

HB 1563 -- INCOME TAX CREDIT FOR EMPLOYERS

SPONSOR: Kratky

COMMITTEE ACTION: Voted "Do Pass" by the Special Standing Committee on Small Business by a vote of 20 to 1.

Beginning January 1, 2015, this bill authorizes an income tax credit of \$500 for each person a small business hires who is disabled or who has been discharged from a state or federal correctional facility within the 12 months immediately preceding the hiring. The disabled individual, as defined in the bill, must be employed for at least one year with an average of 25 hours per week; and an individual discharged from a correctional facility must work at least one year for an average of 40 hours per week before the small business will be eligible for the credit. The small business will be eligible for the credit for the first three years the individual recently discharged from a correctional facility is employed and for each year the disabled person is employed. The credit will be issued on a first-come, first-served basis and is not refundable or transferable but can be carried forward for three subsequent taxable years. No more than \$10 million of these credits can be issued in any fiscal year.

The provisions of the bill will expire December 31 six years after the effective date.

PROPONENTS: Supporters say that this is an incentive for small businesses to hire individuals with disabilities or who recently were released from the Department of Corrections. People with disabilities can motivate other workers, and they tend to be more punctual, take fewer sick days, and stay with one employer longer than employees without disabilities. Those recently released from prison need a chance to get a job so they can become productive members of society and not return to incarceration. They want to work, appreciate their job, and will work harder to stay out of prison. There is currently a federal work opportunity tax credit available to a business that hires someone with a disability, but nothing at the state level.

Testifying for the bill were Representative Kratky; Ann Mangelsdorf, St. Louis Arc; Jane Quartel, Halcyon Shades; and David Kenyon.

OPPONENTS: There was no opposition voiced to the committee.