LEGISLATIVE AND INCENTIVE UPDATE
October 2012

The September 2012 Legislative and Incentive Update provides a national recap of the state legislative activities that have resulted in laws related to business incentives and economic development.

Understanding the competitive economic climate, legislatures across the country continue to propose new legislation to compete in today’s tenuous economic environment. With many States considering economic development legislation, the list below reflects what has been signed into law or awaiting signature.

States with Updates

Alabama
The Alabama legislature had a very active 2012 session in terms of economic development initiatives. The incentive legislation that was passed and signed into law includes:

- Extending existing tax abatement periods for large data center projects (ACT 2012-210);
- Providing sales tax exemption for any parts, components, or systems used in the conversion, reconfiguration or maintenance of a transport category plane (ACT 2012-185);
- Increasing the aggregate yearly cap for film incentives from $10 million to $15 million for 2013 and 2014, and then $20 million for each year after that (ACT 2012-212);
- Amendments to the Tornado Recovery Tax Incentive Protection Act of 2011 that does not disqualify tax abatement because the transaction relates to repairs or replacement of property as a result of a natural disaster (Act 2012-524);
- Expansion of statutory incentives to the Coal Mining industry (ACT 2012-54);
- The Alabama New Markets Development Act which provides state income, financial institution excise and insurance premium tax credits to investors in community development entities that provide funding to businesses in qualified low income communities (ACT 2012-483);
- Allowing larger projects of over $100 million investment and 100 new jobs to carry forward any unused capital credits for a period of four years after the normal 20 year period expires (ACT 2012-385);
- Allowing agricultural businesses to elect to expense qualified irrigation equipment (ACT 2012-391);
- Expanding Alabama’s primary tax incentives to include a “tourism destination attraction” which is a commercial enterprise designed to attract visitors from within or outside of Alabama (Act 2012-436);
- Providing a $1,000 non-refundable income tax credit to employers who hire an unemployed veteran (ACT 2012-168).

Alaska
Governor Parnell signed Senate Bill 23 into law which gives a 10 year extension to Alaska’s existing film and television production incentives. The bill also includes incentives for oil and gas exploration in unexplored basins within the State, as well as tax credits for the construction of natural gas storage facilities and tax breaks to attract small research and technology companies to Alaska.
Arizona
Governor Brewer signed House Bill 2815 to encourage investment in small businesses, start-ups, and incentivize the location of corporate headquarters in Arizona. Governor Brewer also signed an Executive Order establishing a special task force that will be charged with identifying ways to simplify the State’s complex sales tax code.

California
The California Senate approved extending the State’s film and tax credit program for two additional years. The bill provides $100 million in annual tax credits for productions. The bill will be voted on by the state Assembly, which recently approved a very similar bill, before being sent to Governor Brown for approval which is still pending.

Governor Brown also signed legislation designed to strengthen economic development and international trade in California. The legislation re-establishes California’s international trade offices in order to drive exports and increase direct foreign investment in the Golden State.

Colorado
Governor Hickenlooper signed a number of economic development bills this legislative session including: a review of enterprise zones to make recommendations for changes in the program (HB 1241); establishing a limitation on the liability for commercial space flight activities which will be a key factor in the designation of a spaceport at Front Range Airport (SB 35); and allowing local government the discretion to expand the use of business personal property tax incentives as a business recruitment and expansion tool, increasing the rebate from 50% to 100%. (HB 1029)

Delaware
Governor Markell signed HB 275, the “Veteran’s Opportunity Tax Credit,” which gives companies a $1,500 annual tax credit for each recent veteran they hire.

Hawaii
Governor Abercrombie signed a number of bills related to economic development including: increasing the maximum allocation of transient accommodations tax revenue to the tourism fund from $69 million to $71 million (SB 490); authorization of an agency or applicant to bypass the preparation of an environmental assessment and proceed directly to an environmental impact statement for proposed actions that are determined to require an environmental impact statement (HB 2265); establishing a state venture accelerator funding program under the Hawaii Strategic Development Corporation to assist the State’s technology businesses to complete for investment capital (HB 2319); amendments that require performance and payment bonds for procurements for construction greater than $50,000 and raises the ceiling for small purchase procurement for construction from $100,000 to $250,000 (HB 2265); the transfer of the Pacific International Space Center for Exploration Systems (PISCES) from the University of Hawaii to the Department of Business, Economic Development and Tourism’s Office of Aerospace Development along with establishing a PISCES board of directors and appropriating funds (HB 2873).

Illinois
Governor Quinn signed into a law a bill that extends the life span of enterprise zones for 25 years. The first of the State’s enterprise zones were set to expire in 2013. New language in the bill also allows a company to receive job creation incentives for the number of hours it employs rather than the number of workers, allowing companies that use part time workers to access the incentives available. In separate legislation, company names and the terms of incentives received under the Economic Development for a Growing Economy (EDGE) program will be released by the Department of Commerce and Economic Opportunity.

Louisiana
Governor Jindal signed two new laws that will (1) create a Corporate Headquarters Relocation program enabling Louisiana Economic Development to offer a 25% rebate over five years on relocation expenses for headquarters that create at least 25 high paying jobs (HB 957); and (2) create a payroll incentive for highly competitive projects, offering up to at 15% payroll rebate to secure new jobs in target sectors (HB 958). The current Quality Jobs incentive program provides a 6% payroll rebate to eligible companies that meet statutory eligibility requirements.
Maryland
Governor O’Malley signed legislation authorizing a referendum to approve expanded gambling. If approved, the measure will allow a new casino to be built in Prince George’s County.

Massachusetts
Governor Patrick signed new legislation that expands incentives and opportunities for developing renewable power generation. The legislation amends current law to increase the size of hydroelectric projects that can qualify as renewable energy generating sources for financial incentives. Governor Patrick also signed an economic development bill that includes a number of initiatives supporting the “innovation economy,” including $50 million for a Scientific and Technology Research and Development Fund, $1 million for a “talent pipeline” through the Massachusetts Technology Collaborative to provide matching grants aimed at increasing technology internships, $1 million to support mentoring, advice, incubator space and accelerator programs, and $5 million for the Workforce Competitiveness Trust Fund.

New York
Governor Cuomo signed legislation that will strengthen existing incentives offered by New York State to attract additional film post-production activity to the State. The law increases the percentage of tax credits available to 30% in Metropolitan New York and 35% in Upstate New York. Prior to this law, the credit was capped at 10%. The law does not require any pre-production work or filming to be conducted in the State to receive the credit.

Wisconsin
The Legislatures’ Joint Committee on Finance has approved an additional $25 million in tax credits for the Wisconsin Economic Development Corporation aimed at incentivizing companies to create jobs, make capital investments and maintain a headquarters in Wisconsin.