By:  Springer S.B. No. 653

A BILL TO BE ENTITLED

AN ACT

relating to the payment of franchise taxes by taxable entity that employs or contracts with a professional athlete.

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

SECTION 1.  Section 171.1012, Tax Code, is amended by adding Subsection (u) to read as follows:

(u)  Notwithstanding any other provision of this section, a taxable entity that employs or contracts with a professional athlete and that elects to subtract costs of goods sold may not include the cost to employ the professional athlete as labor costs when calculating the entity's costs of goods sold to the extent the amount paid to the athlete exceeds the limit on wage and cash compensation under Section 171.1013(c) as applied to the athlete. In this subsection, "professional athlete" has the meaning assigned by Section 406.095, Labor Code.

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

SECTION 3.  This Act takes effect September 1, 2021.