



**WORKFORCE SYSTEMS LETTER NO.: 06-05**

**DATE:** March 23, 2006

<b>EFFECT:</b>	<u><b>ACTION</b></u>	<u><b>INFO</b></u>	<u><b>WITH ATTACHMENTS</b></u>
	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> SWAs	<input checked="" type="checkbox"/>
	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> WIA State Liasons	<input checked="" type="checkbox"/>
	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> LWIBs	<input checked="" type="checkbox"/>

**SUBJECT: Renewal Community Tax Credits and Economic Development Incentives**

---

**1. Purpose.** To provide the workforce system in Region 1 with information regarding various tax incentive and grant programs available to employers in certain Renewal Community (RC), Empowerment Zone (EZ), and Enterprise Community (EC) areas. Regional economic development continues to be a priority and the resources described below can certainly facilitate any efforts you are currently contemplating in this area.

**2. Background.** The RC/EZ/EC Initiatives are vital to development in more than one hundred distressed urban and rural areas nationwide. Nineteen of these areas are located in Region 1. The Initiative, through a combination of innovative tax incentives, Federal grants, and partnerships with government, for-profit and non-profit agencies, has opened new businesses and created jobs, housing, and new educational and healthcare opportunities for thousands of Americans. These incentive programs are administered by the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture.

**3. Programs & Benefits.** The three programs offer a variety of tax incentives and credits, including but not limited to: low interest financing, wage credits, personal property deductions, accelerated depreciation schedules and capital gains exclusions. The savings to an employer can be substantial, allowing them to reinvest those savings into their business and promote additional economic growth.

Examples of some of the benefits are:

- \$3,000 tax credit for every employee that lives in an EZ
- Summer Youth Work Opportunity Tax Credit (WOTC) tax credit of up to \$1,200 per youth (EZ/RC)
- \$2,400 in WOTCs for each 18 to 24 year-old employee hired from an EZ/RC
- Accelerated depreciation schedule (as short as 10 years) (RC)
- Investors pay no capital gains on stock or partnership interests (RC)

**4. Locations.** A clickable map and address locator are available on HUD's website at: [http://egis.hud.gov/egis/cpd/rcezec/ezec\\_open.htm](http://egis.hud.gov/egis/cpd/rcezec/ezec_open.htm).

**5. Action.** Please distribute this information to your business service teams, rapid response team members, local board directors and local board chairs.

**6. Inquiries.** Additional questions regarding the various tax credits offered through these programs may be made to Tim Theberge at (617) 788-0139 or [theberge.timothy@dol.gov](mailto:theberge.timothy@dol.gov).

William L. Carlson, Ph.D.  
Regional Administrator

Attachments