

Amend CSHB 3 (Senate committee printing) by inserting SECTION 4.471 (page 41, between lines 1 and 2) to read as follows:

SECTION 4.471. Chapter 171, Tax Code, is amended by adding Subchapter X to read as follows:

SUBCHAPTER X. TAX CREDIT FOR MANUFACTURING JOBS

Sec. 171.941. DEFINITIONS. In this subchapter:

(1) "Compensation" means the compensation that is reported by the employer in Box 1 on the employee's federal form W-2.

(2) "Full-time employee" means an employee that works at least 1,800 hours of work a year.

(3) "Manufacturing" means an establishment primarily engaged in activities described in categories 2011-3999 of the 1987 Standard Industrial Classification Manual published by the federal Office of Management and Budget.

(4) "Qualifying job" means a job in manufacturing.

Sec. 171.942. ENTITLEMENT TO CREDIT. A taxable entity is entitled to a credit in the amount and under the conditions and limitations provided by this subchapter against the tax imposed under this chapter.

Sec. 171.943. AMOUNT OF CREDIT. A taxable entity is entitled to a credit under this chapter in an amount equal to:

(1) one percent of the first \$30,000 in compensation paid to each full-time employee with a qualifying job during the period on which the tax is based; and

(2) for each employee with a qualifying job during the period on which the tax is based that is not a full-time employee, an amount computed by:

(A) determining a fraction, the numerator of which is the number of hours the employee is required to work a year and the denominator of which is 1,800;

(B) multiplying the fraction determined under Subdivision (A) by one percent; and

(C) multiplying the number determined under Subdivision (B) by the first \$30,000 in compensation paid to the employee.

Sec. 171.944. LIMITATIONS. (a) A taxable entity may claim

the credit only for compensation paid an employee for a position located or based in this state.

(b) The total credit claimed under this subchapter may not exceed the amount of tax due for the report.

(c) A taxable entity may not carry a credit forward or backward to apply the credit to another year's report.

Sec. 171.945. APPLICATION FOR CREDIT. (a) A taxable entity must apply for a credit under this subchapter on or with the tax report for the period for which the credit is claimed.

(b) The comptroller shall promulgate a form for the application for the credit. A taxable entity must use the form in applying for the credit.

Sec. 171.946. PERIOD FOR WHICH CREDIT MAY BE CLAIMED. A taxable entity may claim a credit under this subchapter for compensation paid during an accounting period only against the tax owed for the corresponding privilege period.