

## Public Incentive Legislative Update

*March 2011 Edition*

Many States and Communities have seen a lot of economic and political transition over the few months. The following States outlined below have either significant public incentive legislation proposed or been approved.

### ALABAMA

New legislation has been introduced that would create a new income tax credit program for businesses that create new jobs. The value of the credit will vary based on the economic status of the county in which the business is located.

### ARIZONA

New legislation has been passed that will dissolve the Arizona Department of Commerce and create the Arizona Commerce Authority. The new Authority will be a private entity aimed at business recruitment, retention and expansion.

### California

The California Budget Project proposed by Governor Brown eliminates the state's Enterprise Zone Program. Proposed legislation is before the assembly and calls for the termination of the program as of the taxable year beginning January 1, 2011, as well as prevents any carryover of credits previously earned after January 1, 2011.

### Delaware

Governor Markell has unveiled the "New Job Creation Tax Credit" to coincide with the expiration of the "Blue Collar Tax Credit". The new program enhances the credit to include additional qualifying business activities and increase the amount of credit per new job hired.

### Florida

Two economic development bills are currently waiting for action in House committees:

- Ad Valorem Tax Exemptions – HB 287 expands the exemption beyond manufacturing.
- Credit Transfer Program – HB 873 creates corporate tax credits for spaceflight projects.

### Idaho

Governor Otter has proposed a bill that calls for a refundable income tax credit for new hires, with the amount varying from 2%-6% of the new worker's gross wages based on employers' unemployment insurance rating. The legislation is referred to as the "Hire One Act".

### Kansas

Governor Brownback released a strategic plan that includes the reorganization of state economic development agencies and several changes to current incentive programs. Highlights of the plan include:

- Changes to the High Performance Incentive Program (HPIP).
- Creation of Rural Opportunity Zones.
- Allows Kansas businesses to write off the entire cost of production equipment.
- The Kansas IMPACT program, along with savings from the elimination of certain tax credits, will be converted to a multi-million dollar fund that can be used to close economic development deals.

## **Michigan**

Governor Snyder's proposed a flat 6% corporate tax rate while eliminating several tax credit programs for specific industries within the state. Under the proposal, the state would eliminate hundreds of millions dollars of tax credits awarded by Michigan Economic Growth Authority (MEGA).

## **Nevada**

The Assembly terminated a proposed bill that would provide economic development incentives to attract manufacturers to the state by reducing energy rates. The co-sponsor of the original bill has decided to re-introduce the idea in a new bill that would provide a one-time Property Tax Abatement of 35% if manufacturers bring existing buildings up to LEED energy efficiency standards. The bill will be brought before the Labor and Commerce Committee.

## **Ohio**

Governor Kasich signed into law legislation that will transfer responsibility for job creation and economic development in Ohio from the Department of Development to a private organization called JobsOhio. The organization will be run by a nine-person board chaired by the Governor, and will use a combination of public and private funds to attract companies to the state.

## **Oklahoma**

The Oklahoma House of Representatives approved the Oklahoma Quick Action Closing Fund but no money was appropriated to the program this year. The program will serve as a deal closing fund for the Governor and may receive private funding until state appropriations are made.

## **Pennsylvania**

Governor Corbett's proposed budget includes cuts for the Department of Community and Economic Development as part of a plan to consolidate and streamline financing and incentive programs. Under the plan, the number of available programs available will be reduced from 127 to 56 as duplicative or inefficient programs are eliminated.

**Contact our experts at (763) 476-8800  
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