

By: Sherman, Sr., Turner of Tarrant, Burrows,  
Zerwas, Davis of Dallas, et al.

H.B. No. 3823

Substitute the following for H.B. No. 3823:

By: Wray

C.S.H.B. No. 3823

A BILL TO BE ENTITLED

AN ACT

relating to a franchise tax credit for taxable entities that  
provide paid family care leave.

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

SECTION 1. This Act may be cited as the Family First Act.

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

SUBCHAPTER X. TAX CREDIT FOR PAID FAMILY CARE LEAVE

Sec. 171.9281. DEFINITIONS. In this subchapter:

(1) "Employee" means an individual who performs  
services for an employer for compensation under an oral or written  
contract of hire, whether express or implied. The term does not  
include an independent contractor.

(2) "Infant" means a child younger than one year of  
age.

Sec. 171.9282. 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. 171.9283. QUALIFICATION. A taxable entity with an  
average of not more than 1,500 employees during the period on which  
the report is based qualifies for a credit under this subchapter if  
the taxable entity provides paid family care leave to an employee  
according to a policy adopted by the taxable entity under which an  
employee is entitled to at least:

1           (1) four weeks of paid leave following giving birth to  
2 an infant;

3           (2) two weeks of paid leave following the birth of the  
4 employee's infant, if Subdivision (1) does not apply to the  
5 employee; and

6           (3) two weeks of paid leave following the adoption of  
7 an infant by the employee or placement by the Department of Family  
8 and Protective Services of an infant in substitute care with the  
9 employee.

10          Sec. 171.9284. AMOUNT OF CREDIT. The amount of the credit  
11 for a tax report is equal to the lesser of:

12           (1) twice the amount of the costs attributable to  
13 providing paid family care leave described by Section 171.9283 to  
14 employees during the accounting period on which the report is  
15 based; or

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

18          Sec. 171.9285. APPLICATION FOR CREDIT. (a) A taxable  
19 entity must apply for a credit under this subchapter on or with the  
20 tax report for the period for which the credit is claimed.

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

24          Sec. 171.9286. PERIOD FOR WHICH CREDIT MAY BE CLAIMED. A  
25 taxable entity may claim a credit under this subchapter for a tax  
26 report only in connection with paid family care leave provided to an  
27 employee during the accounting period on which the report is based.

1        Sec. 171.9287. RULES. The comptroller shall adopt rules  
2 regarding the manner by which a taxable entity may demonstrate the  
3 costs attributable to providing paid family care leave for purposes  
4 of Section 171.9284.

5        SECTION 3. This Act applies only to a tax report originally  
6 due on or after the effective date of this Act.

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