

1 SB197  
2 216769-1  
3 By Senators Singleton, Sanders-Fortier, Coleman-Madison and  
4 Figures  
5 RFD: Finance and Taxation Education  
6 First Read: 08-FEB-22

SYNOPSIS: This bill would allow an Alabama employer to claim a tax credit on Alabama income taxes or financial institution excise taxes for an employee eligible under the federal Work Opportunity Tax Credit Program.

A BILL  
TO BE ENTITLED  
AN ACT

Relating to tax credits; to provide a tax credit to Alabama employers for employees eligible under the federal Work Opportunity Tax Credit Program; and to allow for the adoption of rules.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) An Alabama income tax credit and financial institution excise tax credit is hereby established for Alabama employers who hire individuals included within targeted groups under the Work Opportunity Tax Credit Program, as described in the federal Consolidated Appropriations Act

1 (P.L.116-206). The amount of the credit shall be equal to the  
2 federal tax credit taken by the taxpayer, up to one thousand  
3 dollars (\$1,000) and shall be available in the tax year during  
4 which the employee has completed 12 months of consecutive  
5 employment.

6 (b) The credit shall be allowed against the tax  
7 imposed by Chapter 16 or Chapter 18, of Title 40, of the Code  
8 of Alabama 1975. This tax credit shall not be allowed to  
9 decrease a taxpayer's tax liability to less than zero. The  
10 credit is not refundable or transferable, and shall be  
11 available, on a pro rata basis, to the owners or members of  
12 qualified Alabama business employers that are entities taxed  
13 under subchapters S or K of the Internal Revenue Code.

14 (c) In no event shall the credits in this section be  
15 allowed in excess of ten million dollars (\$10,000,000) for  
16 each fiscal year that the tax credit is available.

17 (d) The tax credit provided in this section may be  
18 claimed for the tax year beginning January 1, 2023, and for  
19 any tax year afterward that the tax credit is available.

20 Section 2. The Department of Revenue shall have the  
21 authority to adopt such rules necessary to carry out this act.

22 Section 3. This act shall become effective on the  
23 first day of the third month following its passage and  
24 approval by the Governor, or its otherwise becoming law.