

By: Johnson

S.B. No. 1748

A BILL TO BE ENTITLED

AN ACT

relating to a franchise tax credit for a taxable entity that employs certain former offenders.

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

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

SUBCHAPTER N. TAX CREDIT FOR EMPLOYERS WHO HIRE FORMER OFFENDERS

Sec. 171.701. DEFINITION. In this subchapter, "former offender" means a person who was convicted of a state or federal felony offense and incarcerated as a result of that conviction. The term includes a person who was incarcerated as a result of a violation of the conditions of parole or mandatory supervision related to the conviction.

Sec. 171.702. 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. 171.703. QUALIFICATION. A taxable entity qualifies for a credit under this subchapter if the taxable entity:

(1) employs a former offender within 12 months of the former offender's release from the offender's first term of incarceration for at least 40 hours of work per week; and

(2) pays the former offender a wage that, when computed as an hourly wage, meets or exceeds the federal minimum wage established under Section 6, Fair Labor Standards Act of 1938

1 (29 U.S.C. Section 206).

2 Sec. 171.704. AMOUNT OF CREDIT. A taxable entity may claim
3 a credit on a report in the amount of:

4 (1) \$3,000 for each former offender whose first
5 anniversary of employment by the taxable entity occurs during the
6 period covered by the report, if the requirements of Section
7 171.703 are met at all times during the former offender's first year
8 of employment by the taxable entity;

9 (2) \$2,000 for each former offender whose second
10 anniversary of employment by the taxable entity occurs during the
11 period covered by the report, if requirements of Section 171.703
12 are met at all times during the former offender's second year of
13 employment by the taxable entity; and

14 (3) \$1,000 for each former offender whose third
15 anniversary of employment by the taxable entity occurs during the
16 period covered by the report, if the requirements of Section
17 171.703 are met at all times during the former offender's third year
18 of employment by the taxable entity.

19 Sec. 171.705. APPLICATION FOR CREDIT. (a) A taxable entity
20 must apply for a credit under this subchapter on or with the report
21 for which the credit is claimed.

22 (b) The comptroller shall prescribe the form and method of
23 applying for a credit under this section. A taxable entity must use
24 the form and method prescribed by the comptroller to apply for the
25 credit.

26 Sec. 171.706. ASSIGNMENT PROHIBITED; EXEMPTION. A taxable
27 entity may not convey, assign, or transfer the credit allowed under

1 this subchapter to another taxable entity unless substantially all
2 of the assets of the taxable entity are conveyed, assigned, or
3 transferred in the same transaction.

4 Sec. 171.707. RULES. The comptroller shall adopt rules
5 necessary to implement this subchapter.

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

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