

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

1           (2) \$7,500.

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

4           (1) the total of the credits allowed under Subsection  
5 (a) for the reporting period for all employees described by Section  
6 171.573; or

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

9           Sec. 171.575. APPLICATION FOR CREDIT. (a) A taxable entity  
10 must apply for a credit under this subchapter on or with the tax  
11 report for the period for which the credit is claimed.

12           (b) The comptroller shall promulgate a form for the  
13 application for the credit. A taxable entity must use the form in  
14 applying for the credit.

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

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

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

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