

By: Miles

S.B. No. 518

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 HIGH SCHOOL 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 the curriculum requirements for an endorsement under Section 28.025(c-1), Education Code.

(3) "Eligible student" means a student enrolled in a public high school who has reached the minimum age required under Chapter 51, Labor Code, to legally work in the eligible internship program.

Sec. 171.872. 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.

1 Sec. 171.873. QUALIFICATION FOR CREDIT. A taxable entity
2 qualifies for a credit under this subchapter for each eligible
3 student who completes an eligible internship program offered by the
4 taxable entity.

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

9 (b) A taxable entity may claim the credit only for an
10 eligible internship program offered by the taxable entity that is
11 located or based in this state.

12 (c) A taxable entity may not claim the credit in connection
13 with an eligible student if an owner of the taxable entity is
14 related to the eligible student within the third degree of
15 consanguinity as determined under Subchapter B, Chapter 573,
16 Government Code.

17 Sec. 171.875. COMMISSION RULES. The commission, after
18 consulting with the commissioner of education, shall adopt rules
19 providing the requirements that an internship or similar program
20 must meet to be considered an eligible internship program under
21 this subchapter.

22 Sec. 171.876. APPLICATION FOR CREDIT. (a) A taxable entity
23 must apply for a credit under this subchapter on or with the tax
24 report for the period for which the credit is claimed.

25 (b) The comptroller shall promulgate a form for the
26 application for the credit. A taxable entity must use the form in
27 applying for the credit.

1 Sec. 171.877. PERIOD FOR WHICH CREDIT MAY BE CLAIMED. A
2 taxable entity may claim a credit under this subchapter against the
3 tax owed for a privilege period only in connection with an eligible
4 student who completes an eligible internship program during the
5 privilege period.

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

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