86R8054 GRM-D

By:  Hinojosa S.B. No. 1869

A BILL TO BE ENTITLED

AN ACT

relating to a franchise tax credit for taxable entities that employ persons with disabilities.

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

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

SUBCHAPTER K-1. TAX CREDIT FOR WAGES PAID TO PERSONS WITH DISABILITIES

Sec. 171.571.  DEFINITION. In this subchapter, "person with a disability" means a person who, at the time of being hired, has a disability as defined by 42 U.S.C. Section 12102.

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 for wages paid to each person with a disability who is employed by the taxable entity in a position that is located or based in this state.

Sec. 171.574.  AMOUNT; LIMITATIONS. (a) Subject to Subsection (b), the amount of the credit for a report in connection with each employee described by Section 171.573 is equal to the lesser of:

(1)  50 percent of the wages paid by the taxable entity to the employee; or

(2)  $7,500.

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

(1)  the total of the credits allowed under Subsection (a) for the reporting period for all employees described by Section 171.573; or

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

Sec. 171.575.  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. 171.576.  PERIOD FOR WHICH CREDIT MAY BE CLAIMED. A taxable entity may claim a credit under this subchapter for a report only in connection with wages paid during the accounting period on which the report is based.

Sec. 171.577.  RULES. The comptroller shall adopt rules regarding the manner by which a taxable entity may demonstrate that an employee is a person with a disability for purposes of this subchapter.

SECTION 2.  A taxable entity may claim the credit under Subchapter K-1, Chapter 171, Tax Code, as added by this Act, only for wages paid on or after the effective date of this Act and only on a franchise tax report originally due under Chapter 171, Tax Code, on or after that date.

SECTION 3.  This Act takes effect January 1, 2020.