

By: Guillen

H.B. No. 3785

A BILL TO BE ENTITLED

AN ACT

relating to a franchise tax credit for taxable entities that employ certain apprentices.

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 EMPLOYMENT OF APPRENTICES

Sec. 171.551. DEFINITION. In this subchapter, "qualifying apprentice" means an individual who is employed by a taxable entity:

(1) for the purpose of learning a vocational trade;

(2) as an apprentice; or

(3) while enrolled in a work-based learning program.

Sec. 171.552. 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. 171.553. QUALIFICATION; CERTIFICATE OF ELIGIBILITY.

(a) A taxable entity qualifies for a credit under this subchapter if, during the period for which the credit is claimed, the entity employs at least one qualifying apprentice.

(b) Before claiming a credit under this subchapter, a taxable entity must request a certificate of eligibility from the Texas Workforce Commission or the Office of Apprenticeship of the United States Department of Labor stating that the entity employed

1 at least one qualifying apprentice during the period for which the
2 credit is claimed.

3 Sec. 171.554. AMOUNT OF CREDIT; LIMITATION. (a) Subject to
4 Subsection (b), the amount of the credit a taxable entity may claim
5 on a report is an amount equal to the lesser of:

6 (1) the sum of the following amounts:

7 (A) \$2,000 multiplied by the number of qualifying
8 apprentices employed by the entity during the period covered by the
9 report that are at least 16 years of age but younger than 18 years of
10 age;

11 (B) \$4,000 multiplied by the number of qualifying
12 apprentices employed by the entity during the period covered by the
13 report that are at least 18 years of age and are not described by
14 Paragraph (C); and

15 (C) \$6,000 multiplied by the number of qualifying
16 apprentices employed by the entity during the period covered by the
17 report that are at least 18 years of age and are veterans of the
18 United States armed services or the Texas military forces; or

19 (2) \$100,000.

20 (b) The total credit claimed on a report may not exceed the
21 amount of franchise tax due for the report after the application of
22 any other applicable credits.

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

26 (b) The comptroller shall promulgate a form for the
27 application for the credit. A taxable entity must use the form in

1 applying for the credit and must include with the application any
2 certificates received from the Texas Workforce Commission or the
3 Office of Apprenticeship of the United States Department of Labor
4 during the period for which the credit is claimed.

5 (c) The comptroller may require a taxable entity to submit
6 with an application any other information the comptroller
7 determines is necessary to determine whether the entity qualifies
8 for the credit under Section 171.553.

9 Sec. 171.556. CARRYFORWARD. (a) If a taxable entity is
10 eligible for a credit that exceeds the limitation under Section
11 171.554(b), the entity may carry the unused credit forward for up to
12 two consecutive reports.

13 (b) A carryforward is considered the remaining portion of a
14 credit that cannot be claimed in the current year because of the
15 limitation under Section 171.554(b).

16 (c) Credits, including a carryforward, are considered to be
17 used in the following order:

18 (1) a carryforward under this subchapter; and

19 (2) a current year credit.

20 Sec. 171.557. RULES. The comptroller shall adopt rules
21 necessary to implement and administer this subchapter.

22 SECTION 2. Subchapter K, Chapter 171, Tax Code, as added by
23 this Act, applies only to a report originally due on or after
24 January 1, 2024.

25 SECTION 3. This Act takes effect January 1, 2024.