



IN THE BUSINESS OF YOUR SUCCESS™

Tax Credit Legislative Updates for the Northeast and Midwest States

An ADP Webcast

Wednesday, May 2, 2012

1 PM Eastern

The information and materials provided in this webinar are for informational purposes only and not for the purpose of providing legal advice. Further, the information and materials are not intended to be and do not constitute legal advice. Attendees should contact their attorney to obtain advice with respect to any particular incentive matter.

Housekeeping

- This is one of a number of complimentary webinars that ADP offers to Finance and HR professionals each year
- Today's webinar will last for 60 minutes, ending at 2 pm Eastern
- The last 10 minutes of today's program have been reserved for Q&A
- A .pdf copy of today's slides is available right now for download
- CPE and/or RCH certificates will be emailed to those who qualify within 30 days of today's broadcast
- Please participate in our brief survey at the conclusion of today's webinar



CPE Credit

■ Are you planning to apply for CPE and/or RCH credits for attending today's webinar?

- A. CPE Credit Only
- B. RCH Credit Only
- C. Both CPE & RCH Credits
- D. No
- E. Not Applicable

You must complete the survey at the end of the webinar too!

NASBA® (National Association of State Boards of Accountancy) and APA (American Payroll Association) requirements for receiving CPE and/or RCH Credit:

- Log in from same e-mail address that you used to register
- Stay for the full hour
- Answer all polling questions
- Answer the required survey questions



About ADP

Over 570,000 clients
worldwide

Pays 1 out of 6 in the U.S.
33M worldwide



Founded in 1949
Went public in 1961

45,000 Associates
In 60+ Countries

- Revenues of approximately \$10 Billion
- Market capitalization of >\$23 Billion

Electronically 'moving'
\$1 Trillion annually

1 of 4 AAA Rated U.S. Industrial Companies
(by Standard & Poor's & Moody's)

**One of the world's leading providers of
technology-based SaaS solutions to employers**

Today's Panel



Warren Lubliner

ADP

Northeast / North Central
Practice Leader



Karen Kelly

ADP

Director, Tax Credit Services



Mike Bruno

ADP

Manager, Tax Credit Services

Agenda

- NY Youth Works Tax Credit
- Connecticut Job Expansion Tax (JET)
- Maine Capital Investment (Bonus Depreciation) Credit
- Promoting Employment Across Kansas (PEAK) Act
- Updates on Legislative Changes and Expiring Credits
- Wrap-Up
- Q&A



Polling Question #1

- **How is your company taking advantage of state tax credits and incentives?**
 - A. We prepare state credits and incentives “in house”.
 - B. We outsource our state credits and incentives work.
 - C. We currently don’t capture any state credits and incentives.
 - D. I am unsure.

You must complete the survey at the end of the webinar too!

NASBA® (National Association of State Boards of Accountancy) and APA (American Payroll Association) requirements for receiving CPE and/or RCH Credit:

- Log in from same e-mail address that you used to register
- Stay for the full hour
- Answer all polling questions
- Answer the required survey questions



NY Youth Works Tax Credit

- Available for FT (35 hours or more / week) and PT (20-34 hours / week) employees hired between 1/1/12 and 12/31/12
- Both the business and the employee must be certified
- Business must be certified by 11/30/12
- Employee must be certified by 12/31/12



Eligibility Requirements

- Credit is available for hiring “at-risk” youth
- Employee must be between the ages of 16 and 24
- Employee must be unemployed at the time of hire

Employee Must Reside in the Following Areas of NY State



Eligibility Requirements

The employee must meet at least one of the following requirements:

- Is 18, no longer in school and doesn't have a high school diploma or a GED
- Is receiving TANF
- Is receiving food stamps
- Is a member of a family that is receiving SSI benefits
- Is receiving free or reduced-cost school lunch
- Is referred by a rehabilitation agency approved by the state or an employment network under the Ticket to Work Program

Eligibility Requirements

- **Has served time in juvenile detention, jail or prison, or are on probation of parole**
- **Is pregnant or a parent**
- **Is homeless**
- **Is currently in or will soon be leaving foster care**
- **Is a veteran**
- **Is a son or daughter of a parent who is currently in jail or prison or has been within the past two years**
- **Is a son or daughter of a parent who is collecting unemployment insurance**

