

Amend CSHB 3 (Senate committee printing) by inserting SECTION 4.472 (page 41, between lines 1 and 2) to read as follows:

SECTION 4.472. Chapter 171, Tax Code, is amended by adding Subchapter Y to read as follows:

SUBCHAPTER Y. TAX CREDIT FOR NEW JOBS

Sec. 171.961. 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 is required to work at least 1,800 hours of work a year.

Sec. 171.962. 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. 171.963. AMOUNT OF CREDIT. The credit is an amount equal to:

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

(2) for each employee 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 three percent; and

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

Sec. 171.964. 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. 171.965. 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. 171.966. 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.