

1 SB523
2 119410-1
3 By Senators Keahey and Mitchell
4 RFD: Finance and Taxation Education
5 First Read: 09-MAR-10

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8 SYNOPSIS: This bill would propose an income tax
9 deduction for businesses that hire a person
10 presently drawing unemployment compensation or
11 whose unemployment compensation benefits have
12 expired. Such businesses will receive an income tax
13 deduction equal to 50 percent of the gross wages
14 paid to each such person hired and retained as an
15 employee for 12 consecutive months.

16
17 A BILL
18 TO BE ENTITLED
19 AN ACT

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21 To provide an incentive for job creation for
22 unemployed persons by creating an income tax deduction for
23 businesses that hire certain unemployed persons.

24 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

25 Section 1. This act shall be known as the
26 "Reemployment Act of 2010."

1 Section 2. (a) An Alabama income tax deduction is
2 hereby established for employers that create new jobs for
3 unemployed persons. The deduction shall equal 50 percent of
4 the gross wages paid to each person hired by an employer who,
5 at the time of such employment, was drawing unemployment
6 compensation or whose unemployment benefits had expired. The
7 unemployment status of the employee at the time of the
8 employment shall be certified by the local employment agency.
9 The deduction may be claimed in only one tax year and may not
10 be claimed until the employee has been continuously employed
11 by the employer for 12 months following the hire date. The
12 deduction shall be allowed against the tax imposed by Chapter
13 18, Title 40 of the Code of Alabama 1975. The deduction is not
14 refundable or transferable. The deduction shall be available,
15 on a pro rata basis, to the owners of qualified employers that
16 are entities taxed under subchapter S or K of the Internal
17 Revenue Code.

18 (b) The deduction allowed in subsection (a) shall be
19 further limited as follows:

20 (1) A 50 percent deduction would be limited to wage
21 rates fourteen dollars (\$14) per hour and above.

22 (2) A 40 percent deduction would be granted for wage
23 rates between twelve dollars (\$12) and fourteen dollars (\$14)
24 per hour.

25 (3) A 35 percent deduction would be granted for wage
26 rates between ten dollars (\$10) and twelve dollars (\$12) per
27 hour.

1 (4) No deduction would be granted for jobs paying
2 less than ten dollars (\$10) per hour.

3 (5) No deductions would be granted for less than
4 full-time jobs (37.5 hours).

5 Section 3. The Department of Revenue shall have the
6 authority to adopt such rules and regulations as necessary to
7 carry out the provisions of this act.

8 Section 4. The provisions of this act are severable.
9 If any part of this act is declared invalid or
10 unconstitutional, that declaration shall not affect the part
11 which remains.

12 Section 5. All laws or parts of laws which conflict
13 with this act are hereby repealed.

14 Section 6. This act shall become effective for the
15 tax years 2011 and 2012.