

AMENDED IN SENATE MAY 24, 2010  
AMENDED IN SENATE APRIL 21, 2010

**SENATE BILL**

**No. 1056**

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**Introduced by Senator Denham**  
**(Coauthors: Senators Maldonado and Wiggins)**  
(Coauthors: Assembly Members Davis, DeVore, Fletcher, Gilmore,  
and Jeffries)

February 16, 2010

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An act to add Sections 17053.81 and 23623.3 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1056, as amended, Denham. Income taxes: hiring credit: veterans. The Personal Income Tax Law and the Corporation Tax Law authorize various credits against the taxes imposed by those laws, including a credit for an increase in qualified employees of a qualified employer.

This bill would, under both laws, for taxable years beginning on and after January 1, 2010, allow a credit in an amount equal to 25% of the wages, not exceeding \$6,000, paid to each qualified veteran, as defined, by the taxpayer during the taxable year.

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. Section 17053.81 is added to the Revenue and
- 2 Taxation Code, to read:

1 17053.81. (a) For each taxable year beginning on or after  
2 January 1, 2010, there shall be allowed a credit in the amount  
3 specified in subdivision (b) against the “net tax,” as defined by  
4 Section 17039, to a taxpayer who employs a qualified veteran  
5 during the taxable year.

6 (b) The credit amount shall be 25 percent of the wages, not  
7 exceeding six thousand dollars (\$6,000), paid to each qualified  
8 veteran by the taxpayer during the taxable year.

9 ~~(c) For purposes of this section, “qualified veteran” means a~~  
10 ~~member of the Armed Forces of the United States who has been~~  
11 ~~honorably discharged from service within the five calendar years~~  
12 ~~preceding employment by the taxpayer, who received~~  
13 ~~unemployment compensation within California for not less than~~  
14 ~~four weeks within the 12 calendar months preceding the date of~~  
15 ~~employment by the taxpayer, and who is employed by the taxpayer~~  
16 ~~for at least 120 hours during the taxable year in which the credit~~  
17 ~~is claimed.~~

18 ~~(d) The credit allowed by this section shall be decreased by the~~  
19 ~~amount of any other credit or deduction that the taxpayer may~~  
20 ~~otherwise claim pursuant to this part with respect to qualified~~  
21 ~~wages or qualified employees.~~

22 (c) *For purposes of this section:*

23 (1) *“Qualified veteran” means a member of the Armed Forces*  
24 *of the United States who has been honorably discharged from*  
25 *service within the five calendar years preceding employment by*  
26 *the taxpayer, who received unemployment compensation within*  
27 *California for not less than four weeks within the 12 calendar*  
28 *months preceding the date of employment by the taxpayer, and*  
29 *who is employed by the taxpayer for at least 120 hours during the*  
30 *taxable year for which the credit is claimed.*

31 (2) *“Wages” means wages that are subject to Division 6*  
32 *(commencing with Section 13000) of the Unemployment Insurance*  
33 *Code.*

34 (d) *Any deduction otherwise allowable under this part for*  
35 *qualified wages shall be reduced by the amount of the credit*  
36 *allowed under this section.*

37 (e) In the case where the credit allowed under this section  
38 exceeds the “net tax,” the excess may be carried over to reduce  
39 the “net tax” in the following year, and succeeding years if  
40 necessary, until the credit has been exhausted.

1 SEC. 2. Section 23623.3 is added to the Revenue and Taxation  
2 Code, to read:

3 23623.3. (a) For each taxable year beginning on or after  
4 January 1, 2010, there shall be allowed a credit in the amount  
5 specified in subdivision (b) against the ~~“net tax,”~~ “tax,” as defined  
6 by Section 23036, to a taxpayer who employs a qualified veteran  
7 during the taxable year.

8 (b) The credit amount shall be 25 percent of the wages, not  
9 exceeding six thousand dollars (\$6,000), paid to each qualified  
10 veteran by the taxpayer during the taxable year.

11 ~~(c) For purposes of this section, “qualified veteran” means a~~  
12 ~~member of the Armed Forces of the United States who has been~~  
13 ~~honorably discharged from service within the five calendar years~~  
14 ~~preceding employment by the taxpayer, who received~~  
15 ~~unemployment compensation within California for not less than~~  
16 ~~four weeks within the 12 calendar months preceding the date of~~  
17 ~~employment by the taxpayer, and who is employed by the taxpayer~~  
18 ~~for at least 120 hours during the taxable year in which the credit~~  
19 ~~is claimed.~~

20 ~~(d) The credit allowed by this section shall be decreased by the~~  
21 ~~amount of any other credit or deduction that the taxpayer may~~  
22 ~~otherwise claim pursuant to this part with respect to qualified~~  
23 ~~wages or qualified employees.~~

24 (c) *For purposes of this section:*

25 (1) *“Qualified veteran” means a member of the Armed Forces*  
26 *of the United States who has been honorably discharged from*  
27 *service within the five calendar years preceding unemployment*  
28 *by the taxpayer, who received unemployment compensation within*  
29 *California for not less than four weeks within the 12 calendar*  
30 *months preceding the date of employment by the taxpayer, and*  
31 *who is employed by the taxpayer for at least 120 hours during the*  
32 *taxable year for which the credit is claimed.*

33 (2) *“Wages” means wages subject to Division 6 (commencing*  
34 *with Section 13000) of the Unemployment Insurance Code.*

35 (d) *Any deduction otherwise allowable under this part for*  
36 *qualified wages shall be reduced by the amount of the credit*  
37 *allowed under this section.*

38 (e) In the case where the credit allowed under this section  
39 exceeds the ~~“net tax,”~~ “tax,” the excess may be carried over to

- 1 reduce the ~~“net tax”~~ “*tax*” in the following year, and succeeding
- 2 years if necessary, until the credit has been exhausted.
- 3 SEC. 3. This act provides for a tax levy within the meaning of
- 4 Article IV of the Constitution and shall go into immediate effect.

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