



## **ECONOMIC DEVELOPMENT TAX CREDITS FOR NORTHEASTERN STATES**

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### **ISSUE**

What economic development tax credits are available to partnerships, limited liability partnerships, and other "pass-through" entities in the New England states, New York, and New Jersey?

### **SUMMARY**

Unlike corporations, pass-through entities are not subject to a corporation business tax. Consequently, they cannot claim the corporation business tax credits most states offer for creating jobs, researching and developing new products, acquiring new machinery and equipment, or making other types of investments and expenditures. Some states, however, extend these tax incentives to pass-through entities, allowing their owners and partners to claim credits against their personal income taxes.

Table 1 gives an overview of the types of tax credits that are available to pass-through entities in the selected states. Table 2 lists the specific tax credits available to pass-through entities. For both tables, the tax credits are organized into six categories: capital investments, job creation and retention, real estate development, research and development, targeted areas, and venture capital investments. The tables do not include New Hampshire, which does not impose a broad-base income tax.

**Table 1: State-by-State Overview of Tax Credits Available to Pass-Through Entities**

<i>Purpose</i>	<i>States</i>						
	Connecticut	Maine	Massachusetts	New Jersey	New York	Rhode Island	Vermont
<b>Capital Investments</b>		X	X	X	X	X	
<b>Job Creation and Retention</b>	X	X	X	X	X		
<b>Real Estate Development</b>		X	X		X	X	X
<b>Research and Development</b>		X		X		X	
<b>Targeted Areas</b>		X	X	X	X	X	X
<b>Venture Capital Investments</b>	X	X		X	X	X	X

**Table 2: Specific Tax Credits Available to Pass-Through Entities**

<i>Capital Investments</i>						
Connecticut	Maine	Massachusetts	New Jersey	New York	Rhode Island	Vermont
	Generic Tax Credit for Pass-Through Entities High-Technology Investment Tax Credit Jobs and Investment Tax Credit Maine Capital Investments Credit New Markets Tax Credit	Economic Development Incentive Program New Markets Tax Credit	Grow NJ Assistance Tax Credit	Investment Tax Credit Investment Tax Credit for Financial Security Industry Economic Transformation and Facility Redevelopment Program Credit	Biotechnology Investment Tax Investment Tax Credit Specialized Investment Tax Credit	

Table 2 (continued)

<i>Job Creation and Retention</i>						
<b>Connecticut</b>	<b>Maine</b>	<b>Massachusetts</b>	<b>New Jersey</b>	<b>New York</b>	<b>Rhode Island</b>	<b>Vermont</b>
Job Expansion Tax Credit*	Jobs and Investment Tax Credit Pine Tree Development Zone Tax Credit	Economic Development Incentive Program	Grow NJ Assistance Tax Credit	Excelsior Jobs Program Credit Empire State Jobs Retention Program Credit Workers with Disabilities Tax Credit Employee Incentive Credits Hire a Veteran Credit Youth Works Credit		
<i>Real Estate Development</i>						
<b>Connecticut</b>	<b>Maine</b>	<b>Massachusetts</b>	<b>New Jersey</b>	<b>New York</b>	<b>Rhode Island</b>	<b>Vermont</b>
	Credit for Rehabilitation of Historic Properties New Markets Tax Credit	Brownfields Credit for Rehabilitation of Contaminated Property Historic Rehabilitation Credit Low Income Community Investment Housing Credit Certified Housing Development Credit New Markets Tax Credit		Brownfields Redevelopment Tax Credit Historic Barn Rehabilitation Credit Low-Income Housing Credit Rehabilitation of Historic Properties Credit	Historic Preservation Tax Credit	Historic Preservation Tax Credit
<i>Research and Development</i>						
<b>Connecticut</b>	<b>Maine</b>	<b>Massachusetts</b>	<b>New Jersey</b>	<b>New York</b>	<b>Rhode Island</b>	<b>Vermont</b>
	Research Expense Tax Credit Super Credit for Substantially Increased Research and Development		Research and Development Tax Credit		Research and Development Expenses Credit Research Expense Credit	
<i>Targeted Industries</i>						
<b>Connecticut</b>	<b>Maine</b>	<b>Massachusetts</b>	<b>New Jersey</b>	<b>New York</b>	<b>Rhode Island</b>	<b>Vermont</b>
	Biofuel Production and Use Credit Certified Visual Media Production	Dairy Farmer Tax Credit Film Incentive Tax Credit Medical Device	Emerging Technologies Tax Credit Film Production	Musical and Theatrical Production Credit Empire State Commercial Production Credit	Musical and Theatrical Production Tax Credit Biotechnology	Financial Services Development Tax Credit

Table 2 (continued)

	Credit High-Technology Investment Tax Credit Maine Seed Capital Tax Credit Maine Fishery Infrastructure Investment Tax Credit Program Pine Tree Development Zone Tax Credit Quality Child Care Investment Credit	Credit Life Sciences Credits (3)	Expenses Tax Credit	Biofuel Production Credit Beer Production Tax Credit Investment Tax Credit for Financial Security Industry Emerging Technologies Credits Empire State Film Tax Credits	Investment Tax Credit Motion Picture Production Tax Credit	
<b><i>Venture Capital Investments</i></b>						
<b>Connecticut</b>	<b>Maine</b>	<b>Massachusetts</b>	<b>New Jersey</b>	<b>New York</b>	<b>Rhode Island</b>	<b>Vermont</b>
Angel Investor Tax Credit	Seed Capital Tax Credit		Angel Investor Tax Credit	Qualified Emerging Technology Company Capital Tax Credit	Innovation Tax Credit	Seed Capital Fund

\*Connecticut's Job Expansion Credit applies to business and personal income taxes for qualifying jobs created between January 1, 2012 and January 1, 2014.

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