



ROMO INCENTIVES GROUP

RIG News Watch

June 2011



Tap into the Value of Federal and State Tax Incentives

Legislative Update

California

Governor Brown and fellow Democrats have reached an agreement on the budget that will not include any tax increases or changes to the Enterprise Zone program.

R&D Tax Credit

Kevin Brady (R-TX) has introduced the American Research and Competitiveness Act of 2011 (H.R. 942). The bill is currently in the House Ways and Means Committee and would make the R&D Tax Credit permanent and increase the Alternative Simplified Credit (ASC) to 20%.

HIRE Act

Bruce Braley (D-IA) introduced the Back to Work Extension Act (H.R. 477). This bill would extend the HIRE Act of 2010 and exempt small businesses from the employer's portion of FICA tax (6.2%) for the remainder of 2011. The bill has been referred to the House Ways and Means Committee.

California Enterprise Zones Survive Budget

Governor Jerry Brown has decided to advance a budget solely with the support of Democratic lawmakers. As a result, the budget will receive no Republican support and will therefore not include any tax increases or changes to the Enterprise Zone program. The budget plan was negotiated when it became clear that he could not obtain Republican votes to put tax extensions and constitutional protections before the voters in a special election in the fall. The new majority vote budget plan anticipates additional General Fund revenues. If those revenues do not materialize, an additional \$2.6 billion in cuts would be triggered. Those cuts would be focused primarily in the areas of education, and the judiciary. The new majority vote budget also includes the elimination of Redevelopment Agencies through enactment of the bills that were passed but not sent to the Governor at the time the first budget was submitted and later vetoed. It was the first budget veto on record in California history and State Controller John Chiang then invoked a new voter-approved law to strip lawmakers of their pay for failing to write a balanced plan.

WOTC 2011

Congressmen Aaron Schock (R-IL) and Charles Rangel (D-NY) have introduced the Work Opportunity Credit Improvements Act (H.R. 2082) that would provide a three-year extension of WOTC through December 31, 2014. Congressman Schock and Congressman Rangel are also members of the House Ways and Means Committee.

H.R. 2082 would simplify WOTC certification and would incorporate the language of the Veteran Transition Act (S. 146) sponsored by Senators Baucus, Tester, Grassley and Burr to provide assistance for obtaining WOTC documentation to recently discharged veterans. These veterans would remain WOTC-eligible for the five year period preceding the hiring date. National Guard members and veterans receiving VA compensation for a service-connected disability are also WOTC eligible as are unemployed veterans in households receiving food stamps. Current law allowing increased tax credits for disabled veterans remain in place.

H.R. 2082 would also restore WOTC for "Disconnected Youth" hired after December 31, 2010; however, the term "Disconnected Youth" would be replaced by "At-Risk Youth."