

AMENDED IN ASSEMBLY MAY 12, 2010

AMENDED IN ASSEMBLY APRIL 5, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 1973

Introduced by Assembly Member Swanson

February 17, 2010

An act to add ~~Sections 17053.76 and 23622.9 to~~ and repeal *Sections 17053.76 and 23622.9 of the Revenue and Taxation Code*, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1973, as amended, Swanson. Income taxes: credits: qualified employees.

The Personal Income Tax Law and the Corporation Tax Law authorize various credits against the taxes imposed by those laws, including a hiring credit for qualified taxpayers who hire qualified employees, as defined, subject to specified criteria.

This bill would, for taxable years beginning on or after January 1, 2010, *and before January 1, 2016*, authorize a hiring credit under those respective laws for taxpayers who hire qualified employees, as defined.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. This act shall be known and may be cited as the
- 2 Reentry Employment Business Tax Credit Act.

1 SEC. 2. Section 17053.76 is added to the Revenue and Taxation
 2 Code, to read:

3 17053.76. (a) (1) For each taxable year beginning on or after
 4 January 1, ~~2010~~ 2011, and before January 1, 2016, there shall be
 5 allowed as a credit against the “net tax,” as defined in Section
 6 17039, an amount as ~~described~~ *specified* in paragraph (2), per each
 7 qualified employee employed by the taxpayer during the taxable
 8 year.

9 (2) (A) Twenty percent of the gross ~~salary~~ *wages* for each
 10 qualified employee employed by the taxpayer, not to exceed ~~\$5,000~~
 11 *five thousand dollars (\$5,000)*, for the first year of employment
 12 *for each qualified employee*.

13 (B) Twenty percent of the gross ~~salary~~ *wages* for each qualified
 14 employee employed by the taxpayer, not to exceed ~~\$5,000~~ *five*
 15 *thousand dollars (\$5,000)*, for the second year of employment *for*
 16 *each qualified employee*.

17 (b) The credit under subdivision (a) shall be allowed only with
 18 respect to the first year of employment if the qualified employee
 19 is employed by the taxpayer for 12 consecutive months from the
 20 date of employment and only with respect to the second year of
 21 employment if the qualified employee is employed by the taxpayer
 22 for 24 consecutive months from the date of employment.

23 (c) For purposes of this section, “qualified employee” means
 24 an individual who is an ex-offender *who was convicted of a felony*
 25 *and is* employed by the taxpayer in a part-time or full-time position.
 26 “Qualified employee” shall not include an ex-offender who is
 27 required to register as a sex offender pursuant to Section 290 of
 28 the Penal Code, or the equivalent in another state or territory, under
 29 military law, or under federal law, or was convicted of a serious
 30 or violent felony, *as defined in subdivision (c) of Section 667.5*
 31 *and subdivision (c) of Section 1192.7 of the Penal Code*.

32 (d) Any deduction or credit otherwise allowed under this part
 33 for the ~~salaries~~ *wages* paid or incurred by the taxpayer upon which
 34 the credit is based shall be reduced by the amount of the credit.

35 (e) If the credit allowed by this section exceeds the “net tax,”
 36 the excess may be carried over to reduce the “net tax” in the
 37 following year, and succeeding years if necessary, until the credit
 38 is exhausted, *not to exceed a maximum carryover period of eight*
 39 *years*.

1 (f) *This section shall only apply to qualified employees hired in*
2 *a taxable year beginning on or after January 1, 2011.*

3 (g) *This section shall remain in effect only until December 1,*
4 *2016, and as of that date is repealed.*

5 SEC. 3. Section 23622.9 is added to the Revenue and Taxation
6 Code, to read:

7 23622.9. (a) (1) For each taxable year beginning on or after
8 January 1, ~~2010~~ 2011, and before January 1, 2016, there shall be
9 allowed as a credit against the “tax,” as defined in Section 23036,
10 an amount as ~~described~~ *specified* in paragraph (2), per each
11 qualified employee employed by the taxpayer during the taxable
12 year.

13 (2) (A) Twenty percent of the gross ~~salary~~ *wages* for each
14 qualified employee employed by the taxpayer, not to exceed ~~\$5,000~~
15 *five thousand dollars (\$5,000)*, for the first year of employment
16 *for each qualified employee.*

17 (B) Twenty percent of the gross ~~salary~~ *wages* for each qualified
18 employee employed by the taxpayer, not to exceed ~~\$5,000~~ *five*
19 *thousand dollars (\$5,000)*, for the second year of employment *for*
20 *each qualified employee.*

21 (b) The credit under subdivision (a) shall be allowed only with
22 respect to the first year of employment if the qualified employee
23 is employed by the taxpayer for 12 consecutive months from the
24 date of employment and only with respect to the second year of
25 employment if the qualified employee is employed by the taxpayer
26 for 24 consecutive months from the date of employment.

27 (c) For purposes of this section, “qualified employee” means
28 an individual who is an ex-offender *who was convicted of a felony*
29 *and is* employed by the taxpayer in a part-time or full-time position.
30 “Qualified employee” shall not include an ex-offender who is
31 required to register as a sex offender pursuant to Section 290 of
32 the Penal Code, or the equivalent in another state or territory, under
33 military law, or under federal law, or was convicted of a serious
34 or violent felony, *as defined in subdivision (c) of Section 667.5*
35 *and subdivision (c) of Section 1192.7 of the Penal Code.*

36 (d) Any deduction or credit otherwise allowed under this part
37 for the ~~salaries~~ *wages* paid or incurred by the taxpayer upon which
38 the credit is based shall be reduced by the amount of the credit.

39 (e) If the credit allowed by this section exceeds the ~~“net tax,”~~
40 *“tax,”* the excess may be carried over to reduce the ~~“net tax”~~ *“tax”*

1 in the following year, and succeeding years if necessary, until the
2 credit is exhausted, *not to exceed a maximum carryover period of*
3 *eight years.*

4 (f) *This section shall only apply to qualified employees hired in*
5 *a taxable year beginning on or after January 1, 2011.*

6 (g) *This section shall remain in effect only until December 1,*
7 *2016, and as of that date is repealed.*

8 SEC. 4. This act provides for a tax levy within the meaning of
9 Article IV of the Constitution and shall go into immediate effect.