

Stricken language would be deleted from and underlined language would be added to law as it existed prior to the 82nd General Assembly.

1 State of Arkansas
2 82nd General Assembly
3 Regular Session, 1999
4

As Engrossed: S2/19/99

A Bill

SENATE BILL 333

5 By: Senator Edwards
6 By: Representative King
7
8

For An Act To Be Entitled

10 "AN ACT TO AMEND ARKANSAS CODE TITLE 26, CHAPTER 51,
11 SUBCHAPTER 5, TO PROVIDE FOR TAXPAYERS TO RECEIVE A
12 TAX CREDIT OF ONE THOUSAND FIVE HUNDRED DOLLARS
13 (\$1,500) PER NEW EMPLOYEE HIRED WHO QUALIFIES AS A
14 'WELFARE-TO-WORK' CLIENT, AS DETERMINED BY THE
15 DEPARTMENT OF HUMAN SERVICES; TO DECLARE AN EMERGENCY;
16 AND FOR OTHER PURPOSES."

Subtitle

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19 "TO PROVIDE A TAX CREDIT FOR TAXPAYERS
20 THAT HIRE EMPLOYEES WHO QUALIFY AS
21 'WELFARE-TO-WORK' CLIENTS."
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24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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26 SECTION 1. Arkansas Code Title 26, Chapter 51, Subchapter 5 is amended
27 to add the following new section to be appropriately numbered by the Arkansas
28 Code Revision Commission:

29 "New employees from welfare-to-work classification.

30 (a) For each new employee hired who qualifies as a 'welfare-to-work'
31 client, as defined by the Department of Human Services, there shall be
32 allowed, for any eligible employer, a credit against the tax imposed by the
33 Income Tax Act of 1929, beginning at § 26-51-501, in the amount of up to one
34 thousand five hundred dollars (\$1,500).

35 (b) The eligible employer shall be eligible for a tax credit of five-
36 hundred dollars (\$500) when the employee completes six (6) months of

1 continuous employment, and shall be eligible for an additional tax credit of
2 one thousand dollars (\$1,000) when the employee completes one (1) year of
3 continuous employment.

4 (c) For purposes of this section, six (6) months of continuous
5 employment means at least twenty-five (25) weeks out of twenty-six (26)
6 consecutive weeks of employment at an average of at least thirty (30) hours
7 per week; and one (1) year of continuous employment means at least fifty (50)
8 weeks out of fifty-two (52) consecutive weeks of employment at an average of
9 at least thirty (30) hours per week.

10 (d) Employment agencies are not "eligible employers" entitled to claim
11 the credit authorized by this act.

12
13 SECTION 2. (a) Each new employee qualifying as a "welfare to work"
14 client shall be provided a written certification to that effect by the
15 Department of Human Services. Each employer seeking to claim the tax credit
16 provided by this act shall maintain copies of the certifications for each
17 employee for which the credit is claimed, records evidencing the employee's
18 work attendance and any other documentation required by regulation.

19 (b) The Department of Finance and Administration, the Department of
20 Human Services, and the Arkansas Department of Economic Development shall
21 share information as necessary in order to document and verify that the tax
22 credit authorized by this act is claimed only for qualified employees. The
23 Department of Human Services will provide to the Department of Finance and
24 Administration and the Arkansas Department of Economic Development a listing
25 of all qualified employees who accepted employment during each calendar
26 quarter. This listing shall include the name, address, and social security
27 number of each qualifying "welfare to work" employee for whom a certificate
28 has been issued along with the employee's employer name, address, and taxpayer
29 identification number.

30 (c) The credit provided by this act is nonrefundable. It cannot be
31 used to reduce an employer's tax liability below zero. The credit cannot be
32 carried forward. It must be used in the tax year earned.

33 (d) This credit may not be claimed if the employer is participating in
34 any other tax incentive program which provides an income tax credit for the
35 newly hired employees, including the Arkansas Enterprise Zone Act of 1993,
36 beginning at § 15-4-1701, and the Arkansas Economic Development Act of 1995,

1 beginning at § 15-4-1901.

2 (e) Shareholders of Subchapter S corporations and limited liability
3 corporations and partnership owners may claim a portion of the credit
4 corresponding to the amount of their ownership interest in the entity
5 employing the qualified workers.

6 (f) In the event it is found that any employer receiving the income tax
7 credit provided by this act has failed to comply with the conditions contained
8 in this act, that employer shall be liable for the payment of such additional
9 income taxes as may be due after the income tax credits provided are
10 disallowed, plus penalty and interest.

11 (g) The Director of the Department of Finance and Administration is
12 authorized to promulgate rules and regulations necessary to implement the
13 provisions of this act.

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15 SECTION 3. Effective Date. The tax benefits authorized in Section 1 of
16 this act shall be allowed for employees hired after January 1, 1999 and which
17 meet the Department of Human Services definition of a "welfare to work"
18 client. The credit is available for tax years beginning on and after January
19 1, 1999.

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21 SECTION 4. All provisions of this act of a general and permanent nature
22 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
23 Revision Commission shall incorporate the same in the Code.

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25 SECTION 5. If any provision of this act or the application thereof to
26 any person or circumstance is held invalid, such invalidity shall not affect
27 other provisions or applications of the act which can be given effect without
28 the invalid provision or application, and to this end the provisions of this
29 act are declared to be severable.

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31 SECTION 6. All laws and parts of laws in conflict with this Act are
32 hereby repealed.

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34 SECTION 7. EMERGENCY CLAUSE. It is hereby found and determined by the
35 General Assembly that the current level of unemployment is unacceptable; that
36 it is incumbent upon the General Assembly to provide an economic climate

1 conducive to the creation of jobs for the citizens of this state; that the
2 employees that benefit from this Act will be citizens that have had difficulty
3 finding and maintaining employment; and that the tax credit provided by this
4 Act could serve as a stimulus for businesses to create needed job
5 opportunities. Therefore, an emergency is declared to exist and this Act,
6 being necessary for the preservation of the public peace, health and safety
7 shall be in full force and effect from and after its passage and approval.

8 /s/ Edwards

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