

By: Herrero

H.B. No. 3270

A BILL TO BE ENTITLED

AN ACT

relating to a franchise tax credit for wages paid to graduates of certain institutions of higher education.

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

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

SUBCHAPTER P. TAX CREDIT FOR WAGES PAID TO GRADUATES

OF CERTAIN INSTITUTIONS OF HIGHER EDUCATION

Sec. 171.801. DEFINITION. In this subchapter, "public or private institution of higher education" means an institution of higher education or a private or independent institution of higher education as those terms are defined by Section 61.003, Education Code.

Sec. 171.802. ENTITLEMENT TO CREDIT. A taxable entity is entitled to a credit in the amount and under the conditions provided by this subchapter against the tax imposed under this chapter.

Sec. 171.803. QUALIFICATION. A taxable entity qualifies for a credit under this subchapter for each employee who:

(1) is a graduate of a public or private institution of higher education at the time the employee is hired if the employee attended a campus of that institution that is located in the same county as the county in which the employee performs the employee's primary job functions; or

(2) graduates from a public or private institution of

1 higher education during the time the employee is employed with the
2 taxable entity if the employee attended a campus of that
3 institution that is located in the same county as the county in
4 which the employee performs the employee's primary job functions.

5 Sec. 171.804. AMOUNT; LIMITATIONS. (a) The amount of the
6 credit is 10 percent of the wages paid by the taxable entity for
7 each employee described by Section 171.803.

8 (b) A taxable entity may claim the credit only for wages
9 paid to the employee described by Section 171.803:

- 10 (1) for a position located or based in this state; and
11 (2) after the employee graduates from the public or
12 private institution of higher education.

13 Sec. 171.805. APPLICATION FOR CREDIT. (a) A taxable entity
14 must apply for a credit under this subchapter on or with the tax
15 report for the period for which the credit is claimed.

16 (b) The comptroller shall promulgate a form for the
17 application for the credit. A taxable entity must use the form in
18 applying for the credit.

19 Sec. 171.806. PERIOD FOR WHICH CREDIT MAY BE CLAIMED. A
20 taxable entity may claim a credit under this subchapter for wages
21 paid during an accounting period only against the tax owed for the
22 corresponding privilege period.

23 SECTION 2. A taxable entity may claim the credit under
24 Subchapter P, Chapter 171, Tax Code, as added by this Act, only for
25 wages paid or incurred on or after the effective date of this Act
26 and only on a franchise tax report due under Chapter 171, Tax Code,
27 on or after January 1, 2016.

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