

1 SB531
2 119850-1
3 By Senator Smitherman
4 RFD: Finance and Taxation Education
5 First Read: 11-MAR-10

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8 SYNOPSIS: To encourage businesses to create jobs for
9 unemployed persons, this bill proposes an income
10 tax deduction for businesses that hire a person
11 presently drawing unemployment compensation or
12 whose unemployment compensation benefits have
13 expired. Such businesses will receive an income tax
14 deduction equal to a percentage of the gross wages
15 paid to each such person hired and retained as an
16 employee for 12 consecutive months.

17
18 A BILL
19 TO BE ENTITLED
20 AN ACT
21

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

25 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

26 Section 1. This act shall be known as the
27 "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 by an employer to each person hired 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 unemployment
9 agency. The deduction may be claimed in only one tax year and
10 may not be claimed until the employee has been continuously
11 employed by the employer for 12 months following the hire
12 date. The deduction shall be allowed against the tax imposed
13 by Chapter 18, Title 40 of the Code of Alabama 1975. The
14 deduction is not refundable or transferable. The deduction
15 shall be available, on a pro rata basis, to the owners of
16 qualified employing entities that are taxed under sub-chapters
17 S or K of the Internal Revenue Code.

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

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

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

24 (3) A 35 percent deduction would be granted for wage
25 rates between \$10 and \$12 per hour.

26 (4) No deduction would be granted for jobs paying
27 less than \$10 per hour.

1 (5) No deductions would be granted for less than
2 full-time jobs (37.5 hours per week).

3 Section 3. The Department of Revenue shall have the
4 authority to adopt such rules as are necessary to carry out
5 the provisions of this act.

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

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

12 Section 6. This act shall become effective for the
13 tax years 2011 and 2012.