

Introduced: 2/21/80
Referred: Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 496

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for Alaska Job Tax Credits; 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. ALASKA JOB TAX CREDITS.

11 Sec. 43.27.010. POLICY. It is the policy of the State of
12 Alaska in the development and training of its valuable human resources
13 to provide maximum employment opportunities for its disadvantaged and
14 chronically unemployed residents.

15 Sec. 43.27.020. LEGISLATIVE FINDINGS AND PURPOSE. (a) The
16 legislature finds that the State of Alaska has been hindered in its
17 objective of developing a fully qualified labor pool by seasonal
18 employment patterns which encourage extensive migrations into the
19 state. The legislature further finds that the migratory work force
20 absorbs the training and job experience which otherwise would be
21 available to state residents.

22 (b) It is the purpose of this Act to provide incentives for em-
23 ployers in Alaska to hire those residents who have become economically
24 disadvantaged or chronically unemployed as a result of the detrimental
25 effects of the seasonal employment patterns which have encouraged the
26 development of a migratory work force.

27 (c) Because credits available under this chapter are more closely
28 tailored to Alaska's needs, these credits will supersede the credits
29 available under Targeted Jobs tax credit and the Work Incentive Program

1 credit under Internal Revenue Code secs. 40 and 44B (26 U.S.C. secs.
2 40 and 44B) after December 31, 1980 on the Alaska income tax return.

3 Sec. 43.27.030. ELIGIBILITY OF EMPLOYERS FOR JOB TAX CREDITS.

4 (a) An employer, whether corporation, partnership, individual or
5 other entity, operating within the state and licensed to do business
6 in the state under AS 43.70, is entitled to a tax credit equal to 10
7 percent of the wages up to \$15,000 paid an individual certified as a
8 chronically unemployed or economically disadvantaged resident during
9 the tax year for which the credit is claimed, if the individual worked
10 a minimum of 30 days for that employer and is hired after December 31,
11 1980.

12 (b) The tax credit provided in this section may not exceed the
13 total tax liability of the employer under AS 43.20 or AS 43.21.

14 (c) If an employer continuously employs a certified individual
15 for a period of 12 months, the eligibility of that employer for the
16 tax credit based on that employee expires at the end of one year.

17 (d) The employer may not take as a business deduction on the
18 applicable Alaska income tax return the amount of the credit allowed
19 under this chapter.

20 (e) The employer may claim a credit for wages paid to a certified
21 individual through December 31, 1982.

22 Sec. 43.27.040. CERTIFICATION. (a) A tax credit may be claimed
23 under this chapter only for an individual who has been certified by
24 the commissioner as either a chronically unemployed or economically
25 disadvantaged resident.

26 (b) A certified individual who is hired by an employer must be
27 re-certified if he subsequently accepts employment with any employer
28 wishing to file for the tax credit provided in this chapter.

29 (c) The commissioner may require the individual to produce in-

1 come tax returns for the calendar year preceding the year in which the
2 application for certification is made.

3 Sec. 43.27.050. REGULATIONS. The commissioner may adopt regula-
4 tions pertaining to the certification of disadvantaged or chronically
5 unemployed residents and other regulations he considers necessary to
6 implement this chapter.

7 Sec. 43.27.060. ELIGIBILITY FOR CERTIFICATION. (a) An indivi-
8 dual who seeks certification as an economically disadvantaged or
9 chronically unemployed resident must make a statement of eligibility
10 verified by him under penalty of perjury. The commissioner of labor
11 may require an individual to provide additional proof of eligibility
12 including one or more affidavits from persons having personal know-
13 ledge concerning the individual's eligibility.

14 (b) The department shall prescribe and furnish a form for the
15 statement of eligibility which must include a sworn statement of
16 residency. The statement must advise the individual that if he is
17 convicted of perjury, unsworn falsification, or perjury by inconsis-
18 tent statements, under AS 11.56.200 -- 11.56.240, on the basis of
19 statements made in the certification application, it will result in
20 the individual's forfeiture of the certification in addition to any
21 specified criminal penalties.

22 (c) No employer may claim a tax credit for employment of an
23 individual convicted of perjury, unsworn falsification, or perjury by
24 inconsistent statements, under AS 11.56.200 -- 11.56.240, in connection
25 with statements made in the certification application.

26 (d) Each economically disadvantaged or chronically unemployed
27 resident must be certified at least annually or as specified by the
28 department in regulation.

29 Sec. 43.27.070. ENFORCEMENT. If the commissioner determines

1 that an individual issued a certification was not entitled to the
2 certification at the time of application, he shall notify the employer.
3 The employer's eligibility for the tax credit based on the employment
4 of that individual ceases at the last day of the month during which
5 notification of ineligibility was received.

6 Sec. 43.27.080. RELATION TO OTHER PROGRAMS. Employers employing
7 certified individuals under this chapter may use in computing the tax
8 credit all wages actually paid to the certified individual, including
9 on-the-job training wages not reimbursed under sec. 826 of the Compre-
10 hensive Employment and Training Act (29 U.S.C. secs. 801-966).

11 Sec. 43.27.090. DEFINITIONS. In this chapter, unless otherwise
12 defined,

13 (1) "chronically unemployed resident" means either

14 (A) a resident who has been unemployed for a minimum
15 of 9 months of the 12 months immediately preceding the time of
16 application for certification so long as the individual's income
17 for the 12-month period does not exceed \$25,000, or

18 (B) a resident who has exhausted unemployment insurance
19 benefits available under AS 23.20.330 -- 23.20.409 within the 12
20 months immediately preceding the time at which he makes the
21 application for certification and is currently not eligible for
22 unemployment benefits;

23 (2) "commissioner" means the commissioner of labor;

24 (3) "department" means the Department of Labor;

25 (4) "resident" means a person 18 years of age or older who
26 has been physically present in the state for a minimum of one year or
27 who, if a resident but not physically present, was temporarily absent
28 on vacation or for reasons of formal education, military service, or
29 medical treatment;

1 (5) "economically disadvantaged resident" means a resident
2 whose total household income for the 12 months immediately preceding
3 the time of application for certification falls below 70 percent of
4 the minimums set by the Bureau of Labor Statistics' lower living
5 standard income level as adjusted for Alaska.

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

7 (i) For purposes of calculating the income tax payable under
8 this chapter, the taxpayer may not apply as a credit against tax
9 liability the Targeted Jobs tax credit and Work Incentive Program
10 credit under Internal Revenue Code secs. 40 and 44B (26 U.S.C. secs.
11 40 and 44B) after December 31, 1980.

12 * Sec. 3. AS 43.05.230 is amended by adding a new subsection to read:

13 (g) Personnel of the Department of Labor responsible for admin-
14 istering the Alaska Jobs Tax Credit under AS 43.27 are entitled to
15 access to information concerning the existence of and residency status
16 of a particular taxpayer's tax return.

17 * Sec. 4. APPLICABILITY. The Alaska Jobs Tax Credit created by this
18 Act is available only for tax years 1981 and 1982, unless extended by the
19 legislature. The federal credits made unavailable for claiming against the
20 Alaska tax liability by AS 43.20.036(1), as enacted in sec. 2 of this Act,
21 become available again beginning with tax year 1983, unless the legislature
22 extends the Alaska Jobs Tax Credit.

23 * Sec. 5. This Act takes effect July 1, 1980 and is repealed December
24 31, 1982.