

By: Bolton

H.B. No. 1122

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the amount of the franchise tax incentive for certain  
3 small employers that provide health care benefits to employees.

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

5 SECTION 1. Section 171.1013(b-1), Tax Code, is amended to  
6 read as follows:

7 (b-1) This subsection applies to a taxable entity that is a  
8 small employer, as that term is defined by Section 1501.002,  
9 Insurance Code, and that has not provided health care benefits to  
10 any of its employees in the calendar year preceding the beginning  
11 date of its reporting period. Subject to Section 171.1014, a  
12 taxable entity to which this subsection applies that elects to  
13 subtract compensation for the purpose of computing its taxable  
14 margin under Section 171.101 may subtract health care benefits as  
15 provided under Subsection (b) and may also subtract:

16 (1) for the first 12-month period on which margin is  
17 based and in which the taxable entity provides health care benefits  
18 to all of its employees, an additional amount equal to 75 [~~50~~]  
19 percent of the cost of health care benefits provided to its  
20 employees for that period; [~~and~~]

21 (2) for the second 12-month period on which margin is  
22 based and in which the taxable entity provides health care benefits  
23 to all of its employees, an additional amount equal to 50 [~~25~~]  
24 percent of the cost of health care benefits provided to its

1 employees for that period; and

2 (3) for the third 12-month period on which margin is  
3 based and in which the taxable entity provides health care benefits  
4 to all of its employees, an additional amount equal to 25 percent of  
5 the cost of health care benefits provided to its employees for that  
6 period.

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

9 SECTION 3. This Act takes effect January 1, 2010.