

House Bill 220

By: Representatives Bennett of the 94th, Smyre of the 135th, Belton of the 112th, Holcomb of the 81st, Hitchens of the 161st, and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated,
2 relating to imposition, rate, and computation and exemptions from state income taxes, so as
3 to provide for a Georgia Veterans Work Opportunity Tax Credit as a state income tax credit
4 incentive to be provided to private sector employers to hire veterans who face employment
5 barriers; to provide for definitions; to provide for related matters; to repeal conflicting laws;
6 and for other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to
10 imposition, rate, and computation and exemptions from state income taxes, is amended by
11 adding a new Code section to read as follows:

12 "48-7-40.32.

13 (a) As used in this Code section, the term:

14 (1) 'Extended active duty' means a period of more than 90 days during which an
15 individual was on active duty, other than active duty for training, in the armed forces of
16 the United States.

17 (2) 'Hiring date' means the day the individual is hired by an employer.

18 (3) 'Prescreening notice' means a document prescribed by the Georgia Department of
19 Labor which contains information provided by the individual on the basis of which the
20 employer believes that the individual is a member of a targeted group.

21 (4) 'Qualified first-year wages' means qualified wages attributable to service rendered
22 during the one-year period beginning with the day the individual begins work for the
23 employer. The amount of qualified first-year wages which may be taken into account
24 shall not exceed \$4,500.00 per year, or \$4,800.00 per year in the case of any individual
25 who is a qualified veteran.

26 (5) 'Qualified second-year wages' means qualified wages:

- 27 (A) Which are paid to a long-term family assistance recipient; and
 28 (B) Which are attributable to service rendered during the one-year period beginning
 29 on the day after the last day of the one-year period determined under paragraph (7) of
 30 this subsection.

31 As used in this paragraph, the term 'wages' means unemployment insurance wages,
 32 determined without regard to any dollar limitation.

33 (6) 'Qualified veteran' means any veteran who is certified by the Georgia Department of
 34 Labor as:

35 (A) Being a member of a family receiving assistance under a supplemental nutrition
 36 assistance program under the Food and Nutrition Act of 2008 for at least a three-month
 37 period ending during the 12 month period ending on the hiring date;

38 (B) Entitled to compensation for a service connected disability and:

39 (i) Having a hiring date which is not more than one year after having been discharged
 40 or released from active duty in the armed forces of the United States; or

41 (ii) Having aggregate periods of unemployment during the one-year period ending
 42 on the hiring date which equal or exceed six months;

43 (C) Having aggregate periods of unemployment during the one-year period ending on
 44 the hiring date which equal or exceed four weeks (but less than six months); or

45 (D) Having aggregate periods of unemployment during the one-year period ending on
 46 the hiring date which equal or exceed six months.

47 (7) 'Qualified wages' means the wages paid or incurred by the employer during the
 48 taxable year to individuals who are members of a targeted group.

49 (8) 'Service connected' shall have the same meaning given in 38 U.S.C. Section 101.

50 (9) 'Unemployed veteran' means any veteran who is certified by the Georgia Department
 51 of Labor as:

52 (A) Having been discharged or released from active duty in the armed forces of the
 53 United States at any time during the five-year period ending on the hiring date; and

54 (B) Being in receipt of unemployment compensation under state or federal law for not
 55 less than four weeks during the one-year period ending on the hiring date.

56 (10) 'Veteran' means any individual who is certified by the Georgia Department of Labor
 57 as:

58 (A)(i) Having served on active duty, other than active duty for training, in the armed
 59 forces of the United States for a period of more than 180 days; or

60 (ii) Having been discharged or released from active duty in the armed forces of the
 61 United States for a service connected disability; and

62 (B) Not having any day during the 60 day period ending on the hiring date which was
 63 a day of extended active duty in the armed forces of the United States.

- 64 (11)(A) 'Wages' shall have the same meaning as such term is defined in subsection (b)
 65 of 26 U.S.C. Section 3306, without regard to any dollar limitation contained in such
 66 section.
- 67 (B) Wages shall not include:
- 68 (i) Any amounts paid or incurred by an employer for any period to any individual for
 69 whom the employer receives federally funded payments for on-the-job training of
 70 such individual for such period;
- 71 (ii) The amount of wages which would be qualified wages under this Code section
 72 for an employer shall be reduced by an amount equal to the amount of the payments
 73 made to such employer for such individual for such taxable year under a program
 74 established under Section 482(e)(1) of the Social Security Act; and
- 75 (iii) Payments for services during labor disputes:
- 76 (I) If the principal place of employment of an individual with the employer is at a
 77 plant or facility; and
- 78 (II) There is a strike or lockout involving employees at such plant or facility,
 79 then any amount paid or incurred by the employer to such individual for services
 80 which are the same as, or substantially similar to, those services performed by
 81 employees participating in, or affected by, the strike or lockout during the period of
 82 such strike or lockout.
- 83 (b) There is created a Georgia Veterans Work Opportunity Tax Credit, which shall be a
 84 one-time tax credit for each new employee hired by a qualified employer. There is no limit
 85 to the number of new hires who can qualify an employer for such tax credit. The
 86 requirements for this program are to be promulgated by rules and regulations issued by the
 87 department and the Georgia Department of Labor. The amount of the tax credit shall be
 88 determined by the criteria contained in this Code section.
- 89 (c)(1) Except as otherwise provided in paragraphs (2) through (4) of this subsection, the
 90 amount of the Georgia Veterans Work Opportunity Tax Credit for a taxable year shall be
 91 equal to 40 percent of the qualified first-year wages of an individual in a targeted group
 92 for the specified year.
- 93 (2) In the case of an individual who has performed at least 120 hours, but less than 400
 94 hours, of service for the employer, the Georgia Veterans Work Opportunity Tax Credit
 95 for a taxable year shall be equal to 25 percent of the qualified first-year wages.
- 96 (3) No wages shall be taken into account for any individual unless such individual has
 97 performed at least 120 hours of service for the employer.
- 98 (4) No wages shall be taken into account for any individual if, prior to the hiring date of
 99 such individual, such individual had been employed by the employer at any time.
- 100 (d)(1) An individual is a member of a targeted group if such individual is:

