

CS FOR HOUSE BILL NO. 169(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered: 3/11/98

Referred: State Affairs, Finance

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act creating a welfare-to-work tax credit under the Alaska Net Income Tax
2 Act; relating to the federal work opportunity tax credit and the federal welfare-
3 to-work tax credit; and providing for an effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** AS 23.20.030 is amended by adding a new subsection to read:

6 (d) The department shall prescribe standards for the director to administer and
7 implement the certifications required by the director for the tax credit under
8 AS 43.20.046.

9 * **Sec. 2.** AS 43.20.036 is amended by adding a new subsection to read:

10 (k) For purposes of calculating the income tax payable under this chapter, the
11 taxpayer may not apply as a credit against tax liability

12 (1) the work opportunity tax credit allowed as to federal taxes under
13 26 U.S.C. 51; or

14 (2) the welfare-to-work credit allowed as to federal taxes under 26

1 U.S.C. 51A.

2 * **Sec. 3.** AS 43.20 is amended by adding a new section to article 1 to read:

3 **Sec. 43.20.046. Alaska welfare-to-work tax credit.** (a) A taxpayer is
4 eligible for a tax credit as provided in this section.

5 (b) A taxpayer may apply as a credit against the tax imposed by this chapter
6 15 percent of wages paid in any tax year beginning after December 31, 1997, but
7 before January 1, 2001, to an employee who qualifies under (d) of this section. Except
8 as provided in (c) of this section, the credit may not exceed \$1,000 for each qualified
9 employee.

10 (c) After claiming the credit allowed in (b) of this section, a taxpayer may
11 claim additional credit of 15 percent of wages paid in a tax year beginning after
12 December 31, 1997, but before January 1, 2001, to an employee who qualifies under
13 (d) of this section if the commissioner of health and social services or the
14 commissioner's designee certifies that the taxpayer provided on-the-job training to that
15 employee and the training met standards for work activities under AS 47.27. The
16 additional credit under this subsection may not exceed \$500 for each qualified
17 employee.

18 (d) An employee qualifies for purposes of the tax credit under this section if
19 the director of employment security appointed under AS 23.20.030(a) certifies that

20 (1) the employee meets the criteria for

21 (A) the federal work opportunity tax credit under 26 U.S.C. 51,
22 as in effect on January 1, 1998; or

23 (B) the federal welfare-to-work credit under 26 U.S.C. 51A, as
24 in effect on January 1, 1998; and

25 (2) either

26 (A) some or all of the activities that qualified the employee to
27 meet the criteria described in (1) of this subsection occurred in this state; or

28 (B) at the time of hire, the employee or the employee's
29 immediate family is receiving or is eligible for assistance under AS 47.

30 (e) A taxpayer may claim the credit under this section if the taxpayer employs
31 the qualified employee for a total of 180 days or 400 hours after December 31, 1997,

1 regardless of whether

2 (1) the federal credits in 26 U.S.C. 51 or 26 U.S.C. 51A are no longer
3 in effect; or

4 (2) the employee has intervening layoffs and rehires by the employer
5 during the time that total work hours or days are being accumulated.

6 (f) An employer may not claim a credit more than once under (b) and (c) of
7 this section for the same employee.

8 (g) A taxpayer may not claim the tax credit allowed under this section if the
9 taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under
10 this title. For purposes of this subsection, a taxpayer is not in arrears if the
11 contribution or tax liability is under administrative or judicial appeal.

12 (h) An unused tax credit available under (b) or (c) of this section may be
13 carried forward to the following two tax years.

14 * **Sec. 4.** AS 23.20.030(d) and AS 43.20.046 are repealed.

15 * **Sec. 5.** Sections 1 - 3 of this Act are retroactive to January 1, 1998.

16 * **Sec. 6.** Sections 1 - 3 and 5 of this Act take effect immediately under AS 01.10.070(c).

17 * **Sec. 7.** Section 4 of this Act takes effect December 1, 2003.