



1 SB163
2 134947-3
3 By Senators Whatley, Blackwell, Ward, Dial, Beason and
4 Scofield
5 RFD: Finance and Taxation Education
6 First Read: 07-FEB-12



1 134947-3 : n : 02/02/2012 : LFO-RR / csh

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SYNOPSIS: Currently, the State of Alabama provides an incentive for job creation for unemployed persons through a \$1,000 income tax credit for businesses that hire certain unemployed individuals.

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This bill would provide an additional \$1,000 income tax credit for job creation to an employer who hires a recently deployed, and now discharged, unemployed veteran; and further, would provide a \$2,000 income tax credit for recently deployed and now discharged, unemployed veterans who start their own businesses.

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A BILL

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TO BE ENTITLED

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AN ACT

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To provide a \$1,000 additional income tax credit for job creation to employers for hiring recently deployed, and now discharged, unemployed veterans; and to provide a \$2,000

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1 income tax credit to recently deployed, and now discharged,
2 unemployed veterans who start their own businesses.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

4 Section 1. This act shall be known and may be cited
5 as the "Heroes for Hire" Tax Credit Act of 2012.

6 Section 2. In addition to the existing tax credit
7 allowed for in the Full Employment Act of 2011, codified as
8 Section 40-18-290 through 40-18-293, an additional \$1,000 tax
9 credit for job creation is available if existing requirements
10 of Section 40-18-290 through 40-18-293 are met along with the
11 following definition:

12 (a) RECENTLY DEPLOYED UNEMPLOYED VETERAN. An
13 individual who:

14 (1) Was a resident of Alabama at the time of entry
15 into military service or was mobilized to active, federal
16 military service while a member of the Alabama National Guard
17 or other reserve unit located in Alabama, regardless of the
18 resident's home of record;

19 (2) Received an honorable or general discharge from
20 active, federal military service within the two-year period
21 preceding the date of hire; and

22 (3) Has certification by the Department of
23 Industrial Relations at the time of hire of:

24 a. Collecting or being eligible to collect
25 unemployment benefits; or



1 b. Having exhausted his or her unemployment
2 benefits.

3 Section 3. For all tax years beginning on or after
4 January 1, 2012, a qualified employer subject to the
5 requirements of this act and Section 40-18-290 through
6 40-18-293, shall be eligible for an additional nonrefundable
7 credit against the income tax liability imposed in an amount
8 equal to \$1,000 for each new full-time recently deployed
9 unemployed veteran hired after the passage of this act for a
10 position, the majority of the duties of which are at a
11 business location within Alabama.

12 Section 4. (a) In addition to the definition in
13 Section 2 above, EXPENSE ASSOCIATED WITH A START-UP BUSINESS
14 is defined as:

15 (1) Expenses associated with the development of a
16 business plan;

17 (2) Professional services associated with the
18 formation of the business (e.g., attorney and accounting
19 services);

20 (3) An analysis or survey of potential markets,
21 products, labor supply, or transportation facilities;

22 (4) Advertisements for the opening of the business;

23 (5) Salaries and wages for employees who are being
24 trained and their instructors;

25 (6) Travel and other necessary costs for securing
26 prospective distributors, suppliers, or customers;



1 (7) Salaries and fees for executives and
2 consultants, or for similar professional services.

3 (b) For all tax years beginning on or after January
4 1, 2012, a recently deployed unemployed veteran shall be
5 eligible for a nonrefundable credit against the income tax
6 liability imposed in an amount up to a total of \$2,000 for
7 expenses associated with one start-up business in which the
8 recently deployed unemployed veteran holds at least 50-percent
9 ownership interest. A credit under this subsection may only be
10 taken for a business started after the passage of this act
11 that is located within Alabama and that shows a net profit of
12 at least \$3,000 for the year in which the credit is taken.

13 (c) An employer shall not claim the credit in
14 Section 3 of this bill for an employee who has claimed the
15 credit under Section 4 of this bill, and a recently deployed
16 unemployed veteran shall not claim the credit in Section 4 if
17 an employer has claimed his or her hire for the credit in
18 Section 3.

19 Section 5. (a) The Department of Industrial
20 Relations, in coordination with the Department of Revenue, the
21 Department of Economic and Community Affairs, and the
22 Department of Veterans' Affairs shall:

23 (1) Promote awareness of the recently deployed
24 unemployed veteran tax credit authorized in this act to
25 employers and eligible veterans;



1 (2) Establish procedures for prequalifying an
2 individual as a recently deployed unemployed veteran and for
3 providing notice to the Department of Industrial Relations
4 when a new full-time employee is hired;

5 (3) Establish procedures for certifying a qualified
6 employer's compliance, or in the case of a credit under
7 subsection (b) of Section 4, a recently deployed unemployed
8 veteran's compliance, with the eligibility and expense
9 verification requirements to claim the credit authorized under
10 this section;

11 (4) Adopt measurable goals, outcomes, and an audit
12 strategy to assess the utilization and performance of the
13 credits authorized in this bill;

14 (5) On or before January 15, 2014, submit a written
15 report on its assessment of the credits to the Alabama House
16 Committees on Military and Veterans Affairs, Commerce and
17 Small Business and Ways and Means-Education, and to the
18 Alabama Senate Committees on Veterans and Military Affairs,
19 Finance and Taxation-ETF and Job Creation and Economic
20 Development;

21 (6) Engage in efforts to promote the hiring of
22 recently deployed unemployed veterans through hiring practices
23 of the State of Alabama.

24 Section 6. This act shall become effective
25 immediately following its passage and approval by the
26 Governor, or its otherwise becoming law.