

BILL ANALYSIS

H.B. 1127
By: Raymond
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

According to interested parties, registered apprenticeship programs help expand the pool of skilled workers and provide individuals with the flexibility to acquire knowledge and training while still earning income. H.B. 1127 seeks to expand apprenticeship training opportunities and provide additional entry points into the job market by creating a pilot program in counties on the Texas-Mexico border that would provide a franchise tax credit to businesses who employ certain apprentices through a registered apprenticeship program.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 1127 amends the Tax Code to establish a pilot program under which a taxable entity that employs certain qualified apprentices is entitled to a franchise tax credit in the amount for a tax report in connection with each apprentice equal to the lesser of 50 percent of the wages paid by the taxable entity to the apprentice or \$5,000. The bill limits the total amount of the credit for each report to the lesser of the total of the credits allowed for the reporting period for all apprentices or the amount of franchise tax due after applying all other applicable credits.

H.B. 1127 establishes that a taxable entity qualifies for the tax credit for wages paid to each apprentice who is employed by the taxable entity in a registered apprenticeship position that is located or based in a county that borders the United Mexican States and who is a member of a household with a total income that is at or below the income guidelines necessary to qualify for the federal national free or reduced-price lunch program or who resides in a census tract in which 30 percent or more of the population has a household income at or below 185 percent of the federal poverty level. The bill defines "registered apprenticeship" as an apprenticeship program that is registered with the U.S. Department of Labor and qualified to receive funding provided through the Texas Workforce Commission under the apprenticeship system of adult career and technology education.

H.B. 1127 requires a taxable entity to apply for the credit on or with the tax report for the period for which the credit is claimed. The bill requires the comptroller of public accounts to promulgate an application form that a taxable entity must use in applying for the credit. The bill authorizes a taxable entity to claim the credit for a report only in connection with wages paid during the accounting period on which the report is based.

H.B. 1127 requires the comptroller, not later than September 1, 2022, to prepare and deliver to the governor, the lieutenant governor, the speaker of the house of representatives, and the presiding officer of each legislative standing committee with primary jurisdiction over taxation a report that evaluates the pilot program's effect on the employment outcomes and earnings of apprentices with respect to whom credits are granted under the pilot program. The bill requires the report to include a recommendation regarding whether the pilot program should be continued, expanded, or terminated. The bill requires a taxable entity that claims a credit under the pilot program to provide to the comptroller information the comptroller requests to prepare the report. The bill's provisions expire December 31, 2024.

EFFECTIVE DATE

January 1, 2018.