

## **BILL ANALYSIS**

Senate Research Center  
76R392 CBH-D

S.B. 426  
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Finance  
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### **DIGEST**

Currently, Texas law does not entitle an employer who purchases or subsidizes child-care services for employees to receive a franchise tax credit. Nearly three million Texas children under the age of 18, have both parents or their only parent in the workforce. Access to affordable, reliable, quality child-care services can greatly affect employee satisfaction and productivity. This bill would provide a franchise tax credit to employers who invest in quality child-care services for their employees' children.

### **PURPOSE**

As proposed, S.B. 426 provides a franchise tax credit to employers who provide quality child-care services for the children of their employees.

### **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 PURCHASING OR SUBSIDIZING COST OF CHILD-CARE SERVICES**

Sec. 171.701. DEFINITIONS. Defines "day-care center" and "family home."

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. CREDIT FOR PURCHASED OR SUBSIDIZED CHILD CARE. Authorizes a corporation to claim a credit under this subchapter for an expenditure the corporation makes to purchase or subsidize the cost of child-care services that are actually provided to children of employees of the corporation at a day care center or certain family homes. Provides that the amount of the credit is equal to 30 percent of the corporation's expenditures under Subsection (a).

Sec. 171.704. APPLICATION FOR CREDIT. Requires a corporation to apply for a credit under this subchapter on or with the tax report for the period for which the credit is claimed. Requires the corporation to include proof that the child-care services the corporation purchased or subsidized were actually provided to children of employees of the corporation at a day-care center or registered or listed family home. 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 an expenditure 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 the amount of tax due for the report.

Sec. 171.706. 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, 2000.

Makes application of this Act prospective.

SECTION 3. Emergency clause.