

AN ACT

relating to the franchise tax treatment of certain loans and grants made under the federal Coronavirus Aid, Relief, and Economic Security Act.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter C, Chapter 171, Tax Code, is amended by adding Section 171.10131 to read as follows:

Sec. 171.10131. PROVISIONS RELATED TO CERTAIN MONEY RECEIVED FOR COVID-19 RELIEF. (a) In this section, "qualifying loan or grant proceeds" means the amount of money received by a taxable entity that:

(1) is:

(A) a loan or grant under the Coronavirus Aid, Relief, and Economic Security Act (15 U.S.C. Section 9001 et seq.), as amended by the Paycheck Protection Program Flexibility Act of 2020 (Pub. L. No. 116-142), the Consolidated Appropriations Act, 2021 (Pub. L. No. 116-260), the American Rescue Plan Act of 2021 (Pub. L. No. 117-2), and the PPP Extension Act of 2021 (Pub. L. No. 117-6);

(B) a shuttered venue operator grant under Section 324 of the Consolidated Appropriations Act, 2021 (Pub. L. No. 116-260), as amended by Section 5005 of the American Rescue Plan Act of 2021 (Pub. L. No. 117-2);

(C) microloan program recovery assistance under

1 Section 329 of the Consolidated Appropriations Act, 2021 (Pub. L.
2 No. 116-260); or

3 (D) a grant from the restaurant revitalization
4 fund established under Section 5003 of the American Rescue Plan Act
5 of 2021 (Pub. L. No. 117-2); and

6 (2) is not included in the taxable entity's gross
7 income for purposes of federal income taxation under:

8 (A) Section 276 or 278 of the Consolidated
9 Appropriations Act, 2021 (Pub. L. No. 116-260); or

10 (B) Section 9672 or 9673 of the American Rescue
11 Plan Act of 2021 (Pub. L. No. 117-2).

12 (b) Notwithstanding any other law, a taxable entity:

13 (1) shall exclude from its total revenue, to the
14 extent included under Section 171.1011(c)(1)(A), (c)(2)(A), or
15 (c)(3), qualifying loan or grant proceeds;

16 (2) may include as a cost of goods sold under Section
17 171.1012 any expense paid using qualifying loan or grant proceeds
18 to the extent the expense is otherwise includable as a cost of goods
19 sold under that section; and

20 (3) may include as compensation under Section 171.1013
21 any expense paid using qualifying loan or grant proceeds to the
22 extent the expense is otherwise includable as compensation under
23 that section.

24 SECTION 2. This Act applies only to a report originally due
25 on or after January 1, 2021.

26 SECTION 3. This Act takes effect immediately if it receives
27 a vote of two-thirds of all the members elected to each house, as

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1 provided by Section 39, Article III, Texas Constitution. If this
2 Act does not receive the vote necessary for immediate effect, this
3 Act takes effect September 1, 2021.

President of the Senate

Speaker of the House

I certify that H.B. No. 1195 was passed by the House on April 1, 2021, by the following vote: Yeas 148, Nays 0, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 1195 on April 23, 2021, by the following vote: Yeas 143, Nays 1, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 1195 was passed by the Senate, with amendments, on April 19, 2021, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor