

SENATE BILL NO. 116

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 3/5/97

Referred: State Affairs, HESS, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to welfare to work tax credits under the Alaska Net Income
2 Tax Act; and providing for an effective date."

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

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

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

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

9 (k) For purposes of calculating the income tax payable under this chapter, the
10 taxpayer may not apply as a credit against tax liability the work opportunity tax credit
11 allowed as to federal taxes under 26 U.S.C. 51.

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

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

1 (b) A taxpayer may apply as a credit against the tax imposed by this chapter
2 15 percent of wages paid in any tax year beginning after December 31, 1996, but
3 beginning before January 1, 2000, to an employee who qualifies under (d) of this
4 section. Except as provided in (c) of this section, the credit may not exceed \$1,000
5 for each qualified employee.

6 (c) After claiming the credit allowed in (b) of this section, a taxpayer may
7 claim additional credit of 15 percent of wages paid in a tax year beginning after
8 December 31, 1996, but beginning before January 1, 2000, to an employee who
9 qualifies under (d) of this section if the director of employment security appointed
10 under AS 23.20.030(a) certifies that the taxpayer provided on the job training to that
11 employee, and that the training met standards for work activities under ch. 107,
12 SLA 1996. The additional credit under this subsection may not exceed \$500 for each
13 qualified employee.

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

16 (1) the employee meets the criteria for the federal work opportunity tax
17 credit under 26 U.S.C. 51, as in effect on January 1, 1997; and

18 (2) either

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

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

23 (e) A taxpayer may claim the credit under this section if the taxpayer employs
24 the qualified employee for a total of 180 days or 400 hours after December 31, 1996,
25 regardless of whether

26 (1) the federal work opportunity credit in 26 U.S.C. 51 is no longer in
27 effect; or

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

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

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

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

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

8 * **Sec. 5.** Sections 1 - 3 of this Act are retroactive to January 1, 1997.

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

10 * **Sec. 7.** Section 4 of this Act takes effect December 1, 2002.