

Jacksonville's Empowerment Zone

TAX CREDITS

Wage credits

Especially attractive for businesses looking to grow, Empowerment Zone businesses that hire and retain Zone residents can obtain wage credits to apply against their federal tax liability. Zone businesses can enjoy up to a \$3,000 credit (20 percent of wages paid on the first \$15,000) for every newly hired or existing employee who lives in the Empowerment Zone.

Work Opportunity Credits

Provide businesses up to \$2,400 against their federal tax liability for each employee hired from areas with traditionally high unemployment rates or other special employment needs, including youth who live in the Zone.

Welfare to Work Credits

Offer Empowerment Zone businesses a credit of up to \$3,500 (in the first year of employment) and \$5,000 (in the second year) for each newly hired long-term welfare recipient.

BOND FINANCING

Tax-Exempt Facility Bonds

Help Empowerment Zone businesses receive lower-cost loans to finance property, purchase equipment and develop business sites within these communities.

Qualified Zone Academy Bonds

Enable state and local governments to match no-interest loans with private funding sources to finance public school renovations and programs.

CAPITAL GAINS

Businesses can postpone or only partially recognize the gain on the sale of certain assets, which can significantly reduce the capital gains tax liability on businesses located within these designated areas. The Empowerment Zone also provides partial exclusion of gain on sale of Empowerment Zone stock - providing an exclusion of 60 percent of the gain on sale of small business stock of a C corporation that is an Enterprise Zone Business, if the stock is held for at least five years.

TAX DEDUCTIONS

Increased Section 179 Deduction

Allows businesses to claim increased expensing deductions up to \$35,000 for depreciable property, such as equipment and machinery acquired after December 31, 2001.

Environmental Cleanup

Cost Deduction allows businesses to deduct qualified cleanup costs in Brownfield Areas. The property must be located in an Empowerment Zone and must be certified by a state environmental agency. The Jacksonville Empowerment Zone is also designated as a Brownfield area.

OTHER INCENTIVES

New Markets Tax Credits

Provide investors with a credit against their federal taxes of 5 to 6 percent of the amount invested in a distressed area for each of the years the investment is held, up to seven years of the credit period.

Low-Income Housing Tax Credit

Provides a 10-year credit against federal taxes for owners of newly constructed or renovated rental housing who set aside a specified percentage of units for low-income persons for a minimum of 15 years. The credit varies for new construction and renovation.

(Contact JEDC for detailed information and other eligibility requirements.)

