AMENDED IN SENATE APRIL 21, 2010

SENATE BILL No. 1056

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

February 16, 2010

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 ~~to exceed~~ *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:

SECTION 1. Section 17053.81 is added to the Revenue and Taxation Code, to read:

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

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

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

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

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

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

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

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

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

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

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

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

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