BILL ANALYSIS

Senate Research Center
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S.B. 9
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Finance
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As Filed

DIGEST

Nationwide about 35 percent of all 12-year-olds are unsupervised while their parents are at work; these children are exposed to a higher risk of truancy, poor grades, and drug abuse. Quality after-school programs have proven to be an effective tool in reducing these risk factors. Quality after-school programs help reduce juvenile crime and increase safety; boost school performance; improve student attendance; lower dropout rates; assist the unmet needs of working parents; and help students develop the values and skills they need in order to excel. S.B. 9 would entitle corporations that provide financing for certain before and after school programs to a franchise tax credit.

PURPOSE

As proposed, S.B. 9 entitles corporations that provide financing for certain before and after school programs to a franchise tax credit.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the comptroller of public accounts in SECTION 1 (Section 171.704(b), Chapter 171N, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 171, Tax Code, by adding Subchapter N, as follows:

SUBCHAPTER N. TAX CREDIT FOR CONTRIBUTIONS TO
BEFORE AND AFTER SCHOOL PROGRAMS

Sec. 171.701. DEFINITION. Defines “school-age child care.”

Sec. 171.702. CREDIT. Provides that a corporation that meets the eligibility requirements under this subchapter is entitled to a credit in the amount allowed by this subchapter against the tax imposed under this chapter.

Sec. 171.703. EXPENDITURES ELIGIBLE FOR CREDIT. Authorizes a corporation to claim a credit under this subchapter only for a qualifying expenditure relating to the operation of a school-age chid care program that is operated by certain entities. Sets forth qualifying expenditures.

Sec. 171.704. AMOUNT; LIMITATIONS. Provides that the amount of the credit is equal to 30 percent of a corporation’s qualifying expenditures. Authorizes a corporation to claim a credit under this subchapter for a qualifying expenditure during an accounting period only against the tax owed for the corresponding reporting period. Prohibits a corporation from claiming a credit in an amount that exceeds 50 percent of the amount of net franchise tax due, after applying for other credits, for the reporting period.

Sec. 171.705. APPLICATION FOR CREDIT. Requires a corporation to apply for credit under this subchapter on or with the tax report for the period for which the credit is claimed. Requires the comptroller of public accounts (comptroller) to adopt a form for the application of credit. Requires a corporation to use this form in applying for credit.

Sec. 171.706. ASSIGNMENT PROHIBITED. Prohibits a corporation from conveying, assigning, or transferring a credit allowed under this subchapter to another entity unless all of the assets of the corporation are conveyed, assigned, or transferred in the same transaction.

SECTION 2. Authorizes a corporation to claim the credit under Chapter 171N, Tax Code, only for a qualifying expenditure made on or after the effective date of this Act; and on a franchise tax report under Chapter 171, Tax Code, on or after January 1, 2000.

SECTION 3. Emergency clause.
Effective date: upon passage.