

By: Farabee

H.B. No. 861

A BILL TO BE ENTITLED

AN ACT

relating to a tax credit for certain corporations obtaining coverage for their employees under a health benefit plan.

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

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

SUBCHAPTER X. TAX CREDIT FOR HEALTH BENEFIT PLAN FOR EMPLOYEES

Sec. 171.941. ENTITLEMENT TO CREDIT. A corporation 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. 171.942. QUALIFICATION. A corporation qualifies for a credit under this subchapter if the corporation obtains coverage for its employees under a health benefit plan that constitutes creditable coverage for the purposes of Section 1205.004, Insurance Code.

Sec. 171.943. AMOUNT; LIMITATIONS. (a) The amount of the credit is 50 percent of the cost to the corporation of obtaining coverage for its employees under a health benefit plan.

(b) The credit claimed for each privilege period may not exceed the amount of franchise tax due, before any other applicable tax credits, for the privilege period.

(c) A corporation may claim a credit under this subchapter for an expenditure made during an accounting period only against

1 the tax owed for the corresponding privilege period.

2 (d) A corporation may not carry over an expenditure made
3 during a privilege period to a subsequent privilege period.

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

8 Sec. 171.944. APPLICATION FOR CREDIT. A corporation must
9 apply for a credit under this subchapter on or with the tax report
10 for the period for which the credit is claimed.

11 Sec. 171.945. RULES. The comptroller shall adopt rules
12 necessary to implement this subchapter.

13 SECTION 2. This Act applies only to a tax report originally
14 due on or after the effective date of this Act.

15 SECTION 3. This Act takes effect January 1, 2006.