

Legislative Alert

Idaho Enacts New Job Creation Tax Credit

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 ID operations

Details of New Legislation:

On April 13th, Governor Butch Otter signed the Hire One Act into law. The Act creates a refundable job tax credit for employers that create jobs through 2013. The credit is based on incremental withholding taxes and is notable for its job creation threshold of just 1 new job.

Job Tax Credit for New Hires:

The Hire One Act allows for a refundable job creation tax credit for companies which create new positions within Idaho. The credit for a tax year is based on the increase over the previous year, or the average of the 3 previous years, whichever is higher. The credit is equal to a percentage of the new employee's withholding taxes over the first 12 months of employment. This percentage ranges from 2% to 6% based on the employer's unemployment insurance tax rating as determined by the Department of Labor. Employers which are positively rated would earn a credit of 6%, standard rated employers would earn 4% and deficit-rated employers would be eligible for 2% of the employee's gross annual wages.

Only employees hired after April 15th, 2011 qualify for the credit. Qualified employees must be covered under a company sponsored health insurance policy and must earn at least \$15/hr in counties with less than 10% unemployment or \$12/hr for counties with greater than 10% unemployment.

Program Features:

- Any credit in excess of the tax liability is fully refundable
- Companies only need to hire at least one new employee to qualify
- All industry types qualify
- Both full-time and part-time employees qualify
- The program will remain in effect through December 31st, 2013

Replaces the Existing Job Tax Credit

This credit replaces Idaho's pre-existing job tax credit which was valued at either \$500 or \$1,000 based on the industry and wages paid. Eligible employees were determined in a similar manner but the credit was limited to 50% of the tax liability and was not refundable. For most companies, the new tax credit will provide a much greater value.

Recommended Action:

If your company is considering expanding or locating a new operation in Idaho, 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.