

1 SB393  
2 167848-1  
3 By Senators Ross and Marsh  
4 RFD: Finance and Taxation Education  
5 First Read: 21-APR-15

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8 SYNOPSIS: Under existing law, there is no income tax  
9 credit for an employer that employs an individual  
10 released from incarceration. This bill would  
11 provide for such an income tax credit.

12  
13 A BILL  
14 TO BE ENTITLED  
15 AN ACT

16  
17 Relating to income taxes; to provide an income tax  
18 credit for an employer that employs an individual released  
19 from incarceration.

20 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

21 Section 1. As used in this act, the following terms  
22 shall have the following meanings:

23 (1) INDIVIDUAL RELEASED FROM INCARCERATION. An  
24 individual who has been convicted of a felony offense and  
25 sentenced to a period of incarceration in a Department of  
26 Corrections facility and who is now released from such  
27 incarceration, either to a term of probation, on parole, or

1 due to reaching the end of his or her sentence and who, while  
2 serving his or her incarceration period, participated in a  
3 correctional education program through the Alabama Community  
4 College System and received a certificate or associate degree  
5 through such correctional education program.

6 (2) ELIGIBLE EMPLOYER. A taxpayer who first employs  
7 an individual released from incarceration on or after the  
8 effective date of this act.

9 Section 2. (a) An Alabama income tax credit is  
10 hereby established for eligible employers that employ for at  
11 least seven months of the taxable year an individual released  
12 from incarceration. The credit shall equal one thousand  
13 dollars (\$1,000) for each such individual employed. The credit  
14 shall not be available for an individual for more than four  
15 taxable years.

16 (b) The credit shall be allowed against the tax  
17 imposed by Chapter 18 of Title 40. This tax credit shall not  
18 be allowed to decrease a taxpayer's tax liability to less than  
19 zero. The credit is not refundable or transferable. The credit  
20 shall be available, on a pro rata basis, to the owners of  
21 qualified employers that are entities taxed under subchapters  
22 S or K of the Internal Revenue Code. An employer applying for  
23 a tax credit must apply each year to receive the credit for  
24 the preceding calendar year.

25 Section 3. (a) The Chancellor of the Alabama  
26 Community College System shall be given authority to  
27 promulgate any rules and regulations necessary to establish

1 standards for participation and eligibility and to implement  
2 and administer this act. The Alabama Community College System  
3 shall consult with the Department of Revenue and the  
4 Department of Corrections to coordinate their efforts.

5 (b) The Department of Revenue shall prescribe a form  
6 to claim this credit that provides information to the  
7 department that is sufficient for the proper administration of  
8 this credit.

9 Section 4. The income tax credit created pursuant to  
10 this act shall be effective January 1, 2016 for the 2016  
11 taxable year and each subsequent taxable year thereafter.

12 Section 5. This act shall become effective  
13 immediately following its passage and approval by the  
14 Governor, or its otherwise becoming law.