HB326

148166-2

By Representative McClammy

RFD: Ways and Means Education

First Read: 21-FEB-13
SYNOPSIS: Under existing law, an income tax credit is not provided for hiring certain persons under the age of 19 during school breaks, after school, or on weekends.

This bill would relate to Class 3 municipalities organized under Act 618 of the 1973 Regular Session and would make such provision.

This bill would limit the number of student workers who may be claimed for a tax credit.

A BILL TO BE ENTITLED
AN ACT

Relating to any Class 3 municipality organized under Act 618, 1973 Regular Session (Acts 1973, p. 879); to provide an income tax credit for hiring certain persons under the age of 19 during school breaks, after school, or on weekend; and to limit the number of student workers who may be claimed for a tax credit.
BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. In any Class 3 municipality organized under Act 618, 1973 Regular Session (Acts 1973, p. 879), after the effective date of this act, a taxpayer who employs a student worker under the age of 19 years who is enrolled in school to work during school breaks, after school, or on weekends, including during the summer or official holidays, in the state and shall retain the student worker as an employee for at least nine months shall be allowed an income tax credit for hiring the student. The amount of the income tax credit shall be equal to the wages paid to the student worker during the taxable year up to a maximum of two thousand five hundred dollars ($2,500) for each student worker employed and retained by the taxpayer each year. The taxpayer shall claim the income tax credit with respect to a student worker in the year in which the nine-month period ends and the following year.

Section 2. (a) The credit allowed pursuant to Section 1 shall not exceed 50 percent of the amount of the tax imposed for the taxable year reduced by the sum of all credits allowable, except payments of tax made by or on behalf of the taxpayer. This limitation shall apply to the cumulative amount of the credit, including carryforwards, claimed by the taxpayer under this act for the taxable year. Any unused portion of the credit may be carried forward for the succeeding five years.

(b) The credit shall be allowed to the following businesses and employees in these areas:
(1) A Business.
(2) Empowerment Zone.
(3) HUB Zones.
(4) I-65 Corridor.
(5) Renewal Community.
(6) Tax Incremental Financial Zones.
(7) The Enterprise Zone.

(c) The credit allowed by this act shall be limited the first year after the approval of this act to 50 student workers, the second year to 75 student workers, and no more than 100 student workers the third year and each year thereafter.

Section 3. The income tax credit pursuant to this act shall be effective January 1, 2014, for the 2014 taxable year and subsequent taxable years.

Section 4. This act shall become effective immediately following its passage and approval by the Governor, or its otherwise becoming law.