

## **BILL ANALYSIS**

Senate Research Center  
76R1784 DAK-D

S.B. 783  
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Finance  
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### **DIGEST**

Currently, federal law allows businesses that hire qualified disabled workers to apply for a Federal Work Opportunity Tax Credit. While the federal program has been generally successful, a number of disabled Texans have indicated that greater incentives, especially at the state level, could provide expanded employment opportunities. The Comptroller's Office has identified the franchise tax as the levy most likely to work with a state incentive program. S.B. 783 would create a franchise tax credit for wages paid to persons with certain disabilities.

### **PURPOSE**

As proposed, S.B. 783 creates a franchise tax credit for wages paid to persons with certain disabilities.

### **RULEMAKING AUTHORITY**

Rulemaking authority is granted to the comptroller of public accounts in SECTION 1 (Section 171.756, Chapter 171P, Tax Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 171, Tax Code, by adding Subchapter P, as follows:

#### **SUBCHAPTER P. TAX CREDIT FOR WAGES PAID TO PERSONS WITH CERTAIN DISABILITIES**

Sec. 171.751. ENTITLEMENT TO CREDIT. Provides that a corporation is entitled to a credit in the amount and under the conditions and limitations provided by this subchapter against the tax imposed under this chapter.

Sec. 171.752. QUALIFICATION. Sets forth corporate qualifications for credit under this subchapter for each employee under certain conditions.

Sec. 171.753. AMOUNT; LIMITATIONS. Provides that the amount of the credit is 10 percent of the wages paid by the corporation for each qualified employee. Authorizes a corporation to claim the credit only for wages paid to the qualified employee during the first two years of employment. Prohibits the credit claimed for each privilege period from exceeding 50 percent of the amount of net franchise tax due, after any other applicable credits, for the privilege period.

Sec. 171.754. APPLICATION FOR CREDIT. Requires a corporation to apply for a credit under this subchapter on or with the tax report for the period for which the credit is claimed. Requires the comptroller to promulgate a form for the application for the credit. Requires a corporation to use this form in applying for credit.

Sec. 171.755. PERIOD FOR WHICH CREDIT MAY BE CLAIMED. Authorizes a corporation to claim a credit under this subchapter for wages paid during an accounting period only against the tax owed for the corresponding privilege period.

Sec. 171.756. RULES. Requires the comptroller to adopt rules necessary to implement this subchapter.

SECTION 2. Effective date: January 1, 2000.

Makes application of this Act prospective.

SECTION 3. Emergency clause.