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**Introduced by Senator Runner**

February 18, 2011

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An act to add Sections 17053.50 and 23650 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 640, as introduced, Runner. Income and corporation taxes: tax credit: employment.

The Personal Income Tax Law and the Corporation Tax Law authorize various credits against the taxes imposed by those laws.

This bill would, under both laws, provide a tax credit, in an amount as specified, to a taxpayer for each qualified employee, as defined, who has received unemployment insurance benefits for 6 months prior to the time the taxpayer hires the qualified employee.

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 17053.50 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 17053.50. (a) For taxable years beginning on or after January
- 4 1, 2011, there shall be allowed as a credit against the "net tax," as
- 5 defined in Section 17039, a qualified amount for each qualified
- 6 employee employed by the taxpayer in a qualified job during the
- 7 taxable year.
- 8 (b) For purposes of this section, the following definitions apply:

(1) “Qualified amount” shall be equal to the sum of five hundred dollars (\$500) per month for each qualified employee employed by the taxpayer in a qualified job, multiplied by the number of consecutive calendar months that the taxpayer employs the qualified employee in a qualified job, but not to exceed 12 consecutive calendar months.

(2) “Qualified employee” means any person who received unemployment insurance benefits for not less than six months prior to the time he or she was hired by the taxpayer for a qualified job.

(3) “Qualified job” means a nonseasonal, full-time employment position within the State of California that would qualify the employee for benefits under the Unemployment Insurance Code, not including any benefits received under Section 1279.5 of the Unemployment Insurance Code, and result in a salary of not less than one thousand dollars (\$1,000) in any month in which the taxpayer seeks to apply the credit authorized by this section.

(c) In the case where the credit allowed by this section exceeds the “net tax,” the excess may be carried over to reduce the “net tax” in the following year, and the five succeeding years if necessary, until the credit is exhausted.

SEC. 2. Section 23650 is added to the Revenue and Taxation Code, to read:

23650. (a) For taxable years beginning on or after January 1, 2011, there shall be allowed as a credit against the “tax,” as defined in Section 23036, a qualified amount for each qualified employee employed by the taxpayer in a qualified job during the taxable year.

(b) For purposes of this section, the following definitions apply:

(1) “Qualified amount” shall be equal to the sum of five hundred dollars (\$500) per month for each qualified employee employed by the taxpayer in a qualified job, multiplied by the number of consecutive calendar months that the taxpayer employs the qualified employee in a qualified job, but not to exceed 12 consecutive calendar months.

(2) “Qualified employee” means any person who received unemployment insurance benefits for at least six months prior to the time he or she was hired by the taxpayer for a qualified job.

(3) “Qualified job” means a nonseasonal, full-time employment position within the State of California that would qualify the employee for benefits under the Unemployment Insurance Code,

1 not including any benefits received under Section 1279.5 of the  
2 Unemployment Insurance Code, and result in a salary of not less  
3 than one thousand dollars (\$1,000) in any month in which the  
4 taxpayer seeks to apply the credit authorized by this section.

5 (c) In the case where the credit allowed by this section exceeds  
6 the “tax,” the excess may be carried over to reduce the “tax” in  
7 the following year, and the five succeeding years if necessary,  
8 until the credit is exhausted.

9 SEC. 3. This act provides for a tax levy within the meaning of  
10 Article IV of the Constitution and shall go into immediate effect.