

By: Giddings

H.B. No. 611

A BILL TO BE ENTITLED

AN ACT

relating to a franchise tax credit for certain corporations that provide group health benefit plans to their employees.

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

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

SUBCHAPTER V. TAX CREDIT FOR CONTRIBUTIONS BY CERTAIN CORPORATIONS  
TO HEALTH PLANS FOR EMPLOYEES

Sec. 171.901. DEFINITIONS. In this subchapter:

(1) "Full-time employee" means an employee in a permanent position who is required to work at least 1,600 hours a year.

(2) "Group health benefit plan" has the meaning assigned by Section 171.751.

Sec. 171.902. APPLICATION OF SUBCHAPTER. This subchapter applies only to a corporation that:

(1) has 100 or fewer employees; and

(2) offers a group health benefit plan to full-time employees.

Sec. 171.903. CREDIT. A corporation that meets the eligibility requirements under this subchapter is entitled to a credit in the amount allowed by this subchapter against the tax imposed under this chapter.

Sec. 171.904. EXPENDITURES ELIGIBLE FOR CREDIT. A

1 corporation may claim a credit under this subchapter only for a  
2 qualifying expenditure. A qualifying expenditure is an expenditure  
3 for at least 80 percent of the premiums or other charges assessed to  
4 provide benefits to a full-time employee under a group health  
5 benefit plan.

6 Sec. 171.905. AMOUNT; LIMITATIONS. (a) A corporation may  
7 claim a credit under this subchapter for a qualifying expenditure  
8 during an accounting period only against the tax owed for the  
9 corresponding reporting period.

10 (b) A corporation with 25 or fewer employees may not claim a  
11 credit in an amount that exceeds the amount of franchise tax due,  
12 before applying any other credits, for the reporting period.

13 (c) A corporation with more than 25 and fewer than 51  
14 employees may not claim a credit in an amount that exceeds 75  
15 percent of the amount of franchise tax due, before applying any  
16 other credits, for the reporting period.

17 (d) A corporation with more than 50 and fewer than 76  
18 employees may not claim a credit in an amount that exceeds 50  
19 percent of the amount of franchise tax due, before applying any  
20 other credits, for the reporting period.

21 (e) A corporation with more than 75 and fewer than 101  
22 employees may not claim a credit in an amount that exceeds 25  
23 percent of the amount of franchise tax due, before applying any  
24 other credits, for the reporting period.

25 Sec. 171.906. APPLICATION FOR CREDIT. (a) A corporation  
26 must apply for a credit under this subchapter on or with the tax  
27 report for the period for which the credit is claimed.

1        (b) The comptroller shall adopt a form for the application  
2 for the credit. A corporation must use this form in applying for  
3 the credit.

4        Sec. 171.907. ASSIGNMENT PROHIBITED. A corporation may not  
5 convey, assign, or transfer a credit allowed under this subchapter  
6 to another entity unless all of the assets of the corporation are  
7 conveyed, assigned, or transferred in the same transaction.

8        Sec. 171.908. BIENNIAL REPORT BY COMPTROLLER. (a) Before  
9 the beginning of each regular session of the legislature, the  
10 comptroller shall submit to the governor, the lieutenant governor,  
11 and the speaker of the house of representatives a report that states  
12 the total amount of credits applied under this subchapter against  
13 the tax imposed under this chapter during the two preceding  
14 reporting periods.

15        (b) The comptroller may require a corporation that claims a  
16 credit under this subchapter to submit information that the  
17 comptroller considers necessary to support the claim and to  
18 complete the report required by this section.

19        (c) The comptroller shall provide notice to the members of  
20 the legislature that the report is available on request.

21        SECTION 2. A corporation may claim the credit under  
22 Subchapter V, Chapter 171, Tax Code, as added by this Act, only:

23            (1) for an expenditure made on or after January 1,  
24 2004; and

25            (2) on a franchise tax report due under Chapter 171,  
26 Tax Code, on or after January 1, 2004.