A BILL TO BE ENTITLED
AN ACT
relating to the franchise tax treatment of certain loans and grants
made under the federal Coronavirus Aid, Relief, and Economic
Security Act.

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

SECTION 1. Subchapter C, Chapter 171, Tax Code, is amended
by adding Section 171.10131 to read as follows:

Sec. 171.10131. PROVISIONS RELATED TO CERTAIN MONEY
RECEIVED FOR COVID-19 RELIEF. (a) In this section, "qualifying
loan or grant proceeds" means the amount of money that:

(1) is received by a taxable entity in loans or grants
under the Coronavirus Aid, Relief, and Economic Security Act (15
U.S.C. Section 9001 et seq.), as amended by the Paycheck Protection
Program Flexibility Act of 2020 (Pub. L. No. 116-142) and the
Consolidated Appropriations Act, 2021 (Pub. L. No. 116-260); and

(2) under Sections 276 and 278 of the Consolidated
Appropriations Act, 2021 (Pub. L. No. 116-260), is not included in
the taxable entity's gross income for purposes of federal income
taxation.

(b) Notwithstanding any other law, a taxable entity:

(1) shall exclude from its total revenue, to the
extent included under Section 171.1011(c)(1)(A), (c)(2)(A), or
(c)(3), qualifying loan or grant proceeds;

(2) may include as a cost of goods sold under Section
any expense paid using qualifying loan or grant proceeds to the extent the expense is otherwise includable as a cost of goods sold under that section; and

(3) may include as compensation under Section 171.1013 any expense paid using qualifying loan or grant proceeds to the extent the expense is otherwise includable as compensation under that section.

SECTION 2. This Act applies only to a report originally due on or after January 1, 2021.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2021.