

By: Lopez of Bexar

H.B. No. 5263

A BILL TO BE ENTITLED

AN ACT

relating to a franchise tax credit for certain taxable entities that provide certain employees with job-related skills training.

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 AND TRAINING OF CERTAIN EMPLOYEES

Sec. 171.551. DEFINITIONS. In this subchapter:

(1) "Eligible worker training program" means a training program that improves a qualified employee's job-related skills in a manner that is necessary to adapt to new demands in the workplace due to the adoption of new technology, equipment, or innovation, including:

(A) a program that assists a qualified employee in successfully obtaining one or more industry-recognized certificates or credentials;

(B) a post-secondary vocational or job training program that assists a qualified employee in successfully obtaining a license or an associate degree from an accredited institution of higher education; or

(C) a training program developed under the federal Workforce Innovation and Opportunity Act (29 U.S.C. Section 3101 et seq.).

1 (2) "Qualified employee" means an employee who, during
2 the period for which the credit is claimed, works for a qualified
3 employer not less than 35 hours per week for six consecutive months
4 and:

5 (A) is enrolled in the Jobs Corps program
6 administered by the United States Department of Labor;

7 (B) holds an active employment authorization
8 document issued through the federal Deferred Action for Childhood
9 Arrivals program; or

10 (C) holds an active H2-A or H2-B visa authorizing
11 the employee to work in the United States.

12 (3) "Qualified employer" means a taxable entity that
13 is engaged in an industry that is experiencing a shortage of workers
14 due to a lack of technical skills and technological disruption that
15 requires significant capital investment for the entity to remain
16 competitive within the industry, including:

17 (A) agriculture;

18 (B) manufacturing;

19 (C) food service;

20 (D) transit;

21 (E) advanced technologies and manufacturing;

22 (F) aerospace and defense;

23 (G) biotechnology and life science;

24 (H) information and computer technology;

25 (I) logistics and transportation;

26 (J) petroleum refining or chemical production;

27 and

1 (K) energy production.

2 Sec. 171.552. ENTITLEMENT TO CREDIT. A qualified employer
3 is entitled to a credit in the amount and under the conditions
4 provided by this subchapter against the tax imposed under this
5 chapter.

6 Sec. 171.553. QUALIFICATION FOR CREDIT. A qualified
7 employer qualifies for a credit under this subchapter if, during
8 the period for which the report on which the credit is claimed is
9 based, the qualified employer implements an eligible worker
10 training program.

11 Sec. 171.554. AMOUNT OF CREDIT; LIMITATION. (a) Subject to
12 Subsection (b), the amount of the credit a qualified employer may
13 claim on a report is an amount equal to the sum of \$500 multiplied by
14 the number of qualified employees employed by the qualified
15 employer and that completed an eligible worker training program
16 offered by the employer during the period covered by the report.

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

20 Sec. 171.555. APPLICATION FOR CREDIT. (a) A qualified
21 employer must apply for a credit under this subchapter on or with
22 the report for the period for which the credit is claimed.

23 (b) The comptroller shall promulgate a form for the
24 application for the credit. A qualified employer must use the form
25 in applying for the credit.

26 (c) The comptroller may require a qualified employer to
27 submit with an application any other information the comptroller

1 determines is necessary to determine whether the employer qualifies
2 for the credit under Section 171.553.

3 Sec. 171.556. RULES. The comptroller shall adopt rules
4 necessary to implement and administer this subchapter.

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

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