverty in the area the business is	California Revenue and Tax Code Section 23689

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			located, the amount of other local incentives available to the business, incentives available to the business in other states, the overall economic impact the business will have on the state, and the strategic importance of the business to the state, region, or locality. The maximum credit amount that may be awarded to all businesses may not exceed \$200 million for fiscal year 2015-16.	
Delaware	New Business Facility Corporate Income Tax Credit	Delaware Division of Revenue	A corporate taxpayer that makes a qualified investment of \$200,000 or more and hires five or more qualified employees may qualify for a credit against corporate or individual income tax liability, gross receipts tax liability, and public utility tax liability. The amount of the credit is equal to \$500 for each qualified employee and \$500 for each \$100,000 invested. A corporation may apply the credit to offset no more than 50 percent of its tax liability in any given year. Any credit amount exceeding a taxpayer's liability may be carried forward for up to nine taxable years.	Delaware Code Annotated Title 30, Sections 2011 and 2024
Florida	Rural Job Tax Credit Program	Florida Department of Revenue	An eligible business located in one of 36 designated qualified rural areas may qualify for a credit against income tax liability for creating new jobs. The amount of the credit ranges from \$1,000 to \$1,500 per qualified employee and can be applied to offset corporate income tax liability or sales and use tax liability. The maximum amount of credits that may be awarded to all taxpayers is limited to \$5 million per calendar year.	Florida Statutes Annotated Sections 212.098 and 220.1895
Idaho	Tax Reimbursement Incentive	Idaho Department of Commerce	Companies looking to expand in or relocate to Idaho may qualify for a refundable credit equal to 30 percent of the company's state income, payroll, and sales tax liability for up to 15 years. To qualify for the credit, a company located in a rural area must create 20 new jobs and a company located in an urban area must create 50 new jobs. Each new job must be a full-time job and pay greater than the average county wage.	Idaho Code Annotated Sections 67-4737 through 67-4742
Indiana	Headquarters Relocation Tax Credit	Indiana Economic Development Corporation	A company may receive a credit against a corporation's state tax liability equal to 50 percent of the corporation's costs of relocating its headquarters to Indiana. A company must have annual worldwide revenue of at least \$50 million in the taxable year prior to the year the company applies for the credit and must employ at least 75 employees in Indiana following relocation. A company may apply the credit to offset a maximum of 15 percent of tax liability per year. Any amount of credit exceeding 15 percent of a taxpayer's liability may be carried forward for up to nine taxable years.	Indiana Code Sections 6-3.1-30-1 through 6-3.1-30-13
Kentucky	Kentucky Small Business Tax Credit Program	Kentucky Economic Development Finance Authority	A for-profit business with 50 or fewer full-time employees may receive a credit of up to 100 percent of the business's income tax liability. A business must create and fill one or more eligible positions paying at least 150 percent of the federal minimum wage and invest \$5,000 or more in qualifying equipment or technology. The amount of the credit is equal to \$3,500 per eligible position or 100 percent of the amount invested in qualifying equipment or technology, up to a maximum of \$25,000 in credits per applicant per calendar year. Any credit amount exceeding a taxpayer's liability may be carried forward for up to five years. The maximum amount of credits available to all taxpayers is limited to \$3 million per fiscal year.	Kentucky Revised Statutes Annotated Sections 141.384 and 154.60-020

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Maryland	New Jobs Tax Credit	Maryland Department of Assessments and Taxation	Businesses that have been granted a property tax credit by a local government for creating new jobs may qualify for a credit against corporate, income, or insurance premiums tax liability for creating or expanding a new business facility in Maryland. To qualify for the credit, a business located in a county with a population of 30,000 or less must create at least 10 new positions in a new or expanded facility of 5,000 square feet or more and a business located in all other counties must create at least 25 new positions. An enhanced credit is available to businesses that expand a facility to 250,000 square feet or more, continue to employ 2,500 employees, and create 500 new positions that pay at least 150 percent of the minimum wage or to businesses that create a new facility equal to 250,000 square feet or more and create 1,250 new positions that pay at least 150 percent of the minimum wage. The amount of the credit is calculated as a percentage of local property tax liability on the new or expanded portion of the facility. A taxpayer may claim 28 percent of the credit in the first and second taxable year, 21 percent of the credit in the third and fourth taxable year, and 14 percent of the credit in the fifth and sixth taxable year. Any credit amount exceeding a taxpayer's liability may be carried forward for up to five taxable years.	Maryland General Tax Code Annotated Sections 9-230 and 10-704.8
Nebraska	Nebraska Advantage Microenterprise Tax Credit Act	Nebraska Department of Revenue	A taxpayer located in targeted communities, employing five or fewer employees, with a net income of less than \$350,000 may qualify for a refundable credit against income tax liability for making new investments or creating new employment. The amount of the credit is equal to 20 percent of the increased compensation for employees or increased investment in targeted communities. A taxpayer may earn a maximum of \$10,000 in credits during the life of the program. A maximum of \$2 million in credits may be awarded to all taxpayers in any one taxable year.	Nebraska Revised Statutes Annotated Sections 77-5901 through 77-5908
South Carolina	Annual Small Business Job Tax Credit	South Carolina Department of Revenue	A small business employing 99 or fewer employees worldwide may qualify for a credit against income tax, bank tax, or insurance premium tax liability for creating and maintaining new jobs in South Carolina. The amount of the credit is determined by the county where the taxpayer's facility is located and is dependent on the amount of gross wages paid to each employee. The amount of the credit for each new job ranges from \$750 for jobs created in a tier one county to \$4,000 per year for jobs created in a tier four county. A taxpayer may claim the credit in year two for jobs created in year one. A taxpayer may continue to claim the credit for a five-year period through the end of year six.	South Carolina Code Annotated Section 12-6-3360
West Virginia	Corporate Headquarters Relocation Tax Credit	West Virginia Development Office	A company that relocates its corporate headquarters to West Virginia and creates at least 15 new jobs in the state may qualify for a credit against corporate income tax liability. The amount of the credit is equal to 10 percent of the corporation's adjusted qualified investment. Any credit amount exceeding a taxpayer's liability may be carried forward for up to 12 taxable years.	West Virginia Code Annotated Section 11-13C-4a