Benefits

Employee Status	Initial Credit Amount (max. 6 months)	Additional Credit Amount (employee retained 1 yr)
Full-Time	\$500/month	\$1,000
Part-Time	\$250/month	\$500

Planning Considerations

- **Screening will be required to verify the qualifications**
- **Credit is available retroactively – businesses can go back to 1/1/12 to certify all eligible new hires**
- **Credit is refundable**

Connecticut Job Expansion Tax (JET) Credit

- Available for each new FT employee hired between January 1, 2012, and prior to January 1, 2014
- Pre-certification is required before hiring can begin
- No specific industry preference
- Credit can be applied against following taxes:
 - Insurance Premiums Tax
 - Corporation Business Tax
 - Utilities Company Tax
 - Income Tax



Thresholds to Qualify for the Credits

Current Number of Employees	Must Hire
< 50 employees	1 new FT employee
50-100 employees	5 new FT employees
> 100 employees	10 new FT employees

Benefits

- **Basic benefit is \$500/job/month for three years from hire date**
- **Added incentive for hiring an employee receiving vocational rehabilitative services, receiving unemployment or a veteran**
- **Credit for these employees is \$900/job/month**

Eligibility Requirements

Each full-time job to which the credit applies:

- **Must be a “New” job in CT**
- **Requires at least 35 hours of FT work per week for not less than 48 weeks in a calendar year**
- **Cannot be seasonal or part-time**
- **Must be employed at the close of the tax year of the qualified business**
- **Results in a net increase in FT employment from the baseline start date to the end of the reporting period**

Planning Considerations

- **Credit is available on legal entity basis**
- **Credit is non refundable and has no carryforward / carryback provision**

Polling Question #2

- **Is your company planning to expand in or relocate to the State of Connecticut?**
 - A. Yes, we are expanding in Connecticut.
 - B. Yes, we are relocating to Connecticut.
 - C. No, we are not considering expanding or relocating to Connecticut.
 - D. I am unsure.

You must complete the survey at the end of the webinar too!

NASBA® (National Association of State Boards of Accountancy) and APA (American Payroll Association) requirements for receiving CPE and/or RCH Credit:

- Log in from same e-mail address that you used to register
- Stay for the full hour
- Answer all polling questions
- Answer the required survey questions



Maine Capital Investment (Bonus Depreciation) Credit

- Tax credit allowed for taxpayers that claim a bonus depreciation deduction under IRS Code Sec. 168(k)
- Applicable for most property placed in service in Maine during the 2011 and 2012 taxable year
- Property owned by the following is not eligible:
 - Public utilities
 - Radio paging services providers
 - Mobile telecommunications services providers
 - Cable television companies
 - Satellite-based direct television broadcast services providers
 - Multichannel, multipoint television distribution services provider



Benefit

- **The credit is equal to 10% of the federal bonus depreciation claimed under IRC Sec 163(k) with regards to ME assets**
- **Important note:**
 - Taxpayers claiming the credit must add back the amount of bonus depreciation to their Maine taxable income

Planning Considerations

- **The credit is non refundable**
- **The credit has a 20-year carry forward period**
- **Subject to recapture if property generating the credit is not used in Maine for the entire 12-month period following the date placed in service**

Polling Question #3

- **Has your company already or will your company be making a significant capital investment in the State of Maine during 2011 and 2012?**
 - A. Yes, we have made a significant investment in 2011.
 - B. Yes, we plan to make a significant investment in 2012.
 - C. No, we are not planning any significant investments in the state.
 - D. I am unsure.

You must complete the survey at the end of the webinar too!

