

AMENDMENTS TO SENATE BILL NO. 1349
AS AMENDED IN SENATE MARCH 21, 2022

Amendment 1

On page 2, in line 14, strike out "subdivision, the following definitions", strike out line 15 and insert:

section:

Amendment 2

On page 2, in line 18, strike out "an employer" and insert:

a qualified taxpayer

Amendment 3

On page 2, in line 21, strike out the first "the" and insert:

a qualified

Amendment 4

On page 3, in line 26, strike out "subdivision, the following definitions", strike out line 27 and insert:

section:

Amendment 5

On page 3, in line 30, strike out "an employer" and insert:

a qualified taxpayer

Amendment 6

On page 3, in line 33, strike out the first "the" and insert:

a qualified



PROPOSED AMENDMENTS

RN 22 11147 04
03/25/22 03:22 PM
SUBSTANTIVE

PROPOSED AMENDMENTS TO SENATE BILL NO. 1349

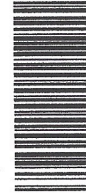
AMENDED IN SENATE MARCH 21, 2022

SENATE BILL

No. 1349

Introduced by Senators Caballero and Limón
(Coauthors: Senators Dodd and Umberg)

February 18, 2022



RN2211147

An act to add and repeal Sections 17053.10 and 23621.1 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1349, as amended, Caballero. Income and corporation taxes: credits: work opportunity credit.

The Personal Income Tax Law and the Corporation Tax Law allow various credits against the taxes imposed by those laws. 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, for taxable years beginning on or after January 1, 2023, and before January 1, 2026, would allow a credit against those taxes to a qualified taxpayer, as defined, in an amount equal to, for each qualified employee employed during the taxable year, the lesser of \$1,000 or the full amount of the federal work opportunity credit, as defined, claimed during the taxable year by the qualified taxpayer for the qualified employee on the qualified taxpayer's federal income tax return.

This bill would include additional information required for any bill authorizing a new income tax credit.

This bill would take effect immediately as a tax levy.

PROPOSED AMENDMENTS

SB 1349

— 2 —

RN 22 11147 04
03/25/22 03:22 PM
SUBSTANTIVE

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

Page 2 1 SECTION 1. Section 17053.10 is added to the Revenue and
2 Taxation Code, to read:
3 17053.10. (a) For taxable years beginning on or after January
4 1, 2023, and before January 1, 2026, there shall be allowed a credit
5 against the "net tax," as defined in Section 17039, to a qualified
6 taxpayer in an amount equal to the lesser of the following for each
7 qualified employee employed during the taxable year:
8 (1) The full amount of the federal work opportunity credit
9 claimed during the taxable year by the qualified taxpayer for the
10 qualified employee on the qualified taxpayer's federal income tax
11 return.
12 (2) One thousand dollars (\$1,000).
13 (b) For purposes of this subdivision, the following definitions
14 apply: section:
15 (1) "Federal work opportunity credit" means the work
16 opportunity tax credit allowed under Section 51 of the Internal
17 Revenue Code for wages paid or incurred by an employer a
18 qualified taxpayer to certain individuals specified in that section.
19 (2) "Qualified employee" means an individual that is employed
20 by the a qualified taxpayer during the taxable year for whom the
21 qualified taxpayer has claimed a federal work opportunity credit
22 in that taxable year and who is paid wages subject to withholding
23 under Division 6 (commencing with Section 13000) of the
24 Unemployment Insurance Code.
25 (3) "Qualified taxpayer" means a taxpayer that is allowed to
26 claim a federal work opportunity credit on their federal income
27 tax return and that pays qualified employees wages subject to
28 withholding under Division 6 (commencing with Section 13000)
29 of the Unemployment Insurance Code.
30 (c) In the case where the credit allowed by this section exceeds
31 the "net tax," the excess shall be carried over to reduce the "net
Page 3 1 tax" in the following taxable year, and the succeeding two years
2 if necessary, until the credit is exhausted.
3 (d) Any deduction that is otherwise allowed to the qualified
4 taxpayer pursuant to this part with respect to wages paid to the

Amendment 1

Amendment 2

Amendment 3

PROPOSED AMENDMENTS

— 3 —

SB 1349

RN 22 11147 04
03/25/22 03:22 PM
SUBSTANTIVE

Page 3 5 qualified employee shall be reduced by the amount of credits
6 claimed under this section. This credit shall be taken in lieu of any
7 other credit that the qualified taxpayer may otherwise claim
8 pursuant to this part with respect to wages paid to a qualified
9 employee.

