



ROMO INCENTIVES GROUP

Tap into the Value of Federal and State Tax Incentives

Legislative Update

CA Enterprise Zone

SB 974

After passing the Senate a few months ago, the first hearing for SB 974 in the Assembly Jobs Committee was cancelled at the request of the author, Senate Pro Tem Darrell Steinberg (D-Sacramento), on June 29th. We will keep you apprised if the bill is reintroduced into the Assembly.

HIRE Act

Americans Want to Work Act

Bill recently introduced in Congress to extend the HIRE Act through 2011.

WOTC

The Older Americans' Job Opportunities Blueprint (JOB) Act

This bill would expand the WOTC program to include workers 55 and older whose income is below the 125 percent of poverty threshold. Introduced in June, the bill is in the House Labor & Education Committee.

News Watch: August 2010

Proposed HIRE Act Extension

The Hiring Incentives to Restore Employment (HIRE) Act has created immediate, and in many cases, substantial savings for companies nationwide including a number of RIG clients. The HIRE Act provides employers with an exemption from the 6.2% share of Social Security tax on wages paid to qualifying employees, effective for wages paid from March 19, 2010 through December 31, 2010. Qualifying employees are those who were unemployed or worked no more than 40 hours in the 60 days prior to hire. The HIRE Act also offers employers a \$1,000 general business tax credit for retained workers who remain employed for at least 52 consecutive weeks. The U.S. Treasury estimates that 5.6 million qualified employees had been hired through the end of June with a projected taxpayer benefit of \$10.4 billion in payroll exemption and credits. Although the HIRE Act program is due to expire at the end of this year, there are indications that it will be extended into 2011. Senator Debbie Stabenow (D-Michigan) recently introduced the Americans Want to Work Act this month and this would extend the HIRE Act through 2011. The Stabenow bill also doubles the federal income tax credit from \$1,000 per qualified employee to \$2,000 for businesses that hire workers who have exhausted their unemployment benefits. The bill is co-sponsored by Harry Reid (D-Nevada) and has the support of other senior senators. Regardless of the HIRE Act's possible extension, the program has been a big success for participating companies and is certainly worth pursuing for the remainder of 2010.

California EZ Expansion and Legislative Update

Los Angeles

The expansion of the Los Angeles – Hollywood Enterprise Zone (EZ) was approved on May 10, 2010 and includes the Warner Center portion of Woodland Hills; the Canoga Park, Chatsworth and Northridge industrial areas; the area surrounding Van Nuys Airport; and Van Nuys Boulevard from Saticoy Street to Oxnard Street in Van Nuys. Additional expansion including the areas surrounding LAX; portions of San Fernando Road and Foothill Boulevard in Sylmar; and Washington Boulevard and Glendale Boulevard in Echo Park was also approved. The Los Angeles – Hollywood EZ is set to expire October 2021.

Sacramento

The City and County of Sacramento and City of Rancho Cordova have received final designation as part of the new Sacramento EZ by the California Department of Housing and Community Development (HCD). The new zone consolidates three existing zones (North Sacramento, Florin-Perkins and Army Depot) and expands 40,000 acres to include most of the City of Rancho Cordova and other parts of Sacramento County. The new EZ will expire April 2024.

West Sacramento

The West Sacramento EZ has been granted final designation and will expire January 2023.

California SB 974

After passing the Senate a few months ago, the first hearing for SB 974 in the Assembly Jobs Committee was cancelled at the request of the author, Senate Pro Tem Darrell Steinberg (D-Sacramento), on June 29th. This bill would greatly diminish the value of the EZ Hiring Credit. First, it would eliminate the Targeted Employment Area (TEA) from the list of qualifying criteria for eligible employees. Second, it would require all voucher applications to be submitted within 28 days of an employee's hire date which would effectively eliminate several qualifying criteria and result in dramatically reduced tax credits. It would also abolish "retroactive vouchering" preventing employers from receiving tax refunds for prior years' taxes paid. We will keep you apprised if the bill is reintroduced into the Assembly.

A Banner Year for the R&D Tax Credit

The R&D Tax Credit has long been an attractive tax incentive as it allows taxpayers to claim a credit for current and past operational activities. In addition, the credit is generally available at both the federal and state level. California, for example, offers a very attractive credit that mirrors the federal credit. Credit claims, however, have often been mired in controversy due to the lack of clarity in both the Internal Revenue Code and the underlying Regulations. In 2009, several prominent cases (*McFerrin*, *Union Carbide*, *FedEx* and *TG Missouri*) provided additional clarity on key issues and were very taxpayer friendly in their outcome. As a result, companies are now finding it easier to make credit claims and sustain those claims. Your company may be entitled to significant cash refunds. Call or email us for a free consultation to take advantage of this powerful incentive program.



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