- 101 (A) A qualified veteran; or
102 (B) An unemployed veteran.
- 103 (2) An individual shall not be treated as a member of a targeted group unless:
104 (A) On or before the day on which such individual begins work for the employer, the
105 employer has received a certification from the Georgia Department of Labor that such
106 individual is a member of a targeted group; or
107 (B)(i) On or before the day the individual is offered employment with the employer,
108 a prescreening notice is completed by the employer for such individual; and
109 (ii) Not later than the twenty-eighth day after the individual begins work for the
110 employer, the employer submits such notice, signed by the employer and the
111 individual under penalties of perjury, to the Georgia Department of Labor as part of
112 a written request for such a certification from such agency.
- 113 (e) If an individual has been certified by the Georgia Department of Labor as a member
114 of a targeted group and such certification is incorrect because it was based on false
115 information provided by such individual, the certification shall be revoked and wages paid
116 by the employer after the date on which notice of revocation is received by the employer
117 shall not be treated as qualified wages.
- 118 (f) If the Georgia Department of Labor denies a request for certification of membership
119 in a targeted group, such agency shall provide to the person making such request a written
120 explanation of the reasons for such denial.
- 121 (g)(1) A veteran will be treated as certified by the Georgia Department of Labor as
122 having aggregate periods of unemployment meeting the requirements of this Code section
123 if such veteran is certified by such agency as being in receipt of unemployment
124 compensation under state or federal law for not less than six months during the one-year
125 period ending on the hiring date.
- 126 (2) A veteran will be treated as certified by the Georgia Department of Labor as having
127 aggregate periods of unemployment meeting the requirements of this Code section if such
128 veteran is certified by such agency as being in receipt of unemployment compensation
129 under state or federal law for not less than four weeks, but less than six months, during
130 the one-year period ending on the hiring date.
- 131 (3) The Commissioner of Labor may provide alternative methods for certification of a
132 veteran as a qualified veteran at the commissioner's discretion.
- 133 (h) Any unemployed veteran who begins work for an employer during 2016 or 2017 shall
134 be treated as a member of a targeted group for purposes of this Code section.
- 135 (i) The Georgia Veterans Work Opportunity Tax Credit for employment of a long-term
136 family assistance recipient shall be determined as follows:

137 (1) The amount of the Georgia Veterans Work Opportunity Tax Credit determined under
138 this Code section for the taxable year shall include 50 percent of the qualified
139 second-year wages for such year; and

140 (2) The amount of the qualified first-year wages, and the amount of qualified
141 second-year wages, which may be taken into account shall not exceed \$10,000.00 per
142 year.

143 (j) No wages shall be taken into account when an individual:

144 (1) Bears any of the relationships described in subparagraphs (A) through (G) of 26
145 U.S.C. Section 152(d)(2) to the taxpayer, or, if the taxpayer is a corporation, to an
146 individual who owns, directly or indirectly, more than 50 percent in value of the
147 outstanding stock of the corporation, or, if the taxpayer is an entity other than a
148 corporation, to any individual who owns, directly or indirectly, more than 50 percent of
149 the capital and profits interests in the entity; or

150 (2) If the taxpayer is an estate or trust, is a grantor, beneficiary, or fiduciary of the estate
151 or trust, or is an individual who bears any of the relationships described in subparagraphs
152 (A) through (G) of 26 U.S.C. Section 152(d)(2) to a grantor, beneficiary, or fiduciary of
153 the estate or trust.

154 (k)(1) A taxpayer may elect to have this Code section not apply for any taxable year.

155 (2) An election under paragraph (1) of this subsection for any taxable year may be made
156 or revoked at any time before the expiration of the three-year period beginning on the last
157 date prescribed by law for filing the return for such taxable year to be determined without
158 regard to extensions.

159 (3) An election or revocation under paragraph (1) of this subsection shall be made in
160 such manner as the commissioner may by regulations prescribe."

161 **SECTION 2.**

162 All laws and parts of laws in conflict with this Act are repealed.