

## **BILL ANALYSIS**

C.S.H.B. 595  
By: Workman  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties note the myriad benefits of providing high school students with internship opportunities. C.S.H.B. 595 seeks to promote internship opportunities in Texas by providing a franchise tax credit for businesses that provide a paid internship that meets certain requirements.

### **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 rulemaking authority is expressly granted to the Texas Workforce Commission and the commissioner of education in SECTION 1 of this bill.

### **ANALYSIS**

C.S.H.B. 595 amends the Tax Code to entitle a taxable entity to a credit against the franchise tax in the amount of \$1,000 for each eligible student who completes an internship program offered by the entity that is a paid internship or similar program that meets the requirements of rules adopted by the Texas Workforce Commission (TWC) and that is part of curriculum requirements for an endorsement on the student's high school transcript, the curriculum for a public junior college, or a course of study in a private school or a nontraditional education setting that is substantially similar under rules adopted by the commissioner of education under the bill's provisions. The bill requires the TWC, after consulting with the commissioner of education and the Texas Higher Education Coordinating Board, to adopt rules providing the requirements that an internship or program must meet to be considered an eligible internship program for purposes of the tax credit. The bill requires the commissioner of education to adopt rules to determine whether a student's course of study in a private school or nontraditional secondary education setting is substantially similar to the curriculum requirements for an endorsement on a student's high school transcript and requires the rules adopted by the TWC to be consistent with the rules adopted by the commissioner. The bill defines "eligible student" as a student who has reached the minimum age required under the Labor Code to legally work in the eligible internship program and who is enrolled in a public or private school, in a course of study in a nontraditional secondary education setting, including a home school setting, or full-time or part-time in a public junior college.

C.S.H.B. 595 limits the eligible internship programs for which a taxable entity may claim the franchise tax credit to an eligible internship program offered by the taxable entity that is located or based in Texas and prohibits a taxable entity from claiming the credit in connection with an eligible student if an owner of the taxable entity is related to the eligible student within the third degree of consanguinity. The bill requires a taxable entity to apply for the tax credit on or with the tax report for the period for which the credit is claimed, requires the comptroller of public accounts to promulgate a form for the application for the credit, and requires a taxable entity to use such a form in applying for the credit. The bill authorizes a taxable entity to claim the credit

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.

**EFFECTIVE DATE**

January 1, 2018.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 595 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

**INTRODUCED**

SECTION 1. Chapter 171, Tax Code, is amended by adding Subchapter R to read as follows:

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

**Sec. 171.871. DEFINITIONS. In this subchapter:**

**(1) "Commission" means the Texas Workforce Commission.**

**(2) "Eligible internship program" means a paid internship or similar program that:**

**(A) meets the requirements of rules adopted by the commission under Section 171.875; and**

**(B) is part of the curriculum requirements for an endorsement under Section 28.025(c-1), Education Code.**

**(3) "Eligible student" means a student enrolled in a public high school who has reached the minimum age required under Chapter 51, Labor Code, to legally work in the eligible internship program.**

**HOUSE COMMITTEE SUBSTITUTE**

SECTION 1. Chapter 171, Tax Code, is amended by adding Subchapter R to read as follows:

**SUBCHAPTER R. TAX CREDIT FOR PAID INTERNSHIPS GIVEN TO CERTAIN STUDENTS**

**Sec. 171.871. DEFINITIONS. In this subchapter:**

**(1) "Commission" means the Texas Workforce Commission.**

**(2) "Eligible internship program" means a paid internship or similar program that:**

**(A) meets the requirements of rules adopted by the commission under Section 171.875; and**

**(B) is part of:**

**(i) the curriculum requirements for an endorsement under Section 28.025(c-1), Education Code;**

**(ii) the curriculum for a public junior college; or**

**(iii) a course of study in a private school or a nontraditional secondary education setting, such as a home school setting, that is substantially similar, under rules adopted by the commissioner of education under Section 171.875, to the curriculum requirements described by Subparagraph (i).**

**(3) "Eligible student" means a student who has reached the minimum age required under Chapter 51, Labor Code, to legally work in the eligible internship program and who is enrolled:**

**(A) in a public or private school;**

**(B) in a course of study in a nontraditional secondary education setting, including a home school setting; or**

**(C) full-time or part-time in a public junior college.**

**(4) "Private school" means a school that:**

**(A) offers a course of instruction for students in one or more grades from**

Sec. 171.872. ENTITLEMENT TO CREDIT.

Sec. 171.873. QUALIFICATION FOR CREDIT.

Sec. 171.874. AMOUNT OF CREDIT; LIMITATIONS.

Sec. 171.875. COMMISSION RULES.  
The commission, after consulting with the commissioner of education, shall

adopt rules providing the requirements that an internship or similar program must meet to be considered an eligible internship program under this subchapter.

Sec. 171.876. APPLICATION FOR CREDIT.

Sec. 171.877. PERIOD FOR WHICH CREDIT MAY BE CLAIMED.

SECTION 2. A taxable entity may claim the credit under Subchapter R, 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, Tax Code, on or after January 1, 2018.

SECTION 3. This Act takes effect January 1, 2018.

prekindergarten through grade 12; and (B) is not operated by a governmental entity.

(5) "Public junior college" has the meaning assigned by Section 61.003, Education Code.

Sec. 171.872. ENTITLEMENT TO CREDIT.

Sec. 171.873. QUALIFICATION FOR CREDIT.

Sec. 171.874. AMOUNT OF CREDIT; LIMITATIONS.

Sec. 171.875. RULES. (a)  
The commission, after consulting with the commissioner of education and the Texas Higher Education Coordinating Board, shall adopt rules providing the requirements that an internship or similar program must meet to be considered an eligible internship program under this subchapter. Rules adopted by the commission under this subsection must be consistent with the rules adopted by the commissioner of education under Subsection (b).

(b) The commissioner of education shall adopt rules to determine whether a student's course of study in a private school or nontraditional secondary education setting is substantially similar to the curriculum requirements for an endorsement described by Section 28.025(c-1), Education Code.

Sec. 171.876. APPLICATION FOR CREDIT.

Sec. 171.877. PERIOD FOR WHICH CREDIT MAY BE CLAIMED.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.