

BILL ANALYSIS

Senate Research Center
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S.B. 1200
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Finance
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DIGEST AND PURPOSE

Currently, only one in five Texans holds a college degree, even though the demand for a well-educated workforce is growing. Texas currently provides franchise tax credits for a number of purposes, including employment created in an enterprise zone, employment of certain children, and employment of inmates, and federal tax policy encourages businesses to be involved in charitable donations. As proposed, S.B. 1200 provides businesses with a 25 percent credit against their franchise tax for charitable contributions made to certain non-profit educational organizations in order to encourage businesses to support educational opportunities in Texas.

RULEMAKING AUTHORITY

This bill does not expressly 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 S, as follows:

SUBCHAPTER S. TAX CREDIT FOR CONTRIBUTIONS TO ORGANIZATIONS ASSISTING EDUCATIONALLY DISADVANTAGED CHILDREN

Sec. 171.851. DEFINITION. Defines "at-risk child."

Sec. 171.852. ELIGIBILITY. Provides that a corporation is eligible for a credit against the tax imposed under this chapter in the amount under the conditions and limitations provided by this subchapter.

Sec. 171.853. CREDIT FOR CONTRIBUTIONS. Authorizes a corporation to claim a credit under this subchapter only for a contribution to certain organizations.

Sec. 171.854. LIMITATIONS. Prohibits the total credit claimed under this subchapter for a period from exceeding a certain amount. Authorizes a corporation to claim a credit under this subchapter for a contribution made during an accounting period only against the tax owed for the corresponding reporting period.

Sec. 171.855. 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 to adopt a form for the application for the credit. Requires a corporation to use this form in applying for the credit.

Sec. 171.856. ASSIGNMENT PROHIBITED. Prohibits a corporation from conveying, assigning, or transferring the 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. Effective date: January 1, 2002. Provides that this Act applies only to a report due on or after the effective date. Authorizes a corporation to claim a credit under Chapter 171S, Tax Code, as added by this Act, only for a contribution made on or after January 1, 2002.