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1 IN THE HOUSE

2 HOUSE BILL NO. 406

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a credit against the state income
7 tax for providing employment in areas of the state
8 suffering economic hardship; and providing for an
9 effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. AS 43.20 is amended by adding a new section to read:

12 Sec. 43.20.032. TAX CREDIT FOR NEW EMPLOYMENT OPPORTUNITIES. (a)

13 A taxpayer may claim as a credit against taxes due under this chapter 25
14 per cent of the amount which is the difference between

15 (1) the total amount of wages paid by the taxpayer during the
16 tax year to persons employed in his trade or business in an area suffer-
17 ing economic hardship; and

18 (2) 110 per cent of the amount computed by adjusting the
19 total of wages paid by the taxpayer during the preceding tax year to
20 persons employed in his trade or business in the same area suffering
21 economic hardship by any change in the Consumer Price Index for
22 Anchorage, Alaska, as computed by the United States Bureau of Labor
23 Statistics and reported by the Secretary of Labor for the year for which
24 tax is payable.

25 (b) A tax credit may not be allowed under this section

26 (1) for the wages paid to persons employed by the taxpayer if
27 those persons are employed outside an area suffering economic hardship;

28 (2) if the taxpayer is reimbursed for the wages paid; or

29 (3) if the total amount of wages paid by the taxpayer in the

1 state has not increased during each of the three years preceding the tax
2 year or during the entire time that the employer has done business in
3 the state, if the employer has done business in the state for a period
4 which is less than three years.

5 (c) The tax credit allowed under this section may not exceed the
6 lesser of

- 7 (1) the taxpayer's tax liability; or
8 (2) \$25,000.

9 (d) For purposes of this section, an "area suffering economic
10 hardship" includes each unified municipality, home rule and general law
11 borough, and each area of the unorganized borough used by the Department
12 of Labor to report employment and unemployment statistics in which, in
13 each of two consecutive calendar quarters during the tax year, as deter-
14 mined and reported by the commissioner of labor,

15 (1) the rate of unemployment exceeds the statewide average
16 rate of unemployment by more than 20 per cent; or

17 (2) the percentage of persons employed in wage and salary
18 employment is less than 50 per cent of the population of the area be-
19 tween 18 and 64 years of age.

20 * Sec. 2. This Act takes effect July 1, 1979.

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