

1-1 By: Geren, et al. (Senate Sponsor - Hancock) H.B. No. 1195  
 1-2 (In the Senate - Received from the House April 6, 2021;  
 1-3 April 6, 2021, read first time and referred to Committee on  
 1-4 Finance; April 13, 2021, reported favorably by the following vote:  
 1-5 Yeas 14, Nays 0; April 13, 2021, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7 Nelson	X			
1-8 Lucio	X			
1-9 Bettencourt	X			
1-10 Buckingham	X			
1-11 Campbell	X			
1-12 Creighton	X			
1-13 Hancock	X			
1-14 Huffman	X			
1-15 Kolthorst	X			
1-16 Nichols	X			
1-17 Perry	X			
1-18 Schwertner	X			
1-19 Taylor			X	
1-20 West	X			
1-21 Whitmire	X			

1-23 A BILL TO BE ENTITLED  
 1-24 AN ACT

1-25 relating to the franchise tax treatment of certain loans and grants  
 1-26 made under the federal Coronavirus Aid, Relief, and Economic  
 1-27 Security Act.

1-28 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-29 SECTION 1. Subchapter C, Chapter 171, Tax Code, is amended  
 1-30 by adding Section 171.10131 to read as follows:

1-31 Sec. 171.10131. PROVISIONS RELATED TO CERTAIN MONEY  
 1-32 RECEIVED FOR COVID-19 RELIEF. (a) In this section, "qualifying  
 1-33 loan or grant proceeds" means the amount of money that:

1-34 (1) is received by a taxable entity in loans or grants:

1-35 (A) under the Coronavirus Aid, Relief, and  
 1-36 Economic Security Act (15 U.S.C. Section 9001 et seq.), as amended  
 1-37 by the Paycheck Protection Program Flexibility Act of 2020 (Pub. L.  
 1-38 No. 116-142) and the Consolidated Appropriations Act, 2021 (Pub. L.  
 1-39 No. 116-260); or

1-40 (B) from the restaurant revitalization fund  
 1-41 established under Section 5003 of the American Rescue Plan Act of  
 1-42 2021 (Pub. L. No. 117-2); and

1-43 (2) is not included in the taxable entity's gross  
 1-44 income for purposes of federal income taxation under:

1-45 (A) Sections 276 and 278 of the Consolidated  
 1-46 Appropriations Act, 2021 (Pub. L. No. 116-260); or

1-47 (B) Section 9673 of the American Rescue Plan Act  
 1-48 of 2021 (Pub. L. No. 117-2).

1-49 (b) Notwithstanding any other law, a taxable entity:

1-50 (1) shall exclude from its total revenue, to the  
 1-51 extent included under Section 171.1011(c)(1)(A), (c)(2)(A), or  
 1-52 (c)(3), qualifying loan or grant proceeds;

1-53 (2) may include as a cost of goods sold under Section  
 1-54 171.1012 any expense paid using qualifying loan or grant proceeds  
 1-55 to the extent the expense is otherwise includable as a cost of goods  
 1-56 sold under that section; and

1-57 (3) may include as compensation under Section 171.1013  
 1-58 any expense paid using qualifying loan or grant proceeds to the  
 1-59 extent the expense is otherwise includable as compensation under  
 1-60 that section.

1-61 SECTION 2. This Act applies only to a report originally due

2-1 on or after January 1, 2021.

2-2 SECTION 3. This Act takes effect immediately if it receives  
2-3 a vote of two-thirds of all the members elected to each house, as  
2-4 provided by Section 39, Article III, Texas Constitution. If this  
2-5 Act does not receive the vote necessary for immediate effect, this  
2-6 Act takes effect September 1, 2021.

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