

By: Raymond

H.B. No. 1127

A BILL TO BE ENTITLED

AN ACT

relating to a franchise tax credit pilot program for taxable entities that employ certain apprentices.

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 PILOT PROGRAM FOR WAGES PAID TO CERTAIN APPRENTICES

Sec. 171.701. DEFINITION. In this subchapter, "registered apprenticeship" means an apprenticeship program that is:

(1) registered with the United States Department of Labor; and

(2) qualified to receive funding provided through the Texas Workforce Commission under Chapter 133, Education Code.

Sec. 171.702. 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. 171.703. QUALIFICATION. (a) A taxable entity qualifies for a credit under this subchapter for wages paid to each apprentice who meets the requirements of Subsection (b) and is employed by the taxable entity in a registered apprenticeship position that is located or based in a county that borders the United Mexican States.

(b) The apprentice must:

1 (1) be a member of a household with a total income that
2 is at or below the income guidelines necessary to qualify for the
3 national free or reduced-price lunch program established under 42
4 U.S.C. Section 1751 et seq.; or

5 (2) reside in a census tract in which 30 percent or
6 more of the population has a household income at or below 185
7 percent of the federal poverty level.

8 Sec. 171.704. AMOUNT; LIMITATIONS. (a) Subject to
9 Subsection (b), the amount of the credit for a report in connection
10 with each apprentice described by Section 171.703 is equal to the
11 lesser of:

12 (1) 50 percent of the wages paid by the taxable entity
13 to the apprentice; or

14 (2) \$5,000.

15 (b) The total amount of the credit for each report is equal
16 to the lesser of:

17 (1) the total of the credits allowed under Subsection
18 (a) for the reporting period for all apprentices; or

19 (2) the amount of franchise tax due after applying all
20 other applicable credits.

21 Sec. 171.705. 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. 171.706. PERIOD FOR WHICH CREDIT MAY BE CLAIMED. A

1 taxable entity may claim a credit under this subchapter for a report
2 only in connection with wages paid during the accounting period on
3 which the report is based.

4 Sec. 171.707. REPORT ON PILOT PROGRAM. (a) Not later than
5 September 1, 2022, the comptroller shall prepare and deliver to the
6 governor, the lieutenant governor, the speaker of the house of
7 representatives, and the presiding officer of each legislative
8 standing committee with primary jurisdiction over taxation a report
9 that evaluates the effect of the pilot program on the employment
10 outcomes and earnings of apprentices with respect to whom credits
11 are granted under the pilot program under this subchapter. The
12 report must include a recommendation regarding whether the pilot
13 program should be continued, expanded, or terminated.

14 (b) A taxable entity that claims a credit under this
15 subchapter shall provide to the comptroller information the
16 comptroller requests to prepare the report described by Subsection
17 (a).

18 Sec. 171.708. EXPIRATION. This subchapter expires December
19 31, 2024.

20 SECTION 2. A taxable entity may claim the credit under
21 Subchapter N, Chapter 171, Tax Code, as added by this Act, only for
22 wages paid on or after the effective date of this Act and only on a
23 franchise tax report originally due under Chapter 171, Tax Code, on
24 or after that date.

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