

Jobs Growth Act of 2005: Income Tax Reduction on Performance-Based Income

The Jobs Growth Act (RIGL 42-64.11-1) allows eligible businesses in any industry to offer their employees an exclusion of 50% of performance-based compensation from their Rhode Island gross income. In return, the company pays a 5% tax each year on the performance-based income paid that year. An application for certification would be filed with the Rhode Island Economic Development Corporation.

- In order to qualify, a company must hire 100 new employees in the state and add at least \$10 million to its state payroll. Those new workers must earn at least 125% of the state's average annual compensation.
- Employees must be hired or relocated after June 1, 2005 and cannot have been previously employed by the company. The tax cut applies only to bonus or incentive income, not base salary.