

1 HB137
2 115603-1
3 By Representative Mask
4 RFD: Education Appropriations
5 First Read: 12-JAN-10
6 PFD: 01/07/2010

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8 SYNOPSIS: For tax years beginning after December 31,
9 2010, this Act will annually phase in, if certain
10 conditions are met, an increasing percentage to a
11 maximum of twenty percent (20%) of the amount
12 allowed in Sections 51 and 52 of the Internal
13 Revenue Code for federal purposes, as a Work
14 Opportunity income tax credit to encourage
15 employers to hire and employ certain persons who
16 are certified in a targeted, higher-risk category
17 of employees.

18
19 A BILL
20 TO BE ENTITLED
21 AN ACT

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23 To add Section 40-18-182 to the Code of Alabama
24 1975, to allow a Work Opportunity income tax credit for tax
25 years beginning after December 31, 2010, that will annually
26 phase in, if certain conditions are met, and increase in
27 percentage to a maximum of twenty percent (20%) of that amount

1 which is currently allowed in Sections 51 and 52 of the
2 Internal Revenue Code for federal purposes. The Work
3 Opportunity income tax credit would encourage employers to
4 hire and employ certain persons who are certified in a
5 targeted, higher-risk category of employees.

6 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

7 Section 1. Section 40-18-182 is hereby added to the
8 Code of Alabama, 1975 to read as follows:

9 Section 40-18-182. Work Opportunity income tax
10 credit.

11 (a) An Alabama work opportunity credit shall be
12 available to employers that qualify for the federal income tax
13 work opportunity credit as determined under Internal Revenue
14 Code Section 51. The amount of the Alabama work opportunity
15 credit shall be twenty percent (20%) of the portion of the
16 federal work opportunity credit for the corresponding tax year
17 which is attributable to the employment of Alabama residents.
18 The credit shall be allowed against the tax imposed in Chapter
19 18 of the Code of Alabama 1975. The provisions of this
20 Section (Section 1 of this Act) shall be phased in as provided
21 by Section 2 of this Act.

22 Section 2. (a) The provisions of Section 1 of this
23 Act shall be phased in over a period of two (2) adjustment
24 years in equal installments. An adjustment year is a tax year
25 beginning on or after January 1, following certification by
26 the Alabama Department of Finance (Finance) of sufficient (at

1 least 3%) estimated growth in the Education Trust Fund as
2 described below.

3 (b) Beginning with the 2011 regular session of the
4 Alabama Legislature, and on an annual basis thereafter until
5 the provisions of this Act are fully phased in, Finance shall
6 certify to the Alabama Department of Revenue (Revenue) that
7 the estimated growth in revenues in the Education Trust Fund
8 will or will not equal or exceed three percent (3%) in the
9 subsequent fiscal year. Finance shall provide written
10 certification to Revenue on or before the second legislative
11 day of each regular legislative session stating Finance's
12 estimate of revenue growth in the Education Trust Fund for the
13 subsequent fiscal year, as required in Code of Alabama 1975,
14 Section 41-19-7(b)(3). Upon receipt of the aforementioned
15 certification, Revenue will take the actions necessary to
16 implement the provisions of this Act.

17 Section 3. The provisions of this Act are severable.
18 If any part of this Act is declared invalid or
19 unconstitutional, that declaration shall not affect the part
20 which remains.

21 Section 4. All laws or parts of laws which conflict
22 with this Act are hereby repealed.

23 Section 5. This act shall become effective for the
24 tax years beginning on or after January 1, 2011.