11 (e) This section shall remain in effect only until December 1,
12 2026, and as of that date is repealed.

13 SEC. 2. Section 23621.1 is added to the Revenue and Taxation
14 Code, to read:

15 23621.1. (a) For taxable years beginning on or after January
16 1, 2023, and before January 1, 2026, there shall be allowed a credit
17 against the "tax," as defined in Section 23036, to a qualified
18 taxpayer in an amount equal to the lesser of the following for each
19 qualified employee employed during the taxable year:

21 (1) The full amount of the federal work opportunity credit
22 claimed during the taxable year by the qualified taxpayer for the
23 qualified employee on the qualified taxpayer's federal income tax
24 return.

25 (2) One thousand dollars (\$1,000).

26 (b) For purposes of this ~~subdivision, the following definitions~~
27 ~~apply:~~ *section:*

28 (1) "Federal work opportunity credit" means the work
29 opportunity tax credit allowed under Section 51 of the Internal
30 Revenue Code for wages paid or incurred by ~~an employer a~~
31 *qualified taxpayer* to certain individuals specified in that section.

32 (2) "Qualified employee" means an individual that is employed
33 by ~~the a qualified~~ taxpayer during the taxable year for whom the
34 qualified taxpayer has claimed a federal work opportunity credit
35 in that taxable year and who is paid wages subject to withholding
36 under Division 6 (commencing with Section 13000) of the
37 Unemployment Insurance Code.

39 (3) "Qualified taxpayer" means a taxpayer that is allowed to
40 claim a federal work opportunity credit on their federal income
Page 4 1 tax return and that pays qualified employees wages subject to
2 withholding under Division 6 (commencing with Section 13000)
3 of the Unemployment Insurance Code.

4 (c) In the case where the credit allowed by this section exceeds
5 the "net tax," the excess shall be carried over to reduce the "net
6 tax" in the following taxable year, and the succeeding two years
7 if necessary, until the credit is exhausted.

Amendment 4

Amendment 5

Amendment 6

PROPOSED AMENDMENTS

SB 1349

— 4 —

RN 22 11147 04

03/25/22 03:22 PM

SUBSTANTIVE

Page 4 8 (d) Any deduction that is otherwise allowed to the qualified
9 taxpayer pursuant to this part with respect to wages paid to the
10 qualified employee shall be reduced by the amount of credits
11 claimed under this section. This credit shall be taken in lieu of any
12 other credit that the qualified taxpayer may otherwise claim
13 pursuant to this part with respect to wages paid to a qualified
14 employee.
15 (e) This section shall remain in effect only until December 1,
16 2026, and as of that date is repealed.
17 SEC. 3. For purposes of complying with Section 41 of the
18 Revenue and Taxation Code, the Legislature declares the following
19 with respect to Sections 17053.10 and 23621.1 of the Revenue and
20 Taxation Code, as added by this act, hereafter referred to as the
21 credits:
22 (a) The specific goal, purpose, and objective that the credits
23 will achieve is to encourage businesses to employ persons that
24 face barriers to employment.
25 (b) A detailed performance indicator for the Legislature to use
26 in determining whether the credits allowed by this act meet that
27 goal, purpose, and objective is the number of taxpayers claiming
28 the credits.
29 (c) The Legislative Analyst's Office shall, by December 1, 2026,
30 collaborate with the Franchise Tax Board to review the
31 effectiveness of the credits. The office shall report its findings to
32 the Legislature in compliance with Section 9795 of the Government
33 Code.
34 (1) To assist the Legislature in determining whether the credits
35 allowed by this act meet the goal, purpose, and objective specified
36 in subdivision (a), and in carrying out their duties under subdivision
37 (c), the Legislative Analyst's Office may request information from
38 the Franchise Tax Board.
Page 5 1 (2) Notwithstanding Section 19542 of the Revenue and Taxation
2 Code, the Franchise Tax Board shall provide any data requested
3 by the Legislative Analyst's Office pursuant to this subdivision.
4 SEC. 4. This act provides for a tax levy within the meaning of
5 Article IV of the California Constitution and shall go into
6 immediate effect.

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