

## Income or Premium Tax Credits Enterprise Zone (EZ) Program

| Income or Premium Tax Credits |   |
|-------------------------------|---|
| <b>Who</b>                    | For profit non-retail businesses and insurers located in an EZ.   |
| <b>What</b>                   | Tax credit equal to a dollar for dollar reduction on income or premium taxes.                                 |
| <b>When</b>                   | The earlier of either six months after the tax year end or before filing with Revenue, whichever comes first. |
| <b>Why</b>                    | Up to \$3,000 in tax credits over 3 years for each net new quality job created.                               |

### Benefit Explanation

Businesses located in an Enterprise Zone that conduct 10% or less retail sales and create net new quality jobs can qualify for the income or premium tax credits. Three types of retail sales are unlimited and may constitute any percentage of the business activity without causing ineligibility:

- a) Food and beverage for consumption on the premises solely by employees and occasional guests of employees at the location
- b) Promotional products displaying the company logo or trademark
- c) Products sold to company employees

Tax credits may total up to \$3,000 for each net new quality job over three years for a maximum of 200 employees in any given tax year. A net new quality job is a position that is:

- 1) full-time and permanent,
- 2) filled at least 90 days during the tax year, and
- 3) paid at least the average **wage offer by county**.

Further, the business must offer to pay at least 50% of the health insurance costs of the employee and the employee cannot have worked for the business in the previous 12 months. In addition, if a business claims a healthy forest or military reuse zone credit it may not claim an EZ tax credit with respect to the same employee(s).

The EZ program encourages continuous employment, therefore, the tax credit is equal to:

| Year of Employment | Tax Credit Amount                                  |
|--------------------|--|
| First year:        | 1/4 of the wages paid to an employee up to \$500   |
| Second year:       | 1/3 of the wages paid to an employee up to \$1,000 |
| Third year:        | 1/2 of the wages paid to an employee up to \$1,500 |

If the allowable enterprise zone credit exceeds the income or premium tax liability, any unused amount may be carried forward for up to five taxable years, providing the business remains in the enterprise zone.

35% of the net new employees on whom the business is claiming a credit must live within an enterprise zone in the same county as the business on the date of hire.

## Property Tax Reduction Enterprise Zone (EZ) Program

| Property Tax Reduction |   |
|------------------------|---|
| <b>Who</b>             | For profit manufacturers and commercial printers located in an EZ.              |
| <b>What</b>            | Five year reduction of real and personal property, which reduces primary taxes. |
| <b>When</b>            | Applications for are due on or before October 1st of each year.                 |
| <b>Why</b>             | Approximately 40-60% overall savings on the business' property tax bill.        |

### Benefit Explanation

Property tax reduction is available for **qualified manufacturing or commercial printing businesses** located in an enterprise zone. A qualified business is eligible for an assessment ratio of 5% (for primary tax purposes only) on all personal and real property in the zone for five years if it is:

- Either minority-owned, woman-owned or small (a small business has less than 100 full-time employees at the location or gross sales of \$4 million or less company-wide), and
- Independently owned and operated (not owned more than 50% by another company unless the ultimate ownership is primarily family-owned or closely held), and
- Makes an investment in fixed assets at the zone between \$500,000, \$1 million or \$2 million, depending upon the location of the facility. The investment can be aggregated from 1/1/2001 as long as the zone was in place during that time.

The **definition of manufacturing** is set forth in the [statute](#):

“Manufacturing means fabricating, producing or manufacturing products, wares or articles for use from raw or prepared materials, imparting to those materials new forms, qualities, properties and combinations. Manufacturing does not include generating electricity at a facility assessed...”

The **definition of commercial printing** is set forth in the [statute](#):

“Commercial printing means producing printed product through a lithographic or flexographic process, from material cut to press size on the premises, transferred with pressure and finished with a process that may include scoring, folding, die cutting, gluing, stamping, embossing or packaging...”