

By: Clardy

H.B. No. 722

A BILL TO BE ENTITLED

AN ACT

relating to a franchise tax credit for entities offering internships to certain high school students.

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

SECTION 1. Chapter 171, Tax Code, is amended by adding Subchapter N to read as follows:

SUBCHAPTER N. TAX CREDIT FOR INTERNSHIPS FOR CERTAIN STUDENTS

Sec. 171.701. ENTITLEMENT TO CREDIT. A taxable entity is entitled to a credit in the amount and under the conditions and limitations provided by this subchapter against the tax imposed under this chapter.

Sec. 171.702. QUALIFICATION. A taxable entity qualifies for a credit under this subchapter if:

(1) the taxable entity offers an internship of at least six weeks in duration to a student who is enrolled in a career and technology education course at a high school campus that is assigned a performance rating of at least recognized under Section 39.054, Education Code; and

(2) the student completes the internship offered by the taxable entity during the period on which a tax report is based.

Sec. 171.703. AMOUNT; LIMITATIONS. (a) The amount of the credit is \$1,000, regardless of whether more than one internship is offered by a taxable entity and completed during the period on which a tax report is based.

1 (b) The total credit claimed for a report, including the
2 amount of any carryforward under Section 171.704, may not exceed
3 the amount of franchise tax due for the report after all other
4 applicable tax credits.

5 (c) A taxable entity may not convey, assign, or transfer a
6 credit under this subchapter to another entity unless all of the
7 assets of the taxable entity are conveyed, assigned, or transferred
8 in the same transaction.

9 Sec. 171.704. CARRYFORWARD. (a) If a taxable entity is
10 eligible for a credit that exceeds the limitation under Section
11 171.703(b), the entity may carry the unused credit forward for not
12 more than three consecutive reports.

13 (b) Credits, including credit carryforwards, are considered
14 to be used in the following order:

15 (1) a credit carryforward under this subchapter; and

16 (2) a current year credit.

17 Sec. 171.705. APPLICATION FOR CREDIT. A taxable entity
18 must apply for a credit under this subchapter on or with the tax
19 report for the period for which the credit is claimed.

20 Sec. 171.706. RULES. The comptroller shall adopt rules
21 necessary to implement this subchapter.

22 Sec. 171.707. EXPIRATION. (a) This subchapter expires
23 December 31, 2019.

24 (b) The expiration of this subchapter does not affect the
25 carryforward of a credit under Section 171.704 or a credit
26 authorized under this subchapter established before the date this
27 subchapter expires. A taxable entity that has any unused credits

1 established under this subchapter may continue to apply those
2 credits on or with each consecutive report until the date the credit
3 would have expired under this subchapter had this subchapter not
4 expired, and this subchapter is continued in effect notwithstanding
5 its repeal for the purposes of determining the amount of the credit
6 the taxable entity may claim and the manner in which the taxable
7 entity may claim the credit.

8 SECTION 2. A taxable entity may claim the credit under
9 Subchapter N, Chapter 171, Tax Code, as added by this Act, only in
10 connection with an internship that is completed on or after the
11 effective date of this Act and only on a franchise tax report due
12 under Chapter 171, Tax Code, on or after January 1, 2016.

13 SECTION 3. This Act takes effect January 1, 2016.