

By: Anderson of Dallas

H.B. No. 1387

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to a franchise tax credit for entities offering  
3 internships to certain college students.

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

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

7 SUBCHAPTER U. TAX CREDITS FOR INTERNSHIPS FOR CERTAIN COLLEGE  
8 STUDENTS

9 Sec. 171.961. DEFINITIONS. In this subchapter,  
10 "institution of higher education" and "private or independent  
11 institution of higher education" have the meanings assigned by  
12 Section 61.003, Education Code.

13 Sec. 171.962. ENTITLEMENT TO CREDIT. A taxable entity is  
14 entitled to a credit in the amount and under the conditions and  
15 limitations provided by this subchapter against the tax imposed  
16 under this chapter.

17 Sec. 171.963. QUALIFICATION. A taxable entity qualifies  
18 for a credit under this subchapter if:

19 (1) the taxable entity offers an internship of at  
20 least six weeks in duration to a student who is enrolled in an  
21 institution of higher education or a private or independent  
22 institution of higher education; and

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

1       Sec. 171.964. AMOUNT; LIMITATIONS. (a) The amount of the  
2 credit is \$1,000, regardless of whether more than one internship is  
3 offered by a taxable entity and completed during the period on which  
4 a tax report is based.

5       (b) The total credit claimed for a report, including the  
6 amount of any carryforward under Section 171.965, may not exceed  
7 the amount of franchise tax due for the report after all other  
8 applicable tax credits.

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

13       Sec. 171.965. CARRYFORWARD. (a) If a taxable entity is  
14 eligible for a credit that exceeds the limitation under Section  
15 171.964(b), the entity may carry the unused credit forward for not  
16 more than three consecutive reports.

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

- 19               (1) a credit carryforward under this subchapter; and  
20               (2) a current year credit.

21       Sec. 171.966. APPLICATION FOR CREDIT. A taxable entity  
22 must apply for a credit under this subchapter on or with the tax  
23 report for the period for which the credit is claimed.

24       Sec. 171.967. RULES. The comptroller shall adopt rules  
25 necessary to implement this subchapter.

26       Sec. 171.968. EXPIRATION. (a) This subchapter expires  
27 December 31, 2019.

1        (b) The expiration of this subchapter does not affect the  
2 carryforward of a credit under Section 171.965 or a credit  
3 authorized under this subchapter established before the date this  
4 subchapter expires. A taxable entity that has any unused credits  
5 established under this subchapter may continue to apply those  
6 credits on or with each consecutive report until the date the credit  
7 would have expired under this subchapter had this subchapter not  
8 expired, and this subchapter is continued in effect notwithstanding  
9 its repeal for the purposes of determining the amount of the credit  
10 the taxable entity may claim and the manner in which the taxable  
11 entity may claim the credit.

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

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