

BILL ANALYSIS

Senate Research Center
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S.B. 58
By: Haywood
Finance
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As Filed

DIGEST

Currently, there is an increased demand for certain child-care services as a result of changes at both the federal and state level regarding work requirements for public assistance eligibility. S.B. 58 would provide a corporation tax credit as an incentive to establish and operate day-care centers for children of employees or purchasing child care services for employees.

PURPOSE

As proposed, S.B. 58 provides corporations tax incentives to establish and operate day-care centers or purchase child care services for employees of the corporation.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

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

SUBCHAPTER N. TAX CREDIT FOR ESTABLISHING DAY-CARE CENTER OR PURCHASING CHILD-CARE SERVICES

Sec. 171.701. DEFINITION. Defines “day-care center.”

Sec. 171.702. CREDIT. Entitles an eligible corporation to receive credit against taxes imposed under this chapter.

Sec. 171.703. CREDIT FOR DAY-CARE CENTER AND PURCHASED CHILD CARE. Sets forth the qualifying conditions under which a corporation may claim credit. Sets forth expenditures in a qualifying expenditure. Provides that the amount of the credit is equal to the lesser of \$50,000; 50 percent of the corporation’s qualifying expenditures; or the amount of the limitation provided by Section 171.705(b). Entitles a corporation to a credit for the qualifying expenditures made by the corporation, subject to the limitation prescribed by Subsection (c), if a corporation shares in the cost of establishing and operating a day-care center.

Sec. 171.704. 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 a corporation to include proof that the services were actually provided to children of employees of the corporation, if the corporation is claiming a credit for a qualifying expenditure for purchasing child-care services. Requires the comptroller to adopt a form for the application for the credit. Requires a corporation to use this form in applying for the credit.

Sec. 171.705. PERIOD FOR WHICH CREDIT MAY BE CLAIMED. Authorizes a corporation to claim a credit under this subchapter for qualifying expenditures made 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 90 percent of the amount of tax due for the report.

Sec. 171.706. ASSIGNMENT PROHIBITED. Prohibits a corporation from conveying, assigning, or transferring 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, as added by this Act, only for a qualifying expenditure made on or after the effective date of this Act, and on a franchise tax report due under Chapter 171, Tax Code, on or after January 1, 2000.

SECTION 3. Emergency clause.

Effective date: upon passage.