

By: Creighton

S.B. No. 774

A BILL TO BE ENTITLED

AN ACT

relating to a franchise tax credit for taxable entities offering postsecondary tuition assistance.

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

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

SUBCHAPTER K. TAX CREDIT FOR TAXABLE ENTITIES THAT PROVIDE
TUITION ASSISTANCE

Sec. 171.551. DEFINITION. In this subchapter, "postsecondary educational institution" means any public or private institution that provides courses of instruction beyond that offered in secondary schools, including proprietary, vocational, and technical schools.

Sec. 171.552. ELIGIBILITY FOR CREDIT. A taxable entity is entitled to a credit in the amount and under the conditions and limitations provided by this subchapter against the tax imposed under this chapter.

Sec. 171.553. QUALIFICATION. A taxable entity qualifies for a credit under this subchapter if the taxable entity provides tuition assistance for an employee attending a postsecondary educational institution.

Sec. 171.554. AMOUNT; LIMITATION. (a) The amount of the credit for a period is equal to the lesser of the amount of tuition assistance provided to all employees during the period and the

1 amount of franchise tax due for the report after all other
2 applicable tax credits.

3 (b) A taxable entity may claim a credit under this
4 subchapter for an expenditure made during a reporting period only
5 against the tax owed for the period.

6 Sec. 171.555. APPLICATION FOR CREDIT. (a) A taxable entity
7 must apply for a credit under this subchapter on or with the tax
8 report for the period for which the credit is claimed.

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

12 Sec. 171.556. ASSIGNMENT PROHIBITED. A taxable entity may
13 not convey, assign, or transfer the credit allowed under this
14 subchapter to another taxable entity unless all of the assets of the
15 taxable entity are conveyed, assigned, or transferred in the same
16 transaction.

17 Sec. 171.557. RULES. The comptroller shall adopt rules
18 necessary to implement this subchapter.

19 SECTION 2. This Act applies only to a report originally due
20 on or after the effective date of this Act.

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