

BILL ANALYSIS

Senate Research Center
84R5931 ADM-D

S.B. 1248
By: West
Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1248 relates to a tax credit for entities that employ certain students in certain paid internships or similar programs. S.B. 1248 grants a taxable entity \$1,000 for each eligible student who has reached the minimum age required under Chapter 51 (Employment of Children), Labor Code, to legally work in the eligible internship program.

The Texas Workforce Commission would oversee the program and dictate what is deemed an eligible "entity" and what is a qualifying "internship or similar program." The comptroller of public accounts of the State of Texas would create and hold the application for credit and the entity must use this form when applying for the credit.

As proposed, S.B. 1248 amends current law relating to a franchise tax credit for entities that employ certain students in certain paid internship or similar programs.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of education in SECTION 1 (171.805, Tax Code) of this bill.

Rulemaking authority is expressly granted to the Texas Workforce Commission in SECTION 1 (171.806, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

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

SUBCHAPTER O. TAX CREDIT FOR PAID INTERNSHIPS GIVEN TO CERTAIN HIGH SCHOOL STUDENTS

Sec. 171.801. DEFINITIONS. Defines, in this subchapter, "commission," "eligible internship program," "eligible student," and "nontraditional secondary education."

Sec. 171.802. ENTITLEMENT TO CREDIT. Provides that 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. 171.803. QUALIFICATION. Provides that a taxable entity qualifies for a credit under this subchapter for each eligible student who completes an eligible internship program offered by the taxable entity.

Sec. 171.804. AMOUNT; LIMITATIONS. (a) Provides that the amount of the credit is \$1,000 for each eligible student who completes an eligible internship program offered by the taxable entity.

(b) Authorizes a taxable entity to claim the credit only for an eligible internship program offered by the taxable entity that is located or based in this state.

Sec. 171.805. COMMISSIONER OF EDUCATION RULES. Requires the commissioner of education to adopt rules to determine, for a student receiving a nontraditional secondary education, if the student's course of study is substantially similar to the curriculum requirements for an endorsement described by Section 28.025(c-1) (authorizing a student to earn an endorsement by completing certain curriculum requirements), Education Code.

Sec. 171.806. COMMISSION RULES. Requires the Texas Workforce Commission to adopt rules providing the requirements that an internship or similar program must meet to be considered an eligible internship program under this subchapter.

Sec. 171.807. APPLICATION FOR CREDIT. (a) Requires a taxable entity to apply for a credit under this subchapter on or with the tax report for the period for which the credit is claimed.

(b) Requires the comptroller of public accounts of the State of Texas to promulgate a form for the application for the credit. Requires that taxable entity use the form in applying for the credit.

Sec. 171.808. PERIOD FOR WHICH CREDIT MAY BE CLAIMED. Authorizes a taxable entity to claim a credit under this subchapter against the tax owed for a privilege period only in connection with an eligible student who completes an eligible internship program during the privilege period.

SECTION 2. Authorizes a taxable entity to claim the credit under Subchapter O, Chapter 171, Tax Code, as added by this Act, only in connection with an eligible student who completes an eligible internship program on or after the effective date of this Act and only on a franchise tax report due under Chapter 171 (Franchise Tax), Tax Code, on or after January 1, 2016.

SECTION 3. Effective date: January 1, 2016.