NASBA® (National Association of State Boards of Accountancy) and APA (American Payroll Association) requirements for receiving CPE and/or RCH Credit:

- Log in from same e-mail address that you used to register
- Stay for the full hour
- Answer all polling questions
- Answer the required survey questions



Promoting Employment Across Kansas (PEAK) Act

- **Effective July 1, 2009, PEAK was enacted to foster economic development and jobs creation in KS**
- **Pre-certification is required prior to relocating or hiring of new employees**



Threshold to Qualify for the Credit

- **Five new jobs in non-metropolitan counties over a two year period**
- **Ten new jobs in metropolitan counties over a two year period**
- **Shawnee, Douglas, Wyandotte, Johnson, Leavenworth and Sedgwick are metropolitan counties**

Benefits

- **Subject to Secretary of Commerce's discretion, qualified companies may retain 95% of employee withholding taxes of PEAK eligible employees**
- **Depending upon the median or average wage for PEAK eligible jobs, taxpayers can claim the benefit for up to 7 years**
- **If a taxpayer is creating a minimum of 100 jobs in KS, regardless of location, benefits can be extended for up to 10 years**

Eligibility Requirements

Cannot have NAICS assignment of:

- **7132 (Gambling) or 8131 (Religious Organization)**
- **Sectors 44 & 45 (Retail Trade*), 61 (Educational Services), 92 (Public Administration), or 221 (Utilities)**
- **Subsector 722 (Food Services and Drinking Places)**
- **Bioscience NAICS assignment**

Eligibility Requirements

- **Shall not be delinquent in federal, state or local taxes**
- **Shall not be under the protection of the federal bankruptcy code**
- **Must provide health insurance to all FT employees and pay more than 50% of the cost of such insurance**
- **Must have an aggregate median or average wage for PEAK jobs of at least 100% of the county median wage**
- **Must be approved by the Secretary of Commerce to participate in the program**

Planning Considerations

- **Must apply before relocating or hiring**
- **Recapture provision if taxpayer doesn't increase minimum number of jobs within two years**

Updates on Legislative Changes and Expiring Credits

Update on KS Business and Job Development Credit

- **The credit is available for facilities located in all counties up to and including the 2010 Tax Year**
- **For tax year 2011, the credit is only available for facilities located in non-metropolitan counties**
- **No new credits may be generated for tax years after 2011**
- **No “haircut” required for tax year 2011**

Update on KS Machinery and Equipment Credit

- **Credit expired for tax years 2012 and later**
- **No “haircut” required for tax year 2011**

Update on Colorado Enterprise Zone Credits

- **Effective 1/1/2012, pre-certification is required prior to commencing an activity that will earn an EZ business tax credit**
- **Effective 1/1/2012, taxpayer must file the tax return electronically if claiming an EZ credit. The return must also include a carryforward schedule**
- **EZ certification process is now available online**

Update on the Michigan Tax Credits

- **The Michigan Business Tax expired on 12/31/2011, along with the Compensation and Investment Credits associated with this tax**
- **Currently, no legislation has been enacted to extend the MBT Compensation and Investment Credits tax credits to the Michigan CIT**

Polling Question #4

- **Has your company taken advantage of the incentives in the states of Michigan and Kansas that are set to expire?**
 - A. Yes, my company has taken advantage of the Michigan incentives.
 - B. Yes, my company has taken advantage of the Kansas incentives.
 - C. Yes, my company has taken advantage of both the Michigan and Kansas incentives.
 - D. No, my company has not taken advantage of these incentives.

You must complete the survey at the end of the webinar too!

NASBA® (National Association of State Boards of Accountancy) and APA (American Payroll Association) requirements for receiving CPE and/or RCH Credit:

- Log in from same e-mail address that you used to register
- Stay for the full hour
- Answer all polling questions
- Answer the required survey questions



Q&A



Thank You for Joining Us Today

For information on any of the ADP products or services referenced during today's webinar:

- Phone 800-CALL-ADP or visit www.adp.com

For a complete listing of ADP webinars and webinar recordings, go to:

- adp.com | tools & resources | events | webinars



Please Tell Us How We're Doing

***Your input will be used to improve
and plan future webinars***

ADP is committed to assisting businesses with increased compliance requirements resulting from rapidly changing legislation. Our goal is to help minimize your administrative burden so that you can focus on running your business. Neither the content nor the opinions expressed herein are necessarily the thoughts or opinions of ADP or its employees. The content provided as part of this seminar is provided as a courtesy to our clients and should not be construed as tax or legal advice. ADP encourages interested readers to consult with appropriate legal and/or tax advisors.

*The ADP Logo and ADP are registered trademarks of ADP, Inc.
In the Business of Your Success is a service mark of ADP, Inc.*

All other marks are the property of their respective owners.



Thank You for Attending.

