

By: Geren, Goldman, Frullo, Meyer, Bonnen,
et al.

H.B. No. 1195

Substitute the following for H.B. No. 1195:

By: Meyer

C.S.H.B. No. 1195

A BILL TO BE ENTITLED

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 that:

(1) is received by a taxable entity in loans or grants 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) and the Consolidated Appropriations Act, 2021 (Pub. L. No. 116-260); and

(2) under Sections 276 and 278 of the Consolidated Appropriations Act, 2021 (Pub. L. No. 116-260), is not included in the taxable entity's gross income for purposes of federal income taxation.

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

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

(2) may include as a cost of goods sold under Section

1 171.1012 any expense paid using qualifying loan or grant proceeds
2 to the extent the expense is otherwise includable as a cost of goods
3 sold under that section; and

4 (3) may include as compensation under Section 171.1013
5 any expense paid using qualifying loan or grant proceeds to the
6 extent the expense is otherwise includable as compensation under
7 that section.

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

10 SECTION 3. This Act takes effect immediately if it receives
11 a vote of two-thirds of all the members elected to each house, as
12 provided by Section 39, Article III, Texas Constitution. If this
13 Act does not receive the vote necessary for immediate effect, this
14 Act takes effect September 1, 2021.