

By: Workman, Lucio III, Murphy, Bohac

H.B. No. 595

Substitute the following for H.B. No. 595:

By: Bohac

C.S.H.B. No. 595

A BILL TO BE ENTITLED

AN ACT

relating to a franchise tax credit for entities that employ certain students in certain paid internship or similar programs.

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

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

SUBCHAPTER R. TAX CREDIT FOR PAID INTERNSHIPS GIVEN TO CERTAIN STUDENTS

Sec. 171.871. DEFINITIONS. In this subchapter:

(1) "Commission" means the Texas Workforce Commission.

(2) "Eligible internship program" means a paid internship or similar program that:

(A) meets the requirements of rules adopted by the commission under Section 171.875; and

(B) is part of:

(i) the curriculum requirements for an endorsement under Section 28.025(c-1), Education Code;

(ii) the curriculum for a public junior college; or

(iii) a course of study in a private school or a nontraditional secondary education setting, such as a home school setting, that is substantially similar, under rules adopted by the commissioner of education under Section 171.875, to the

1 curriculum requirements described by Subparagraph (i).

2 (3) "Eligible student" means a student who has reached
3 the minimum age required under Chapter 51, Labor Code, to legally
4 work in the eligible internship program and who is enrolled:

5 (A) in a public or private school;

6 (B) in a course of study in a nontraditional
7 secondary education setting, including a home school setting; or

8 (C) full-time or part-time in a public junior
9 college.

10 (4) "Private school" means a school that:

11 (A) offers a course of instruction for students
12 in one or more grades from prekindergarten through grade 12; and

13 (B) is not operated by a governmental entity.

14 (5) "Public junior college" has the meaning assigned
15 by Section 61.003, Education Code.

16 Sec. 171.872. ENTITLEMENT TO CREDIT. A taxable entity is
17 entitled to a credit in the amount and under the conditions provided
18 by this subchapter against the tax imposed under this chapter.

19 Sec. 171.873. QUALIFICATION FOR CREDIT. A taxable entity
20 qualifies for a credit under this subchapter for each eligible
21 student who completes an eligible internship program offered by the
22 taxable entity.

23 Sec. 171.874. AMOUNT OF CREDIT; LIMITATIONS. (a) The
24 amount of the credit is \$1,000 for each eligible student who
25 completes an eligible internship program offered by the taxable
26 entity.

27 (b) A taxable entity may claim the credit only for an

1 eligible internship program offered by the taxable entity that is
2 located or based in this state.

3 (c) A taxable entity may not claim the credit in connection
4 with an eligible student if an owner of the taxable entity is
5 related to the eligible student within the third degree of
6 consanguinity as determined under Subchapter B, Chapter 573,
7 Government Code.

8 Sec. 171.875. RULES. (a) The commission, after consulting
9 with the commissioner of education and the Texas Higher Education
10 Coordinating Board, shall adopt rules providing the requirements
11 that an internship or similar program must meet to be considered an
12 eligible internship program under this subchapter. Rules adopted
13 by the commission under this subsection must be consistent with the
14 rules adopted by the commissioner of education under Subsection
15 (b).

16 (b) The commissioner of education shall adopt rules to
17 determine whether a student's course of study in a private school or
18 nontraditional secondary education setting is substantially
19 similar to the curriculum requirements for an endorsement described
20 by Section 28.025(c-1), Education Code.

21 Sec. 171.876. APPLICATION FOR CREDIT. (a) 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 (b) The comptroller shall promulgate a form for the
25 application for the credit. A taxable entity must use the form in
26 applying for the credit.

27 Sec. 171.877. PERIOD FOR WHICH CREDIT MAY BE CLAIMED. A

1 taxable entity may claim a credit under this subchapter against the
2 tax owed for a privilege period only in connection with an eligible
3 student who completes an eligible internship program during the
4 privilege period.

5 SECTION 2. A taxable entity may claim the credit under
6 Subchapter R, Chapter 171, Tax Code, as added by this Act, only in
7 connection with an eligible student who completes an eligible
8 internship program on or after the effective date of this Act and
9 only on a franchise tax report due under Chapter 171, Tax Code, on
10 or after January 1, 2018.

11 SECTION 3. This Act takes effect January 1, 2018.