

## HB 2279 -- Tax Credit Against Employer Contributions

Sponsor:   Brandom

This bill authorizes a tax credit to be known as the Missouri Works Tax Credit which will become effective upon a determination by the United States Secretary of Labor.

The Labor and Industrial Relations Commission is required to make an expedited request within 15 days of August 28, 2010, for a determination by the Secretary of Labor on whether the tax credit conforms with federal law. If the tax credit does not conform, it will not become effective and the commission must take all necessary steps to obtain a waiver of conformity from the Secretary of Labor. The tax credit will become effective immediately upon the granting of the waiver or upon a determination that the tax credit conforms with federal law; however, it will not be implemented unless the commission determines that the employer contribution and reimbursement liability will not increase as a result of the implementation.

The amount of the credit will be \$25 to \$125 per employee per calendar quarter beginning January 1, 2011. The exact amount of the credit will be determined and periodically revised by the commission based on its evaluation of the conditions of the Missouri labor market, the state of the economy, and the unemployment rate.

Employers may claim the credit for up to four calendar quarters for each individual hired who:

- (1) Has filed a claim for unemployment compensation in Missouri and is currently receiving weekly unemployment compensation benefits on that claim and the benefits are chargeable to the experience rating account of an employer under Section 288.100, RSMo;
- (2) Has been profiled by the commission as likely to exhaust his or her benefits;
- (3) Has no return-to-work date or promise of future employment; and
- (4) Has at least eight weeks of benefit eligibility remaining on his or her current claim at the time that he or she is hired.

The credit may be claimed each calendar quarter on the employer's quarterly contribution and wage reports as a reduction from amounts otherwise due in each of the four calendar quarters immediately following the date on which the individual was hired.

The credit cannot be claimed for any individual who has been hired more than once by the employer claiming the credit or for more than four calendar quarters for that one hiring.

For each calendar quarter in which the credit is claimed, the individual must be continuously employed by the employer for at least 30 hours per week for each week of the calendar quarter.

The credit must be claimed by the last day of the reporting month following the end of the calendar quarter in which the credit is applicable. The credit is not refundable but can be carried forward and applied against future contributions due in calendar quarters during the same calendar year. Unused credits remaining at the end of the calendar year cannot be carried forward and will be deemed expired.

Employers who do not timely file reports or pay all amounts due for all calendar quarters in the calendar year are prohibited from claiming the credit. In the event an employer claims the credit and later fails to file a report or pay an amount due in a timely manner, the amount of any credits claimed for that calendar year will be canceled and become delinquent as of the date originally due and be subject to the provisions of Chapter 288 as if no credit had ever been available or claimed.