

Introduced: 2/20/80
Referred: Labor & Management and
Finance

BY METCALFE, ANDERSON, BARNES,
BEIRNE, BETTISWORTH, CARNEY,
COTTEN, HAYES, HURLBERT, MARTIN,
MONTGOMERY AND ROGERS

1 IN THE HOUSE

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 471

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to resident hire tax credit; and
7 providing for an effective date."

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

9 * Section 1. AS 43 is amended by adding a new chapter to read:

10 CHAPTER 27. RESIDENT HIRE TAX CREDIT.

11 Sec. 43.27.010. TAX CREDIT AUTHORIZED. An eligible business
12 located in the state is entitled to a tax credit not to exceed 10 per-
13 cent of the wages paid to employees of that business. The tax credit
14 may be applied only to payment of any tax due to the state as a result
15 of the specific business for which the tax credit is granted. The com-
16 missioner of revenue shall annually determine the amount of tax credit
17 for which a business is eligible and shall notify the eligible business
18 of the amount of the tax credit before March 1 of the year following the
19 year in which the tax credit was earned. The unused portion of a tax
20 credit authorized by this chapter is forfeited on December 31 of the
21 year following the year in which the credit was earned. If a tax for
22 which credit is given under this chapter produces revenue shared by a
23 local government, the state shall pay to an affected local government
24 the amount of revenue it would receive had the tax credit not been
25 given.

26 Sec. 43.27.020. APPLICATION FOR CREDIT. Application for a tax
27 credit under this chapter shall be made in a manner prescribed by the
28 department.

29 Sec. 43.27.030. DETERMINATION OF CREDIT. (a) The amount of the

1 tax credit to which an eligible business is entitled is determined as
2 follows:

3 (1) For each year for which the tax credit is claimed, the
4 maximum tax credit is determined by multiplying the total wages paid in
5 that year to Alaska residents who work for the business in Alaska in
6 nonsupervisory positions by 10 percent.

7 (2) For each one percent in excess of 80 percent and not over
8 95 percent of the total work force of the business which is composed of
9 Alaska residents who work for the business in Alaska in nonsupervisory
10 positions, the business is entitled to six and two-thirds percent of the
11 maximum tax credit.

12 (b) If an eligible business operates both inside the state and
13 outside the state, the operations in the state shall be segregated from
14 the operations outside the state for purposes of determination of the
15 tax credit.

16 Sec. 43.27.040. REPAYMENT OF CREDIT. If information furnished to
17 the department by a business in connection with the resident hire tax
18 credit authorized under this chapter is materially in error, the business
19 shall repay the state the amount of any credit in excess of the credit
20 to which the business would have been entitled plus 60 percent of the
21 remaining credit allowed for the prior three years. If the information
22 is knowingly in error, all tax credit allowed the business under this
23 chapter shall be repaid to the state.

24 Sec. 43.27.050. DEFINITIONS. In this chapter,

25 (1) "department" means the Department of Revenue;

26 (2) "eligible business" means a business whose total work
27 force in Alaska, including persons working for an employer other than
28 the eligible business if the work is performed directly or indirectly
29 through contract with the eligible business, includes 75 percent or more

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

Alaska residents in nonsupervisory positions;

(3) "nonsupervisory" means employees not employed in an executive, administrative or professional capacity;

(4) "resident" means a person who maintains a place of residence in the state and shows by all attending circumstances that his intent is to make Alaska his permanent residence and who has furnished the eligible business a certificate of residency issued by the Department of Labor.

* Sec. 2. AS 44.31.020 is amended by adding a new paragraph to read:

(5) issue certificates of residency for the purposes of the resident hire tax credit established in AS 43.27.010 - 43.27.050.

* Sec. 3. This Act takes effect January 1, 1981.