

# Legislative Alert

## Connecticut Enacts New Job Creation Tax Credit for 2012

Atlas Insight assists companies from all industry sectors and geographies to negotiate and secure tax credits and incentives for business investment and job creation/retention.

The professionals at Atlas Insight are industry leaders in the field of corporate site selection and incentive procurement.

We help to choose locations for all types of business facilities that meet the long-term needs of those operations, while helping to achieve overall corporate goals.

Our team has extensive experience in all corporate sectors and has consulted on many sensitive projects for some of the world's largest corporations. We strive for excellence with every client we serve.

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### Target Audience: Business with CT operations

#### Details of New Legislation:

On October 27<sup>th</sup>, Governor Dannel Malloy signed the Job Expansion Credit into law. The Act will phase out several job creation credits – the job creation, small business job creation, and vocational rehabilitation job creation - and replace it with the Job Expansion Credit. This credit will take effect on January 1<sup>st</sup>, 2012.

#### Job Tax Credit for New Hires:

For positions created between January 1<sup>st</sup>, 2012 and January 1<sup>st</sup>, 2014, the Job Expansion Credit will provide **up to \$32,400 per new job created**. A basic \$500 credit per month for each new employee that resides in Connecticut. Alternatively, an enhanced \$900 credit will be allowed for the hiring of targeted individuals which include veterans, individuals that are currently receiving unemployment benefits, or new hires receiving vocational rehabilitation. The credit may be claimed in the year a position was filled and if eligible, for each of the two subsequent years. Credits are non-refundable and expire if unused.

To participate in the program, businesses must apply to the Department of Economic and Community Development (DECD) *prior* to claiming the credit. The number of new positions are those created above and beyond the base number provided in the application. The DECD is expected to provide rules and guidance on the application process.

#### Eligible Employees:

<u>Business Size</u>	<u>Minimum Job Creation Threshold</u>
0 – 50 employees	1 new job
51 – 99 employees	5 new jobs
100+ employees	10 new jobs

New hires must work 35 hours a week (or 20 hours for certain targeted individuals)

#### Other Program Features:

- No specified wage or industry requirement
- This program is subject to a \$20 million fiscal year cap
- Applicants must have operated in CT for at least the previous 12 months
- Credits may be taken against the corporation business, personal income or insurance premium tax

#### Recommended Action:

If your company currently has a presence in Connecticut and is considering an expansion, then this legislation could present a valuable incentive opportunity. Atlas Insight is prepared to help companies implement this program and ensure that your incentives are fully maximized.