

By: Oliveira

H.B. No. 2833

A BILL TO BE ENTITLED

AN ACT

relating to a tax refund or credit for wages paid to certain employees.

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

SECTION 1. Section 111.109, Tax Code, is amended to read as follows:

Sec. 111.109. TAX REFUND FOR WAGES PAID TO CERTAIN EMPLOYEES [~~EMPLOYEE RECEIVING AID TO FAMILIES WITH DEPENDENT CHILDREN~~]. (a) In this section:

(1) "Taxable entity" has the meaning assigned by Section 171.0002.

(2) "Wages" has the meaning assigned by Section 171.9261.

(b) This section applies only to a person that is not a taxable entity or that is a taxable entity but does not owe any tax for a regular annual period because of the application of Section 171.002(d)(2).

(c) Subject to the limitations and conditions prescribed by this section, a person to which this section applies is entitled to a refund of each tax the person paid to this state that is administered by the comptroller the revenue of which is not constitutionally dedicated and all or part of which is deposited to the credit of the general revenue fund.

(d) A person may receive a refund under this section only if

1 the person:

2 (1) paid or incurred wages for an employee who meets
3 the requirements under Section 171.9263(a);

4 (2) requests and receives in accordance with Section
5 171.9264 certification from the Texas Workforce Commission that the
6 employee meets the requirements under Section 171.9263(a);

7 (3) files an application with the comptroller for the
8 refund using a form promulgated by the comptroller; and

9 (4) as a taxable entity, has not claimed a credit in
10 relation to those wages on a franchise tax report under Subchapter
11 W, Chapter 171.

12 (e) The amount of the refund to which a person is entitled in
13 relation to each employee is equal to the amount prescribed by
14 Section 171.9265(a) or (b), as appropriate.

15 (f) The total refund to which a person is entitled during a
16 calendar year may not exceed the total amount of taxes described by
17 Subsection (c) that the person paid to the state during that
18 calendar year, after any other applicable credits.

19 (g) A person may not convey, assign, or transfer the right
20 to a refund allowed under this section to another person unless all
21 of the assets of the person, or of a discrete unit of the person that
22 paid or incurred the wages, are sold, conveyed, assigned, or
23 transferred in the same transaction or in a related transaction, to
24 a person that directly or indirectly owns, controls, or otherwise
25 directs, wholly or partly, an interest in the person from which the
26 right to the refund is conveyed, assigned, or transferred.

27 (h) The comptroller shall adopt rules necessary to

1 administer this section ~~[The comptroller shall issue a refund for a~~
2 ~~tax paid by a person to this state in the amount of a tax refund~~
3 ~~voucher issued by the Texas Workforce Commission under Subchapter~~
4 ~~H, Chapter 301, Labor Code, subject to the provisions of that~~
5 ~~subchapter].~~

6 SECTION 2. Chapter 171, Tax Code, is amended by adding
7 Subchapter W to read as follows:

8 SUBCHAPTER W. TAX CREDIT FOR WAGES PAID TO CERTAIN EMPLOYEES

9 Sec. 171.9261. DEFINITIONS. In this subchapter:

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

12 (2) "Wages" means payments described by Sections
13 51(c)(1), (2), and (3), Internal Revenue Code of 1986.

14 Sec. 171.9262. ENTITLEMENT TO CREDIT. A taxable entity is
15 entitled to a credit in the amount and under the conditions provided
16 by this subchapter against the tax imposed under this chapter.

17 Sec. 171.9263. QUALIFICATION. (a) A taxable entity
18 qualifies for a credit under this subchapter for the wages paid or
19 incurred by the taxable entity for an employee only if the
20 commission certifies under Section 171.9264 that the employee is:

21 (1) a resident of this state; and

22 (2) a member of one of the following federal work
23 opportunity tax credit targeted groups:

24 (A) a qualified IV-A recipient, as defined by
25 Section 51(d)(2), Internal Revenue Code of 1986, in effect for the
26 federal tax year beginning January 1, 2018, and any regulations
27 adopted under that code applicable to that period;

1 (B) a qualified veteran, as defined by Section
2 51(d)(3), Internal Revenue Code of 1986, in effect for the federal
3 tax year beginning January 1, 2018, and any regulations adopted
4 under that code applicable to that period;

5 (C) a qualified supplemental nutrition
6 assistance program benefits recipient, as defined by Section
7 51(d)(8), Internal Revenue Code of 1986, in effect for the federal
8 tax year beginning January 1, 2018, and any regulations adopted
9 under that code applicable to that period; or

10 (D) a long-term family assistance recipient, as
11 defined by Section 51(d)(10), Internal Revenue Code of 1986, in
12 effect for the federal tax year beginning January 1, 2018, and any
13 regulations adopted under that code applicable to that period.

14 (b) A taxable entity is not eligible for a credit on a report
15 against the tax imposed under this chapter for wages paid or
16 incurred during the period on which the report is based if the
17 taxable entity, or a member of the combined group if the taxable
18 entity is a combined group, received a refund in relation to those
19 wages under Section [111.109](#).

20 Sec. 171.9264. CERTIFICATION BY COMMISSION. (a) A taxable
21 entity must request certification from the commission for each
22 employee not later than the 28th day after the date the employee
23 begins employment with the taxable entity.

24 (b) The commission shall issue a certification to a taxable
25 entity for each employee the commission determines meets the
26 requirements under Section 171.9263(a).

27 (c) The commission shall forward each certification to the

1 comptroller.

2 Sec. 171.9265. AMOUNTS; LIMITATION. (a) The amount of the
3 credit in relation to each employee described by Section
4 171.9263(a)(2)(A), (B), or (D) is equal to 20 percent of the first
5 \$10,000 in total wages paid or incurred by the taxable entity for
6 that employee beginning on the date the employee begins employment
7 and ending on the anniversary of that date.

