

By: Alvarado

S.B. No. 685

A BILL TO BE ENTITLED

AN ACT

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

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

SECTION 1. Subchapter I, Chapter 151, Tax Code, is amended by adding Section 151.4292 to read as follows:

Sec. 151.4292. TAX REFUND FOR WAGES PAID TO CERTAIN APPRENTICES. (a) In this section, "qualified apprenticeship" means an apprenticeship program that is:

(1) certified as an industry-recognized apprenticeship program by an entity determined to meet United States Department of Labor criteria; or

(2) registered with the United States Department of Labor and qualified to receive funding provided through the Texas Workforce Commission under Chapter 133, Education Code.

(b) Except as provided by Subsection (e), a person is eligible for a refund in the amount and under the conditions provided by this section of the taxes paid under this chapter during a calendar year if the person employs at least one apprentice in a qualified apprenticeship position for at least seven months during the calendar year.

(c) Subject to Subsection (d), the amount of the refund for a calendar year in connection with each apprentice described by Subsection (b) is equal to the lesser of:

1 (1) 50 percent of the wages paid by the person to the
2 apprentice during the calendar year; or

3 (2) \$2,500.

4 (d) The total amount of the refund for a calendar year is
5 equal to the lesser of:

6 (1) the amount allowed under Subsection (c) for the
7 calendar year for not more than five apprentices; or

8 (2) the amount of sales and use taxes paid by the
9 person during the calendar year.

10 (e) A person is not eligible for a refund under this section
11 for a calendar year if the person will, as a taxable entity as
12 defined by Section 171.0002 or as a member of a combined group that
13 is a taxable entity, claim a credit under Subchapter T, Chapter 171,
14 on a franchise tax report covering all or part of that calendar
15 year.

16 (f) A person is not eligible for a refund under this section
17 in connection with wages paid to an individual apprentice for more
18 than 48 months.

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

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

23 SUBCHAPTER T. TAX CREDIT FOR WAGES PAID TO CERTAIN APPRENTICES

24 Sec. 171.9201. DEFINITION. In this subchapter, "qualified
25 apprenticeship" has the meaning assigned by Section 151.4292.

26 Sec. 171.9202. ENTITLEMENT TO CREDIT. A taxable entity is
27 entitled to a credit in the amount and under the conditions provided

by this subchapter against the tax imposed under this chapter.

Sec. 171.9203. QUALIFICATION. Except as provided by Section 171.9205, a taxable entity qualifies for a credit under this subchapter for a report if the taxable entity employs at least one apprentice in a qualified apprenticeship position for at least seven months during the period on which the report is based.

Sec. 171.9204. AMOUNT; LIMITATIONS. (a) Subject to Subsection (b), the amount of the credit for a report in connection with each apprentice described by Section 171.9203 is equal to the lesser of:

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

(2) \$2,500.

(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 not more than five apprentices; or

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

(c) A taxable entity may not claim a credit in connection with an individual apprentice for wages paid to the apprentice for more than 48 months.

Sec. 171.9205. 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 period on which the report is based, a refund

1 under Section 151.4292.

2 Sec. 171.9206. APPLICATION FOR CREDIT. (a) A taxable
3 entity must apply for a credit under this subchapter on or with the
4 tax report for the period for which the credit is claimed.

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

8 Sec. 171.9207. PERIOD FOR WHICH CREDIT MAY BE CLAIMED. A
9 taxable entity may claim a credit under this subchapter for a report
10 only in connection with wages paid during the accounting period on
11 which the report is based.

12 SECTION 3. (a) A person may apply for a refund under
13 Section 151.4292, Tax Code, as added by this Act, only in connection
14 with wages paid on or after the effective date of this Act.

15 (b) A taxable entity may claim the credit under Subchapter
16 T, Chapter 171, Tax Code, as added by this Act, only for wages paid
17 on or after the effective date of this Act and only on a franchise
18 tax report originally due under Chapter 171, Tax Code, on or after
19 that date.

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