# BILL SUMMARY
2nd Session of the 58th Legislature

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| **Bill No.:** | **HB 3498** |
| **Version:** | **FULLPCS2** |
| **Request Number:** | **10821** |
| **Author:** | **Rep. McEntire** |
| **Date:** | **3/3/2022** |
| **Impact:** | **Preliminary (PCS):** |

**Unknown Decrease in Income Tax Revenue**

## Research Analysis

The proposed committee substitute for HB3498 creates income tax credits for qualified software engineers and employers who hire qualified software engineers on or after January 1, 2022.

The employer tax credit is equal to 10 percent of pay if the employee graduated from an in-state institution or 5 percent of pay if the employee graduated from an out-of-state institution. The credit is also limited to the first five years of employment and cannot exceed $12,500 per employee per year.

The employee tax credit is equal to $5000 per year and may be claimed for up to five years. The credit is nonrefundable, but may be carried over for up to 5 subsequent taxable years.

Current law also provides for a tax credit for software or cybersecurity employees hired on or after November 1, 2019 in Title 68, Section 2357.405. The measure prohibits a qualified software engineer from claiming both credits.

Prepared By: Quyen Do

## Fiscal Analysis

The measure provides an income tax credit for employers and employees related to qualified software engineers.

While previous analysis completed by the Tax Commission on a prior version of the measure indicated a potential impact to revenue of as much as $92,000,000, the current version has not been fully analyzed. Until such analysis is completed, the potential direct revenue decrease is unknown.

Prepared By: Mark Tygret

## Other Considerations

None.