

1 HB36
2 173040-3
3 By Representatives South, Garrett, Fincher, Shedd, Pettus,
4 Hill (M), Millican, Weaver, Rowe, Davis, Ledbetter, Williams
5 (JD), Holmes (M), Wilcox, McCutcheon, Baker, Greer, McMillan,
6 Beckman, Carns, Poole, Chesteen, Mooney, Treadaway, Hubbard,
7 Faulkner and Johnson (K)
8 RFD: Commerce and Small Business
9 First Read: 02-FEB-16
10 PFD: 01/29/2016

1 claimed pursuant to this act, other than new employees for
2 which a credit is allowed by this act.

3 (2) DEPARTMENT. The Alabama Department of Revenue.

4 (3) NET EMPLOYEE GROWTH. An Alabama small business
5 employer's net increase in the total number of full-time
6 employees residing in Alabama based on the following:

7 a. The total number of full-time Alabama employees
8 on the last date of each tax year in which the employer is
9 claiming a credit pursuant to this act; minus,

10 b. The total number of full-time Alabama employees
11 ~~as of the last day of the tax year in which a credit under~~
12 ~~this act was first claimed and granted.~~ on the day before the
13 effective date of this act.

14 (4) QUALIFIED NEW EMPLOYEE. A new employee of an
15 Alabama small business employer that, for a qualifying time
16 period of 12 consecutive months, satisfies all of the
17 following criteria:

18 a. Was employed on a full-time basis.

19 b. Was an Alabama resident.

20 c. Received wages from the Alabama small business
21 employer that met or exceeded a total of forty thousand
22 dollars (\$40,000).

23 d. Was not a full-time employee of the Alabama small
24 business employer during any time 12 months prior to the start
25 of such qualifying time period.

26 (5) WAGES. Total wages paid to an employee,
27 including gross wages, salaries, overtime, and bonuses.

1 Section 3. (a) An Alabama small business tax credit
2 is hereby allowed for any Alabama small business employer that
3 creates a new job and hires a new full-time employee to fill
4 that job. The credit shall be a one-time credit equal to one
5 thousand five hundred dollars (\$1,500) for each qualified new
6 employee, and shall only be applicable to a tax year in which
7 the new employee has completed 12 months of consecutive
8 full-time employment with the employer.

9 (b) To qualify for the credit, the employer must
10 have a net employee growth as of the last date of each tax
11 year during which the employer claims a credit pursuant to
12 this act. The net employee growth must equal or exceed the
13 number of qualified new employees for which a credit is sought
14 in the current or applicable tax year, plus the total number
15 of qualified new employees for whom credits were claimed
16 pursuant to this act in a prior tax year.

17 (c) (1) The credit shall be allowed against the tax
18 imposed by ~~Chapter 16 or Chapter 18, of Title 40, Code of~~
19 ~~Alabama 1975. A financial institution shall be allowed to~~
20 ~~claim the credit against the liability determined in Chapter~~
21 ~~16, Title 40, Code of Alabama 1975.~~ The credit shall be
22 available, on a pro rata basis, to the owners or members of
23 qualified Alabama small business employers that are entities
24 taxed under subchapters S or K of the Internal Revenue Code.

25 (2) An Alabama small business employer may receive a
26 credit under this section or under the Full Employment Act of
27 2011, Article 11, Chapter 18, Title 40, Code of Alabama 1975,

1 but in no case shall the employer receive both a credit under
2 this act and a credit provided under the Full Employment Act
3 of 2011. Once a credit is claimed for an employee under this
4 section or the Full Employment Act of 2011, the employer may
5 not thereafter make a claim for a credit of that employee
6 under the other act.

7 (d) This tax credit may not be allowed to decrease a
8 taxpayer's tax liability to less than zero in any tax year,
9 but any unused portion may be carried forward for a period of
10 up to three years. The credit is not refundable or
11 transferable.

12 ~~(e) To the extent the credit is used to offset a~~
13 ~~financial institution excise tax liability, the Department of~~
14 ~~Finance shall promulgate regulations to ensure that the credit~~
15 ~~in no case would reduce the distribution for municipalities~~
16 ~~and counties.~~

17 (f) The income tax credit provided in this section
18 may be claimed only for employees who are hired following the
19 effective date of this act and shall only apply to tax years
20 beginning on or after January 1, 2016.

21 Section 4. The department may adopt rules consistent
22 with this act as necessary to implement and administer this
23 act. Rules may be adopted to include, but not limited to, a
24 requirement that, upon request, taxpayers shall receive
25 credits for up to, but no more than, the number of qualified
26 new employees hired after the effective date of this act. In
27 no case shall an employer claim a credit under this act for

1 the same qualified employee more than once. Nor shall the
2 number of qualified new employees, for which a credit is
3 claimed, exceed the number of employees at the end of the tax
4 year less the number of employees at the beginning of the tax
5 year.

6 Section 5. Section 40-18-321, Code of Alabama 1975,
7 is amended to read as follows:

8 "§40-18-321.

9 "In addition to the ~~existing~~ tax credit allowed for
10 in the Full Employment Act of 2011, codified as Section
11 40-18-290 through 40-18-293, or the Alabama Small Business
12 Jobs Act, an additional ~~\$1,000~~ one thousand dollar (\$1,000)
13 tax credit for job creation is available if the existing
14 requirements of Section 40-18-290 through 40-18-293 or
15 Sections 2 and 3 of the act adding this amendatory language
16 are met along with the following definition:

17 "RECENTLY DEPLOYED UNEMPLOYED VETERAN. An individual
18 who is all of the following:

19 "(1) Was a resident of Alabama at the time of entry
20 into military service or was mobilized to active, federal
21 military service while a member of the Alabama National Guard
22 or other reserve unit located in Alabama, regardless of the
23 resident's home of record.

24 "(2) Received an honorable or general discharge from
25 active, federal military service within the two-year period
26 preceding the date of hire.

1 "(3) Has certification by the Department of Labor at
2 the time of hire of either of the following:

3 "a. Collecting or being eligible to collect
4 unemployment benefits.

5 "b. Having exhausted his or her unemployment
6 benefits."

7 Section 6. By December 31, 2016, the Department of
8 Revenue shall create and implement a program to actively
9 promote to small business owners, tax professionals, and other
10 appropriate parties the tax credits allowed under the Alabama
11 Small Business Jobs Act created by this act, the Full
12 Employment Act of 2011, Article 11 of Chapter 18 of Title 40,
13 Code of Alabama 1975, the Heroes for Hire Tax Credit Act of
14 2012, Article 13 of Chapter 18 of Title 40, Code of Alabama
15 1975, and other tax credits available to small businesses and
16 independently owned business entities.

17 Section 7. The provisions of this act are severable.
18 If any part of this act is declared invalid or
19 unconstitutional, that declaration shall not affect the part
20 which remains.

21 Section 8. All laws or parts of laws which conflict
22 with this act are repealed.

23 Section 9. This act shall become effective 90 days
24 following its passage and approval by the Governor, or its
25 otherwise becoming law.

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House of Representatives

Read for the first time and re-
ferred to the House of Representa-
tives committee on Commerce and
Small Business..... 02-FEB-16

Read for the second time and placed
on the calendar..... 03-FEB-16

Read for the third time and passed
as amended..... 09-FEB-16

Yeas 88, Nays 12, Abstains 0

Jeff Woodard
Clerk