

SENATE BILL 2660

By Norris

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 4, Part 20 and Title 67, Chapter 4, Part 21, relative to tax credits for employer tuition assistance.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 4, Part 21, is amended by adding the following language as a new, appropriately designated section:

67-4-21__.

(a) This section shall be known as and may be cited as the "Educate and Employ Act of 2012".

(b) As used in this section:

(1) "Employer" means any entity having employees that is a taxpayer under part 20 of this chapter and this part; and

(2) "Employer educational assistance program" means a program providing educational assistance for the employer's employees in compliance with § 127 of the Internal Revenue Code, codified in 26 U.S.C. § 127.

(c) A credit equal to twenty-five percent (25%) of the lesser of the actual amount of educational assistance paid to an employee through an employer educational assistance program or the maximum allowable amount that the employee may exclude from gross income for federal income tax purposes under § 127 of the Internal Revenue Code shall be allowed against the sum total of the employer's franchise tax liability under this part and the employer's excise tax liability under part 20 of this chapter for each employee assisted.

(d) The total credit taken in any year on the employer's franchise and excise tax return shall not exceed the combined franchise and excise tax liability shown by the return before the credit is taken. Any unused credit may be carried forward for use in subsequent tax years not to exceed ten (10) years after the tax year in which the credit originated.

(e) A taxpayer shall claim the tax credit by filing an application in the manner prescribed by the commissioner and attaching documentation as required by the commissioner. The commissioner shall review the documentation and notify the employer as to whether the credit is approved.

SECTION 2. The commissioner is authorized to promulgate rules and regulations to effectuate the purposes of this act. All such rules and regulations shall be promulgated in accordance with Tennessee Code Annotated, Title 4, Chapter 5.

SECTION 3. For purposes of promulgating rules and regulations and creating forms and applications, this act shall take effect upon becoming law, the public welfare requiring it. For all other purposes, this act shall take effect January 1, 2013, the public welfare requiring it, and shall apply to tax years beginning on or after that date.