8 (b) The amount of the credit in relation to each employee
9 described by Section 171.9263(a)(2)(C) is equal to 10 percent of
10 the first \$10,000 in total wages paid or incurred by the taxable
11 entity for that employee beginning on the date the employee begins
12 employment and ending on the anniversary of that date.

13 (c) The total credit claimed under this subchapter for a
14 report, including the amount of any carryforward credit under
15 Section 171.9266, may not exceed the amount of tax due for the
16 report after any other applicable credits.

17 Sec. 171.9266. CARRYFORWARD. (a) If a taxable entity is
18 eligible for a credit that exceeds the limitation under Section
19 171.9265(c), the taxable entity may carry the unused credit forward
20 for not more than five consecutive reports.

21 (b) A carryforward is considered the remaining portion of a
22 credit that cannot be claimed in the current year because of the
23 limitation under Section 171.9265(c).

24 Sec. 171.9267. APPLICATION FOR CREDIT. (a) A taxable
25 entity must apply for a credit under this subchapter on or with the
26 tax report for the period for which the credit is claimed.

27 (b) The comptroller shall promulgate a form for the

1 application for the credit. A taxable entity must use the form in
2 applying for the credit.

3 Sec. 171.9268. ASSIGNMENT PROHIBITED. A taxable entity may
4 not convey, assign, or transfer a credit allowed under this
5 subchapter to another entity unless all of the assets of the taxable
6 entity, or of a discrete unit of the taxable entity that paid or
7 incurred the wages, are sold, conveyed, assigned, or transferred in
8 the same transaction or in a related transaction, to a taxable
9 entity that directly or indirectly owns, controls, or otherwise
10 directs, wholly or partly, an interest in the taxable entity from
11 which the credit is conveyed, assigned, or transferred.

12 Sec. 171.9269. RULES. The comptroller and the commission
13 shall adopt rules necessary to administer this subchapter.

14 SECTION 3. Section 19.011(a), Education Code, is amended to
15 read as follows:

16 (a) In order to achieve the goals stated in Section 19.003,
17 the district with the cooperation of the Health and Human Services
18 Commission, the Texas Workforce Investment Council, the Texas
19 Workforce Commission, the Texas Economic Development and Tourism
20 Office, and the department shall provide persons confined or
21 imprisoned in the department:

22 (1) information from local workforce ~~[and]~~
23 development boards on job training and employment referral
24 services; and

25 (2) information on the tax refund ~~[voucher]~~ program
26 under Section 111.109, Tax Code, and the franchise tax credit
27 program under Subchapter W, Chapter 171, Tax ~~[H, Chapter 301,~~

1 ~~Labor~~] Code.

2 SECTION 4. Section 301.0671, Labor Code, is amended to read
3 as follows:

4 Sec. 301.0671. FEDERAL WORK OPPORTUNITY TAX CREDIT AND
5 STATE TAX REFUND OR CREDIT FOR CERTAIN EMPLOYERS. (a) The
6 commission is the lead agency in promoting awareness of the federal
7 work opportunity tax credit program and the state tax refund or
8 credit for employers under Section 111.109, Tax Code, and
9 Subchapter W, Chapter 171, Tax Code [H].

10 (b) The commission, in coordination with the comptroller's
11 office and the Health and Human Services Commission [~~Texas~~
12 ~~Department of Human Services~~], shall develop and distribute
13 educational materials designed to increase awareness of the tax
14 [~~credit and tax~~] refund and credits described by Subsection (a) [~~to~~
15 ~~encourage employers to hire recipients of the financial assistance~~
16 ~~program for persons with dependent children under Chapter 31, Human~~
17 ~~Resources Code~~].

18 SECTION 5. Section 306.007(a), Labor Code, is amended to
19 read as follows:

20 (a) To assist in the reintegration into the labor force of
21 persons formerly sentenced to the correctional institutions
22 division or committed to the Texas Juvenile Justice Department, the
23 commission through Project RIO shall provide:

24 (1) to those persons:

25 (A) information from local workforce development
26 boards on job training and employment referral services;

27 (B) information from the Department of State

1 Health Services on substance abuse treatment services;

2 (C) information from the Texas Department of
3 Housing and Community Affairs on housing services;

4 (D) information from the Texas Veterans
5 Commission on services for veterans; and

6 (E) information on the tax refund program under
7 Section 111.109, Tax Code, and the franchise tax credit program
8 [voucher programs] under Subchapter W, Chapter 171, Tax Code [H,
9 Chapter 301]; and

10 (2) to the employers and potential employers of those
11 persons:

12 (A) information from the Texas Economic
13 Development and Tourism Office on the enterprise zone program; and

14 (B) information from local workforce development
15 boards on services listed in Section 2308.304, Government Code.

16 SECTION 6. Subchapter H, Chapter 301, Labor Code, is
17 repealed.

18 SECTION 7. The repeal of Subchapter H, Chapter 301, Labor
19 Code, by this Act does not affect an eligible person's right to
20 claim a refund of state taxes that was established under Subchapter
21 H, Chapter 301, Labor Code, before the effective date of this Act.
22 An eligible person's right to claim a refund of state taxes that was
23 established under Subchapter H, Chapter 301, Labor Code, before the
24 effective date of this Act is governed by the law in effect on the
25 date the right to claim the refund was established, and the former
26 law is continued in effect for that purpose.

27 SECTION 8. This Act applies only to a report originally due

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1 on or after the effective date of this Act.

2 SECTION 9. This Act takes effect January 1, 2018.