

1 HB163
2 116203-1
3 By Representative Bridges
4 RFD: Education Appropriations
5 First Read: 12-JAN-10

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8 SYNOPSIS: This Act will provide an income tax credit
9 to encourage employers to hire and employ certain
10 persons who are currently receiving unemployment
11 compensation from the state. The credit shall be
12 known as the Back to Work Tax Credit of 2010.

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14 A BILL
15 TO BE ENTITLED
16 AN ACT

17
18 To add Section 40-18-136.1 to the Code of Alabama
19 1975, to allow an income tax credit that would encourage
20 employers to hire and employ certain persons who are currently
21 receiving unemployment compensation from the state.

22 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

23 Section 1. This act shall be known as and referred
24 to as the "Back to Work Act of 2010".

25 Section 2. Section 40-18-136.1 is hereby added to
26 the Code of Alabama 1975:

27 Section 40-18-136.1 Back to Work Tax Credit.

1 (a) An Alabama income tax credit shall be available
2 to qualifying employers that employ qualified employees. The
3 credit shall be known as the Back to Work Tax Credit of 2010.
4 The amount of the credit will be available to be taken by the
5 qualifying employer against the Alabama income tax or the
6 financial institution excise tax. The credit shall be \$500 for
7 each qualified employee employed at a wage rate of at least
8 \$10.55 per hour but less than \$15.00 per hour; \$1,000 for each
9 qualified employee employed at a wage rate of at least \$15.00
10 per hour but less than \$20.00 per hour; or \$1,500 for each
11 qualified employee employed at a wage rate of at least \$20.00
12 per hour. For the purpose of determining the amount of
13 available credit, the Alabama Department of Industrial
14 Relations shall prescribe the manner of calculating the wage
15 rate paid to a given employee.

16 (b) A Qualified Employee is a newly hired full-time
17 employee who must currently be on the Alabama unemployment
18 benefit roll and must have been so for not less than three
19 consecutive weeks as of the employment date, which must be
20 prior to July 1, 2011.

21 (c) A Qualifying Employer is one who:

22 (1) Hires a qualified employee after the effective
23 date of this Act and before July 1, 2011;

24 (2) Has not employed said employee during the six
25 months prior to the new employment date;

26 (3) Is current in its Alabama unemployment tax
27 filings and contributions;

1 (4) Employs the qualified employee in Alabama for at
2 least six consecutive months after the new employment date, at
3 an average of not less than thirty-two (32) hours per week and
4 at a wage rate for the entire period of no less than the
5 hourly amount needed to qualify for the credit to be claimed;
6 and

7 (5) Has reported the employee for which it is
8 applying for credit in accordance with the requirements of The
9 New Hire Act of 1997.

10 (d) To receive the income tax credit an employer
11 must apply to and receive certification from the Alabama
12 Department of Industrial Relations that the newly hired
13 employee meets eligibility requirements for the credit and
14 that the employer is a qualifying employer; in a manner
15 prescribed by said Department.

16 (e) The Department of Industrial Relations shall
17 certify to the requesting employer and to the Department of
18 Revenue the eligibility date of each employee for the credit.
19 The eligibility date shall be the date each employee completes
20 six consecutive months of employment with the qualifying
21 employer.

22 (f) The qualifying employer may claim the credit
23 against the tax imposed by Chapter 18 or by Chapter 16 of
24 Title 40 of the Code of Alabama 1975, for the tax year that
25 includes the eligibility date of the employee for whom a
26 credit is being sought. Notwithstanding any provisions to the
27 contrary, a qualifying employer must be current in the filing

1 and paying of all taxes with the Alabama Department of Revenue
2 in order to receive the credit. The credit is not refundable
3 or transferable. The credit shall be available, on a pro rata
4 basis, to the owners of qualifying employers that are entities
5 taxed under sub-chapters S or K of the Internal Revenue Code,
6 and entities that are disregarded for income tax purposes.

7 (g) The maximum number of eligible employees for
8 whom a credit may be claimed is limited to the net increase in
9 the number of employees reported by the qualifying employer to
10 the Alabama Department of Industrial Relations for
11 unemployment tax purposes, as follows:

12 (i) The base number of employees shall be the number
13 of full-time employees reported as being employed on December
14 31, 2009.

15 (ii) The final number of employees shall be the
16 number of full-time employees reported as being employed on
17 last date of each calendar quarter that includes the
18 eligibility date of one or more newly-hired employees for
19 which a credit is sought.

20 (iii) The final number of employees on each
21 quarter-ending date that includes the eligibility date of one
22 or more newly-hired employees for which a credit is sought,
23 must exceed the base number of employees by one full-time
24 employee for each qualified employee for whom a credit is
25 being sought, including all employees with eligibility dates
26 in prior quarters.

1 Section 3. The provisions of this act are severable.
2 If any part of this act is declared invalid or
3 unconstitutional, that declaration shall not affect the part
4 which remains.

5 Section 4. All laws or parts of laws which conflict
6 with this act are repealed.

7 Section 5. This act shall become effective
8 immediately following its passage and approval by the
9 Governor, or upon its otherwise becoming law.