

**SUBJECT:** Authorizing franchise tax credits for donated art

**COMMITTEE:** Ways and Means — committee substitute recommended

**VOTE:** 5 ayes — J. Keffer, Villarreal, Grusendorf, Luna, Ritter  
0 nays  
4 absent — Edwards, Paxton, Smithee, Woolley

**WITNESSES:** None

**DIGEST:** CSHB 3282 would permit companies that donate art to a museum open to the public for its permanent collection to qualify for a franchise tax credit equal to the value of the art.

The credit could not exceed the amount of franchise tax due and could be claimed only against taxes accrued in the same accounting period as the donation. The credit could not be carried over or conveyed.

The credit also would apply to the franchise tax in HB 3 by J. Keffer, if that bill became law. The bill would apply to taxes due on or after the effective date of the bill. The bill would take effect January 1, 2006.

**SUPPORTERS SAY:** Arts are vital to Texas' culture and economy and corporations can be a good resource for works of art. This bill would encourage the donation of corporate-owned art by authorizing a tax credit.

**OPPONENTS SAY:** This would be akin to the state purchasing art because the money that would come in from the franchise tax would be used for general state purposes. Art is important, but the Legislature should appropriate money for the purchase of art instead of taking money out of state income to do it.

**NOTES:** The substitute would limit credits to the donation of art, not money.

The fiscal note estimates a franchise tax revenue loss of \$11.8 million each fiscal year.