86R10862 CJC-D

By:  Meza H.B. No. 2460

A BILL TO BE ENTITLED

AN ACT

relating to providing a sales and use tax refund or franchise tax credit for businesses that employ former offenders.

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

SECTION 1.  Subchapter I, Chapter 151, Tax Code, is amended by adding Section 151.4294 to read as follows:

Sec. 151.4294.  TAX REFUND FOR EMPLOYERS WHO HIRE FORMER OFFENDERS. (a) In this section, "former offender" means a person who:

(1)  received a sentence that included imprisonment; and

(2)  was released from the imprisonment, including a release on parole or to mandatory supervision and a release following discharge of the defendant's sentence, at any time during the five-year period preceding the last day of the calendar year for which the refund is claimed.

(b)  Except as provided by Subsection (c), a person is eligible for a refund in an amount determined under this subsection of the taxes the person paid under this chapter on purchases of taxable items during a calendar year if the person employs at least one former offender in a full-time employment position located or based in this state during that entire calendar year. The amount of the refund is the lesser of:

(1)  a dollar amount equal to the product of $3,000 and the number of former offenders the person employs in the manner prescribed by this subsection; and

(2)  the total amount of the taxes the person paid during the calendar year.

(c)  A person is not eligible for a refund under this section for a calendar year if the person will, as a taxable entity as defined by Section 171.0002 or as a member of a combined group that is a taxable entity, claim a credit under Subchapter O-1, Chapter 171, on a franchise tax report covering any part of that year.

(d)  A person must apply to the comptroller to receive a refund under this section.

SECTION 2.  Chapter 171, Tax Code, is amended by adding Subchapter O-1 to read as follows:

SUBCHAPTER O-1. TAX CREDIT FOR EMPLOYERS WHO HIRE FORMER OFFENDERS

Sec. 171.781.  DEFINITION. In this subchapter, "former offender" means a person who:

(1)  received a sentence that included imprisonment; and

(2)  was released from the imprisonment, including a release on parole or to mandatory supervision and a release following discharge of the defendant's sentence, at any time during the five-year period preceding the last day of the accounting period for which the credit is claimed.

Sec. 171.782.  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. 171.783.  QUALIFICATION. A taxable entity qualifies for a credit under this subchapter if the taxable entity employs at least one former offender in a full-time employment position located or based in this state during the entire period on which the report is based.

Sec. 171.784.  INELIGIBILITY FOR CREDIT FOR CERTAIN PERIODS. A taxable entity is not eligible for a credit on a report if the taxable entity, or a member of the combined group if the taxable entity is a combined group, received, for taxes paid under Chapter 151 during the accounting period on which the report is based, a refund under Section 151.4294.

Sec. 171.785.  AMOUNT; LIMITATIONS. (a) Except as provided by Subsection (b), the amount of the credit under this subchapter is a dollar amount equal to the product of $3,000 and the number of former offenders employed by the taxable entity in the manner prescribed by Section 171.783.

(b)  The total credit claimed for a report may not exceed the amount of franchise tax due for the report after all other applicable tax credits.

Sec. 171.786.  APPLICATION FOR CREDIT. (a) A taxable entity must apply for a credit under this subchapter on or with the tax report for the period for which the credit is claimed.

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

Sec. 171.787.  PERIOD FOR WHICH CREDIT MAY BE CLAIMED. A taxable entity may claim a credit under this subchapter on a report only in connection with the employment of a former offender during the accounting period on which the report is based.

SECTION 3.  Subchapter O-1, Chapter 171, Tax Code, as added by this Act, applies only to a report originally due on or after the effective date of this Act.

SECTION 4.  This Act takes effect January 1, 2020.