

## BILL ANALYSIS

Senate Research Center  
77R1521 DAK-D

S.B. 63  
By: Moncrief  
Business & Commerce  
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### DIGEST AND PURPOSE

Currently, federal law allows businesses that hire qualified disabled workers to apply for a federal work opportunity tax credit. As proposed, S.B. 63 allows corporations to claim a franchise tax credit for ten percent of the wages paid to a disabled employee for a period of two years, and sets forth conditions of the employees employment.

### RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the comptroller of public accounts in SECTION 1 (Section 171.856 Tax code) of this bill.

### SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 171, Tax Code, is amending by adding Subchapter S, as follows:

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

Sec. 171.851. ENTITLEMENT TO CREDIT. Entitles a corporation to a credit in the amount and under the conditions and limitations provided by this subchapter against the tax imposed under this chapter.

Sec. 171.852. QUALIFICATION. Provides that a corporation qualifies for a credit under this subchapter for each employee:

- originally hired on or after January 1, 2002;
- who, at the time of being hired, is an individual eligible under 42 U.S.C. Section 1382 (Eligibility of Benefits), as amended, for supplemental security income benefits on the basis of disability or blindness or is a recipient of social security disability insurance benefits; and
- who meets certain conditions.

Sec. 171.853. AMOUNT; LIMITATIONS. Provides 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 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. 171.854. APPLICATION FOR CREDIT. Requires that a corporation 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 the corporation to use the form in applying for the credit.

Sec. 171.855. 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. 171.856. RULES. Requires the comptroller to adopt rules necessary to implement this subchapter.

Section 2. Effective date: January 1, 2002.

Makes application of this Act prospective.