

AMENDED IN ASSEMBLY MAY 7, 2019
AMENDED IN ASSEMBLY APRIL 23, 2019
AMENDED IN ASSEMBLY MARCH 21, 2019
CALIFORNIA LEGISLATURE—2019–20 REGULAR SESSION

ASSEMBLY BILL

No. 1169

Introduced by Assembly Member Frazier

February 21, 2019

An act to add and repeal Section 17053.75-~~to~~ of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1169, as amended, Frazier. Personal income taxes: credit: employer: qualified wages.

The Personal Income Tax Law allows various credits against the taxes imposed by that law. Existing law requires any bill authorizing a new tax credit to contain, among other things, specific goals, purposes, and objectives—that the tax credit will achieve, detailed performance indicators, and data collection requirements.

This bill would allow a credit against those taxes for each taxable year beginning on or after January 1, 2020, and before January 1, 2025, in an amount equal to 40% of the amount paid or incurred by a qualified taxpayer during the taxable year for qualified wages of qualified employees, not to exceed \$6,000 per qualified employee. The bill would define “qualified employee” to mean an employee who is hired on or after January 1, ~~2019~~, 2020, and who is a vocational rehabilitation referral, qualified SSI recipient, or qualified SSDI recipient. The bill would also include additional information required for any bill authorizing a new income tax credit.

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 17053.75 is added to the Revenue and
2 Taxation Code, to read:

3 17053.75. (a) For each taxable year beginning on or after
4 January 1, 2020, and before January 1, 2025, there shall be allowed
5 as a credit against the “net tax,” as defined in Section 17039, an
6 amount equal to 40 percent of the amount paid or incurred by a
7 qualified taxpayer during the taxable year for qualified wages of
8 qualified employees, not to exceed six thousand dollars (\$6,000)
9 per qualified employee.

10 (b) For purposes of this section:

11 (1) “Qualified employee” means an employee that meets both
12 of the following criteria:

13 (A) Was hired on or after January 1, ~~2019~~. 2020.

14 (B) Is one of the following:

15 (i) A vocational rehabilitation referral.

16 (ii) A qualified SSI recipient.

17 (iii) A qualified SSDI recipient.

18 (2) “Qualified SSI recipient” means an individual who is
19 receiving supplemental security income benefits under Title XVI
20 of the Social Security Act, including supplemental security income
21 benefits of the type described in Section 1616 of the Social Security
22 Act (42 U.S.C. Sec. 1382e) or Section 212 of Public Law 93-66,
23 for any month ending within 60 days of the date that the qualified
24 taxpayer hired the qualified employee.

25 (3) “Qualified SSDI recipient” means any individual who is
26 certified by a designated local agency as receiving disability
27 insurance benefits under Section 223 of the Social Security Act
28 (42 U.S.C. Sec. 423) for any month ending within 60 days of the
29 date that the qualified taxpayer hired the qualified employee.

30 (4) “Qualified taxpayer” means a taxpayer that operates a
31 business and does not hold a certificate pursuant to subsection (c)
32 of Section 214 of Title 29 of the United States Code.

1 (5) “Qualified wages” means wages for work performed in
2 California for the first 12 months that a qualified employee is
3 employed by the qualified taxpayer.

4 (6) “Vocational rehabilitation referral” means an individual who
5 is certified by the Department of Rehabilitation as having both of
6 the following:

7 (A) A physical or mental disability that constitutes or results in
8 a substantial handicap to employment.

9 (B) A referral to the employer upon completion of or while
10 receiving rehabilitative services pursuant to any of the following:

11 (i) An individualized written plan for employment under
12 California’s plan for vocational rehabilitation services approved
13 under the Rehabilitation Act of 1973 (19 U.S.C. Sec. 701).

14 (ii) A program of vocational rehabilitation carried out under
15 Chapter 31 of Title 38 of the United States Code.

16 (iii) An individual work plan developed and implemented by
17 an employment network pursuant to subsection (g) of Section 1148
18 of the Social Security Act (42 U.S.C. Sec. 1320b-19).

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

23 (d) The Employment Development Department, the Department
24 of Rehabilitation, the California Workforce Development Board,
25 and the State Council on Developmental Disabilities shall carry
26 out their existing mandates to notify employers of the availability
27 of the credit.

28 (e) (1) For the purposes of complying with Section 41, the
29 Legislature finds and declares the following:

30 (A) Individuals with disabilities have historically been
31 unemployed or underemployed compared to individuals without
32 disabilities.

33 (B) Additional incentives must be provided to incentivize
34 employers to hire employees with disabilities.

35 (2) The goal of this credit is to encourage employers to hire
36 individuals with disabilities, as specified in subparagraph (B) of
37 paragraph (1) of subdivision (b), who are seeking employment.

38 (3) On or before March 1, 2021, and annually thereafter, the
39 Franchise Tax Board shall submit a report, in compliance with
40 Section 9795 of the Government Code, to the Joint Legislative

1 Budget Committee related to the goals, purposes, objectives,
2 performance indicators, and data collection requirements for this
3 credit, that includes all of the following for the prior taxable year:
4 (A) The total dollar amount of the credit claimed.
5 (B) A comparison of the total dollar amount of the credit claimed
6 to the Franchise Tax Board’s prior estimate of the total dollar
7 amount of the credit expected to be claimed in that fiscal year.
8 (C) The number of qualified taxpayers claiming the credit and
9 the number of qualified employees represented in those claims.
10 (4) On or before October 1, 2021, and annually thereafter, the
11 Employment Development Department shall submit a report, in
12 compliance with Section 9795 of the Government Code, to the
13 Joint Legislative Budget Committee related to the goals, purposes,
14 objectives, performance indicators, and data collection
15 requirements for this credit, that includes all of the following for
16 the prior taxable year:
17 (A) The percentage of newly hired employees in the state that
18 are qualified employees.
19 (B) The distribution of qualified taxpayers based on industry
20 sectors.
21 (C) The distribution of qualified employees based on industry
22 sectors.
23 (f) This section shall remain in effect only until December 1,
24 2025, and as of that date is repealed.
25 SEC. 2. This act provides for a tax levy within the meaning of
26 Article IV of the California Constitution and shall go into
27 immediate effect.

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