

1 HB326  
2 148166-2  
3 By Representative McClammy  
4 RFD: Ways and Means Education  
5 First Read: 21-FEB-13

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8 SYNOPSIS: Under existing law, an income tax credit is  
9 not provided for hiring certain persons under the  
10 age of 19 during school breaks, after school, or on  
11 weekends.

12 This bill would relate to Class 3  
13 municipalities organized under Act 618 of the 1973  
14 Regular Session and would make such provision.

15 This bill would limit the number of student  
16 workers who may be claimed for a tax credit.

17  
18 A BILL  
19 TO BE ENTITLED  
20 AN ACT

21  
22 Relating to any Class 3 municipality organized under  
23 Act 618, 1973 Regular Session (Acts 1973, p. 879); to provide  
24 an income tax credit for hiring certain persons under the age  
25 of 19 during school breaks, after school, or on weekend; and  
26 to limit the number of student workers who may be claimed for  
27 a tax credit.

1 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

2 Section 1. In any Class 3 municipality organized  
3 under Act 618, 1973 Regular Session (Acts 1973, p. 879), after  
4 the effective date of this act, a taxpayer who employs a  
5 student worker under the age of 19 years who is enrolled in  
6 school to work during school breaks, after school, or on  
7 weekends, including during the summer or official holidays, in  
8 the state and shall retain the student worker as an employee  
9 for at least nine months shall be allowed an income tax credit  
10 for hiring the student. The amount of the income tax credit  
11 shall be equal to the wages paid to the student worker during  
12 the taxable year up to a maximum of two thousand five hundred  
13 dollars (\$2,500) for each student worker employed and retained  
14 by the taxpayer each year. The taxpayer shall claim the income  
15 tax credit with respect to a student worker in the year in  
16 which the nine-month period ends and the following year.

17 Section 2. (a) The credit allowed pursuant to  
18 Section 1 shall not exceed 50 percent of the amount of the tax  
19 imposed for the taxable year reduced by the sum of all credits  
20 allowable, except payments of tax made by or on behalf of the  
21 taxpayer. This limitation shall apply to the cumulative amount  
22 of the credit, including carryforwards, claimed by the  
23 taxpayer under this act for the taxable year. Any unused  
24 portion of the credit may be carried forward for the  
25 succeeding five years.

26 (b) The credit shall be allowed to the following  
27 businesses and employees in these areas:

- 1 (1) 8 A Business.
- 2 (2) Empowerment Zone.
- 3 (3) HUB Zones.
- 4 (4) I-65 Corridor.
- 5 (5) Renewal Community.
- 6 (6) Tax Incremental Financial Zones.
- 7 (7) The Enterprise Zone.

8 (c) The credit allowed by this act shall be limited  
9 the first year after the approval of this act to 50 student  
10 workers, the second year to 75 student workers, and no more  
11 than 100 student workers the third year and each year  
12 thereafter.

13 Section 3. The income tax credit pursuant to this  
14 act shall be effective January 1, 2014, for the 2014 taxable  
15 year and subsequent taxable years.

16 Section 4. This act shall become effective  
17 immediately following its passage and approval by the  
18 Governor, or its otherwise becoming law.