

By: Homer

H.B. No. 2790

A BILL TO BE ENTITLED

AN ACT

relating to franchise tax incentives for recycling.

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

SECTION 1. Section 171.1011(p), Tax Code, is amended by adding Subdivisions (4-c) and (4-d) to read as follows:

(4-c) "Recycled product" has the meaning assigned by Section 361.421, Health and Safety Code.

(4-d) "Solid waste" has the meaning assigned by Section 361.003, Health and Safety Code.

SECTION 2. Section 171.1011, Tax Code, is amended by adding Subsection (x) to read as follows:

(x) A taxable entity may exclude, to the extent included under Subsection (c)(1)(A), (c)(2)(A), or (c)(3), all revenue received from sales of recycled products manufactured by the taxable entity. A taxable entity is entitled to exclude revenue received from the sale of recycled products under this subsection only if:

(1) the taxable entity is not primarily engaged in the business of manufacturing and selling recycled products; and

(2) the taxable entity demonstrates to the comptroller that the recycled products were manufactured using waste that the taxable entity would otherwise have disposed of as solid waste.

SECTION 3. Subchapter C, Chapter 171, Tax Code, is amended by adding Section 171.1045 to read as follows:



1 predominantly for that purpose.

2 (2) "Solid waste" has the meaning assigned by Section  
3 361.003, Health and Safety Code.

4 Sec. 171.952. ELIGIBILITY. A taxable entity is eligible for  
5 a credit against the tax imposed under this chapter in the amount  
6 and under the conditions and limitations provided by this  
7 subchapter.

8 Sec. 171.953. CREDIT FOR CAPITAL EXPENDITURE FOR RECYCLING  
9 EQUIPMENT. (a) A taxable entity may claim a credit under this  
10 subchapter only for a capital expenditure made toward purchasing  
11 recycling equipment.

12 (b) A taxable entity is entitled to a credit under this  
13 section only if:

14 (1) the taxable entity is not primarily engaged in the  
15 business of manufacturing and selling recycled products; and

16 (2) the taxable entity demonstrates to the comptroller  
17 that the recycling equipment was used to recycle waste that the  
18 taxable entity would otherwise have disposed of as solid waste.

19 Sec. 171.954. AMOUNTS; LIMITATIONS. (a) The amount of the  
20 credit is equal to the lesser of:

21 (1) the total amount of the capital expenditure made  
22 during the reporting period; or

23 (2) \$50,000.

24 (b) The taxable entity may claim the credit only in five  
25 equal installments of one-fifth the credit amount over five  
26 consecutive reports beginning with the report based on the period  
27 during which the capital expenditure was made.

1       Sec. 171.955. APPLICATION FOR CREDIT. (a) A taxable entity  
2 must apply for a credit under this subchapter on or with the tax  
3 report for the period for which the credit is claimed.

4       (b) The comptroller shall adopt a form for the application  
5 for the credit. A taxable entity must use this form in applying for  
6 the credit.

7       Sec. 171.956. ASSIGNMENT PROHIBITED. A taxable entity may  
8 not convey, assign, or transfer the credit allowed under this  
9 subchapter to another entity unless all of the assets of the taxable  
10 entity are conveyed, assigned, or transferred in the same  
11 transaction.

12       SECTION 5. (a) This Act applies only to a report  
13 originally due on or after the effective date of this Act.

14       (b) A taxable entity may claim a credit under Subchapter W,  
15 Chapter 171, Tax Code, as added by this Act, only for an expenditure  
16 made on or after the effective date of this Act.

17       SECTION 6. This Act takes effect January 1, 2010.