

Update: February 2011

Tax Intelligence

Colorado and Louisiana Enterprise Zone Program Updates

Situation

The Colorado and Louisiana Enterprise Zones have recently passed legislation resulting in significant changes to the program credits and the process by which the program tax forms are certified.

Solution

Colorado Enterprise Zone (EZ) Program

Colorado's Enterprise Zone program provides tax incentives to encourage businesses to locate and expand in designated economically distressed areas. Businesses located in an Enterprise Zone may qualify for up to nine tax credits that encourage job creation and investment in the zones. There are 16 Enterprise Zones and 2 sub-zones in Colorado.

During the 2010 Legislative Session, several bills were passed resulting in the following program changes.

Pre-Certification Requirement

Effective January 1, 2012, businesses must receive pre-certification approval from the zone administrator prior to earning the EZ business tax credits. The EZ tax forms to be used for pre-certification are expected to be ready in late 2011.

File State Income Taxes Electronically

Businesses claiming EZ tax credits are required to file their income taxes electronically with the Department of Revenue (DOR).

Enterprise Zone Investment Tax Credit (ITC) Limited

Effective January 1, 2011, businesses may not claim or carryforward the Enterprise Zone ITC if it exceeds \$500,000 in 2011, 2012 and 2013.

Louisiana Enterprise Zone (EZ) Program

The Enterprise Zone (EZ) program is a jobs incentive program that provides Louisiana income and franchise tax credits to a business hiring at least 35% of net new jobs from one of four targeted groups. The program provides a one-time **\$2,500** credit per new job as well as either a 4% sales and use tax rebate or a 1.5% refundable Investment Tax Credit.

The Louisiana Economic Development (LED) issued new rules for the Louisiana EZ Program, along with updated Enterprise Zone Program Employee Certification Report (ECR) Instructions. The new rules and ECR instructions are effective as of January 20, 2011, for all Advance Notifications received on or after the effective date. If Advance Notifications were filed prior to January 20, 2011, the old Rules will govern the application, contract, ECR, etc. The EZ Program rules are as follows:

Increase Employment by Net Full-Time Jobs

Eligible businesses must increase employment by a minimum of 5 net **full-time** jobs.

35% Minimum Certification Requirement

Businesses must maintain annually a 35% minimum certification requirement for the length of the contract.

Documentation from Louisiana Workforce Commission (LWC)

Additional documentation is needed from the LWC for businesses that certify an employee using the workforce assistance category.

Extended Deadline and New Project Period

The ECR deadline has been extended to May 31st, and the new project period is 30 months with a 6 month automatic extension.

Value

TALX has a dedicated team reviewing and monitoring state legislative program changes and will continue to keep you posted on any updates or changes. If your company is interested in receiving more information on the additional program changes for Colorado and Louisiana, visit our corporate blog at <http://blog.talx.com> or contact Pete Krieshok at 314-214-7325 or by e-mail at pkrieshok@talx.com.