

BILL ANALYSIS

Senate Research Center

H.B. 2360
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The earned income tax credit is a refundable federal income tax credit available to certain individuals and families who have low to moderate levels of earned income. According to the Center for Public Policy Priorities, 2.3 million Texans, who account for 21 percent of all filers, received the tax credit in 2009, which injected \$5.2 billion in refunds into the economy in Texas. As many as one in four eligible Texans fail to claim the earned income tax credit, which left \$1.4 to \$1.9 billion unclaimed in 2009. This bill amends the Labor Code by requiring employers to provide their employees with information regarding eligibility for the federal earned income tax credit. Education about the tax credit will help Texans receive their full entitlement under the credit, and as a result, the credit may serve as an indirect stimulus to the economy.

H.B. 2360 relates to the provision by employers of information regarding employee eligibility for the federal earned income tax credit.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Workforce Commission in SECTION 2 (Section 301.067, Labor Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Title 3, Labor Code, by adding Chapter 104, as follows:

CHAPTER 104. EMPLOYER INFORMATION REGARDING EARNED INCOME TAX CREDIT

Sec. 104.001. DEFINITIONS. Defines "employee" and "employer."

Sec. 104.002. REQUIRED INFORMATION. Requires each employer to provide the employer's employees annually, at the time the employer provides the employee with the employee's Internal Revenue Service (IRS) Form W-2, information regarding general eligibility requirements for the federal earned income tax credit.

Sec. 104.003. PROVISION OF INFORMATION TO EMPLOYEES. (a) Authorizes an employer to provide the information required by Section 104.002 by providing:

(1) IRS publications relating to the federal earned income tax credit or information prepared by the comptroller of public accounts under Section 403.025 (Federal Earned Income Tax Credit), Government Code, relating to that credit; or

(2) federal income tax forms necessary to claim the federal earned income tax credit.

(b) Prohibits an employer from satisfying the requirements of Section 104.002 solely by posting information in the place of employment. Requires the employer to provide the required information in person or by mailing the documents described by Subsection (a) to the employee at the employee's last known address by first class mail.

Sec. 104.004. COMMISSION DUTIES; RULES. (a) Requires the Texas Workforce Commission (TWC) to periodically notify employers regarding the requirement adopted under Section 104.002. Requires TWC to provide the notice as part of any other periodic notice sent to employers and also post the notice on TWC's Internet website.

(b) Requires each employer, if TWC adopts rules under Section 301.067 regarding employer requirements under this chapter, to provide information required by Section 104.002 in the manner prescribed by those rules.

SECTION 2. Amends Section 301.067, Labor Code, by adding Subsection (d), to authorize TWC to adopt rules necessary to implement this section, including rules regarding the information that employers are required to provide under Chapter 104 regarding employee eligibility for the federal earned income tax credit.

SECTION 3. Amends Section 403.025, Government Code, by adding Subsection (d), to require the comptroller of public accounts (comptroller) to produce and make available to employers, by written notice and a posting on the comptroller's Internet website, a form that includes information regarding the federal earned income tax credit for distribution under Chapter 104, Labor Code, and explaining the availability of and contact information for local volunteer income tax assistance programs.

SECTION 4. Effective date: September 1, 2009.