86R11027 GRM-D

By:  Kuempel H.B. No. 3208

A BILL TO BE ENTITLED

AN ACT

relating to providing a sales and use tax refund or franchise tax credit for businesses that employ persons with disabilities.

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

SECTION 1.  Subchapter I, Chapter 151, Tax Code, is amended by adding Section 151.4293 to read as follows:

Sec. 151.4293.  TAX REFUND FOR EMPLOYERS WHO HIRE PERSONS WITH DISABILITIES. (a) In this section, "person with a disability" means a person who, at the time of being hired, is at least 18 years of age but not older than 62 years of age and:

(1)  has a disability as defined by 42 U.S.C. Section 12102;

(2)  receives Supplemental Security Income (SSI) benefits under 42 U.S.C. Section 1381 et seq. on the basis of disability or blindness or Social Security Disability Insurance (SSDI) benefits under 42 U.S.C. Section 401 et seq.;

(3)  qualifies for or is receiving vocational rehabilitation services provided through the Texas Workforce Commission;

(4)  is a veteran as defined by 38 U.S.C. Section 101 who has suffered at least a 50 percent service-connected disability as defined by that section; or

(5)  completes an affidavit that:

(A)  includes:

(i)  the person's full name;

(ii)  the person's address;

(iii)  a copy of the person's driver's license, election identification certificate, or personal identification card issued by the Department of Public Safety; and

(iv)  the person's signature; and

(B)  is accompanied by a letter from a physician that verifies the person's disability.

(b)  Except as provided by Subsection (c), a person is eligible for a refund of 15 percent of the taxes imposed on taxable items purchased by the person and paid under this chapter during a calendar year if during that entire year at least 10 percent of the person's employees were persons with disabilities and were employed in full-time employment positions that paid at least minimum wage and that were located or based in this state.

(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 K-1, Chapter 171, on a franchise tax report covering any portion 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 K-1 to read as follows:

SUBCHAPTER K-1. TAX CREDIT FOR EMPLOYERS WHO HIRE PERSONS WITH DISABILITIES

Sec. 171.571.  DEFINITION. In this subchapter, "person with a disability" has the meaning assigned by Section 151.4293.

Sec. 171.572.  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. 171.573.  QUALIFICATION. A taxable entity qualifies for a credit under this subchapter on a report if during the entire period on which the report is based at least 10 percent of the taxable entity's employees were persons with disabilities and were employed in full-time employment positions that paid at least minimum wage and that were located or based in this state.

Sec. 171.574.  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 any part of the period on which the report is based, a refund under Section 151.4293.

Sec. 171.575.  AMOUNT; LIMITATIONS. The amount of the credit under this subchapter is equal to 15 percent of the amount of franchise tax due for the report after the application of all other applicable tax credits.

Sec. 171.576.  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. 171.577.  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 persons with disabilities during the accounting period on which the report is based.

SECTION 3.  Subchapter K-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.