

BILL ANALYSIS

H.B. 2360
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Business & Industry
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The earned income tax credit is a refundable federal income tax credit available to certain individuals and families who have low to moderate levels of earned income. According to the Center for Public Policy Priorities, 2.3 million Texans, who account for 21 percent of all filers, received the tax credit in 2009, which injected \$5.2 billion in refunds into the economy in Texas. However, as many as one in four eligible Texans fail to claim the earned income tax credit, which left \$1.4 to \$1.9 billion unclaimed in 2009. The comptroller of public accounts offers several publications regarding the tax credit in both English and Spanish, and employers are allowed to download and reproduce these publications to inform their employees about the tax credit.

H.B. 2360 amends the Labor Code by requiring employers to provide their employees with information regarding eligibility for the federal earned income tax credit. Education about the tax credit will help Texans receive their full entitlement under the credit, and as a result, the credit may serve as an indirect stimulus to the economy.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Workforce Commission in SECTION 2 of this bill.

ANALYSIS

H.B. 2360 amends the Labor Code to require an employer to annually provide to the employer's employees information regarding eligibility for the federal earned income tax credit at the time the employee is provided with the employee's Internal Revenue Service (IRS) Form W-2. The bill authorizes an employer to provide the information by providing IRS publications relating to the tax credit or information prepared by the comptroller of public accounts relating to the tax credit or federal income tax forms necessary to claim the tax credit.

H.B. 2360 authorizes an employer, if the employer's place of employment is located in close geographic proximity to a program that provides free federal income tax preparation services to low-income and other eligible persons, to provide the information required to employees with material containing the address, Internet website, telephone number, or other relevant information regarding the program. The bill requires each employer to provide the required eligibility information in compliance with Texas Workforce Commission rules if the commission adopts rules regarding the provisions relating to employer requirements. The bill authorizes the commission to adopt rules as necessary to implement these provisions and provisions relating to tax assistance and information on the federal earned income tax credit. The bill requires the comptroller to produce and make available to employers written information regarding the federal income tax credit for distribution and explaining the availability of and contact information for local volunteer income tax assistance programs. The bill defines "employee" and "employer."

EFFECTIVE DATE

September 1, 2009.