

House Bill 203

By: Representatives Bennett of the 94th, Smyre of the 135th, Belton of the 112th, Hitchens of the 161st, Frazier of the 126th, 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, computation, and exemptions from state income taxes, so as to
3 provide for a Georgia Veterans Work Opportunity Tax Credit as a state income tax credit
4 incentive for private sector employers to hire certain veterans; to provide for definitions; to
5 provide for related matters; to repeal conflicting laws; and for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

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

11 "48-7-40.36.

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

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

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

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

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

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

26 (A) Which are paid to a long-term family assistance recipient; and

27 (B) Which are attributable to service rendered during the one-year period beginning
 28 on the day after the last day of the one-year period determined under paragraph (7) of
 29 this subsection.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

62 (11)(A) 'Wages' shall have the same meaning as such term is defined in subsection (b)
 63 of 26 U.S.C. Section 3306, without regard to any dollar limitation contained in such
 64 section.

65 (B) Wages shall not include:

66 (i) Any amounts paid or incurred by an employer for any period to any individual for
 67 whom the employer receives federally funded payments for on-the-job training of
 68 such individual for such period;

69 (ii) The amount of wages which would be qualified wages under this Code section
 70 for an employer shall be reduced by an amount equal to the amount of the payments
 71 made to such employer for such individual for such taxable year under a program
 72 established under Section 482(e)(1) of the federal Social Security Act; and

73 (iii) Payments for services during labor disputes:

74 (I) If the principal place of employment of an individual with the employer is at a
 75 plant or facility; and

76 (II) There is a strike or lockout involving employees at such plant or facility,
 77 then any amount paid or incurred by the employer to such individual for services
 78 which are the same as, or substantially similar to, those services performed by
 79 employees participating in, or affected by, the strike or lockout during the period of
 80 such strike or lockout.

81 (b) There is created a Georgia Veterans Work Opportunity Tax Credit, which shall be a
 82 one-time tax credit for each new employee hired by a qualified employer. There is no limit
 83 to the number of new hires who can qualify an employer for such tax credit. The
 84 requirements for this program are to be promulgated by rules and regulations issued by the
 85 department and the Department of Labor. The amount of the tax credit shall be determined
 86 by the criteria contained in this Code section.

87 (c)(1) Except as otherwise provided in paragraphs (2) through (4) of this subsection, the
 88 amount of the Georgia Veterans Work Opportunity Tax Credit for a taxable year shall be
 89 equal to 40 percent of the qualified first-year wages of an individual in a targeted group
 90 for the specified year.

91 (2) In the case of an individual who has performed at least 120 hours, but less than 400
 92 hours, of service for the employer, the Georgia Veterans Work Opportunity Tax Credit
 93 for a taxable year shall be equal to 25 percent of the qualified first-year wages.

94 (3) No wages shall be taken into account for any individual unless such individual has
 95 performed at least 120 hours of service for the employer.

96 (4) No wages shall be taken into account for any individual if, prior to the hiring date of
 97 such individual, such individual had been employed by the employer at any time.

98 (d)(1) An individual is a member of a targeted group if such individual is:

- 99 (A) A qualified veteran; or
- 100 (B) An unemployed veteran.
- 101 (2) An individual shall not be treated as a member of a targeted group unless:
- 102 (A) On or before the day on which such individual begins work for the employer, the
- 103 employer has received a certification from the Department of Labor that such individual
- 104 is a member of a targeted group; or
- 105 (B)(i) On or before the day the individual is offered employment with the employer,
- 106 a prescreening notice is completed by the employer for such individual; and
- 107 (ii) Not later than the twenty-eighth day after the individual begins work for the
- 108 employer, the employer submits such notice, signed by the employer and the
- 109 individual under penalties of perjury, to the Department of Labor as part of a written
- 110 request for such a certification from such department.
- 111 (e) If an individual has been certified by the Department of Labor as a member of a
- 112 targeted group and such certification is incorrect because it was based on false information
- 113 provided by such individual, the certification shall be revoked and wages paid by the
- 114 employer after the date on which notice of revocation is received by the employer shall not
- 115 be treated as qualified wages.
- 116 (f) If the Department of Labor denies a request for certification of membership in a
- 117 targeted group, such department shall provide to the person making such request a written
- 118 explanation of the reasons for such denial.
- 119 (g)(1) A veteran shall be treated as certified by the Department of Labor as having
- 120 aggregate periods of unemployment meeting the requirements of this Code section if such
- 121 veteran is certified by such department as being in receipt of unemployment
- 122 compensation under state or federal law for not less than six months during the one-year
- 123 period ending on the hiring date.
- 124 (2) A veteran shall be treated as certified by the Department of Labor as having
- 125 aggregate periods of unemployment meeting the requirements of this Code section if such
- 126 veteran is certified by such department as being in receipt of unemployment
- 127 compensation under state or federal law for not less than four weeks, but less than six
- 128 months, during the one-year period ending on the hiring date.
- 129 (3) The Commissioner of Labor may provide alternative methods for certification of a
- 130 veteran as a qualified veteran at such commissioner's discretion.
- 131 (h) Any unemployed veteran who begins work for an employer during 2019 or 2020 shall
- 132 be treated as a member of a targeted group for purposes of this Code section.
- 133 (i) The Georgia Veterans Work Opportunity Tax Credit for employment of a long-term
- 134 family assistance recipient shall be determined as follows:

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

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

141 (j) No wages shall be taken into account if an individual:

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

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

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

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

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

159 **SECTION 2.**

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