

By: Wu

H.B. No. 419

A BILL TO BE ENTITLED

AN ACT

relating to federal income tax liability for certain damages awarded in certain civil actions.

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

SECTION 1. Chapter 41, Civil Practice and Remedies Code, is amended by adding Section 41.015 to read as follows:

Sec. 41.015. FEDERAL INCOME TAX LIABILITY FOR CERTAIN DAMAGES. If compensatory damages awarded to a claimant for loss of earnings, loss of earning capacity, loss of contributions of a pecuniary value, or loss of inheritance are reduced for federal income tax payments or liability as described by Section 18.091(a) and are awarded based on a finding or instruction that a recovery for those damages is not subject to federal income tax, and if the claimant is later determined to be liable for federal income tax on that recovery, a defendant found liable for those damages must pay the claimant an amount sufficient to satisfy the claimant's federal income tax liability for that recovery.

SECTION 2. The change in law made by this Act applies only to an action that commences on or after the effective date of this Act. An action that commences before the effective date of this Act is governed by the law applicable to the action immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 3. This Act takes effect immediately if it receives

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1 a vote of two-thirds of all the members elected to each house, as
2 provided by Section 39, Article III, Texas Constitution. If this
3 Act does not receive the vote necessary for immediate effect, this
4 Act takes effect September 1, 2015.