

1 SB173
2 126349-3
3 By Senators Orr, Brooks, Bussman, Taylor, Williams, Holtzclaw,
4 Pittman, Beason, Scofield and Bedford
5 RFD: Job Creation and Economic Development
6 First Read: 08-MAR-11

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8 SYNOPSIS: Under existing law, the Reemployment Act of
9 2010 allows an income tax deduction for employers
10 that hire unemployed persons.

11 This bill would repeal that act.

12 This bill would propose a tax credit for
13 certain businesses in Alabama that create jobs.

14 This bill would make legislative findings
15 regarding the purpose of this act. Businesses would
16 receive an income tax credit equal to \$1,000 per
17 new job paying more than \$10 per hour.

18
19 A BILL

20 TO BE ENTITLED

21 AN ACT

22
23 To provide an incentive for job creation in Alabama;
24 to make legislative findings regarding the purpose of this
25 act; and to repeal Act 2010-557 of the 2010 Regular Session
26 (Acts 2010, p. 1132), now appearing as Article 10 commencing

1 at Section 40-18-270 of Chapter 18 of Title 40, Code of
2 Alabama 1975.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

4 Section 1. This act may be cited as the "Full
5 Employment Act of 2011."

6 Section 2. For purposes of this act, a small
7 business is defined as a business that employs 50 or fewer
8 employees on the effective date of this act.

9 Section 3. The Legislature finds and determines, in
10 accordance with its goal, shared by Governor Robert Bentley,
11 of achieving statistical full employment for Alabama's
12 citizens, that the Legislature intends to foster an optimal
13 environment for job growth throughout the state.

14 Section 4. (a) An Alabama income tax credit is
15 hereby established for small businesses that create new jobs
16 paying more than ten dollars (\$10) per hour. The credit shall
17 equal one thousand dollars (\$1,000) and shall be available in
18 the tax year during which the employee has completed 12 months
19 of consecutive employment.

20 (b) The employer must have a net increase in the
21 total number of full time employees in Alabama on the last
22 date of each tax year for which he or she claims a credit,
23 over the number employed in Alabama as of the last day of the
24 tax year immediately preceding the first credit year. The
25 increase must equal or exceed the number of newly hired
26 employees for which a credit is sought by one employee for
27 each newly hired employee for whom a credit is being sought

1 for the current year, plus one employee for all employees for
2 whom credits were claimed in prior years.

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

10 Section 5. The provisions of this act are severable.
11 If any part of this act is declared invalid or
12 unconstitutional, that declaration shall not affect the part
13 which remains.

14 Section 6. All laws or parts of laws which conflict
15 with this act are repealed. Act 2010-557 of the 2010 Regular
16 Session (Acts 2010, p. 1132), now appearing as Article 10,
17 commencing at Section 40-18-270 of Chapter 18 of Title 40,
18 Code of Alabama 1975, is specifically repealed.

19 Section 7. This act shall become effective for the
20 tax years beginning on or after January 1, 2011.