

By: Romero, Jr.

H.B. No. 1634

A BILL TO BE ENTITLED

AN ACT

relating to a franchise tax credit for certain taxable entities offering postsecondary tuition assistance.

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

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

SUBCHAPTER V. TAX CREDIT FOR CERTAIN ENTITIES THAT PROVIDE
TUITION ASSISTANCE

Sec. 171.981. DEFINITIONS. In this subchapter:

(1) "Neighborhood empowerment zone" has the meaning assigned to "zone" by Section 378.001, Local Government Code.

(2) "Postsecondary educational institution" means any public or private institution that provides courses of instruction beyond that offered in secondary schools, including proprietary, vocational, and technical schools.

Sec. 171.982. ELIGIBILITY FOR 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. 171.983. QUALIFICATION. A taxable entity qualifies for a credit under this subchapter if:

(1) the taxable entity provides tuition assistance for an employee attending a postsecondary educational institution;

(2) the taxable entity is located in a neighborhood

1 empowerment zone; and

2 (3) the amount of the taxable entity's total revenue
3 from its entire business for the period for which the credit is
4 claimed is less than \$10 million.

5 Sec. 171.984. AMOUNT; LIMITATION. (a) Except as otherwise
6 provided by this section, the amount of the credit for a period is
7 equal to the lesser of the amount of tuition assistance provided to
8 all employees during the period and \$5,000.

9 (b) The total credit claimed for a report may not exceed the
10 amount of franchise tax due for the report after all other
11 applicable tax credits.

12 (c) A taxable entity may claim a credit under this
13 subchapter for an expenditure made during a reporting period only
14 against the tax owed for the period.

15 Sec. 171.985. APPLICATION FOR CREDIT. (a) A taxable entity
16 must apply for a credit under this subchapter on or with the tax
17 report for the period for which the credit is claimed.

18 (b) The comptroller shall adopt a form for the application
19 for the credit. A taxable entity must use the form in applying for
20 the credit.

21 Sec. 171.986. ASSIGNMENT PROHIBITED. A taxable entity may
22 not convey, assign, or transfer the credit allowed under this
23 subchapter to another taxable entity unless all of the assets of the
24 taxable entity are conveyed, assigned, or transferred in the same
25 transaction.

26 Sec. 171.987. RULES. The comptroller shall adopt rules
27 necessary to implement this subchapter.

1 Sec. 171.988. EXPIRATION. This subchapter expires December
2 31, 2020.

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

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