

BILL ANALYSIS

Senate Research Center
80R2036 DAK-D

S.B. 210
By: Ellis
State Affairs
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, under Subchapter A, Chapter 103, Texas Civil Practice and Remedies Code, compensation for imprisonment for a wrongful conviction is treated as taxable income by the Internal Revenue Service (IRS). Under that state law it is not specifically stated whether compensation for imprisonment for a wrongful conviction should be treated as taxable income by the IRS, but this is how the IRS has treated such payment, unless the victim challenges that characterization.

As proposed, S.B. 210 clarifies that such compensation should be treated as damages for the physical injury of wrongful incarceration and, therefore, is not subject to federal income tax.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 103, Civil Practice and Remedies Code, by adding Section 103.0015, as follows:

Sec. 103.0015. NATURE OF COMPENSATION. Provides that compensation under this chapter represents damages for the physical injury of wrongful incarceration and is not subject to federal income tax.

SECTION 2. Establishes that this Act applies to compensation awarded under Chapter 103 (Compensation to Persons Wrongly Imprisoned), Civil Practice and Remedies Code, without regard to when the compensation was awarded.

SECTION 3. Effective date: upon passage or September 1, 2007.