

## **BILL ANALYSIS**

Senate Research Center  
86R5768 GRM-D

S.B. 774  
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Finance  
4/3/2019  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

A post-secondary degree is becoming more valuable in Texas' growing business climate. In order for the Texas workforce to continue to develop with the growing business climate, it is important for the State to support opportunities for continuing education.

S.B. 774 offers a franchise tax credit to a business that offers tuition assistance to its employees enrolled in any public or private post-secondary institution. The comptroller of public accounts of the State of Texas will adopt rules necessary to administer this program, as well as a form for a taxable entity to apply for the tax credit. The taxable entity must fill this form out when applying for the credit.

The amount of credit for which a business is eligible will be the lesser of these two options: the amount of tuition provided to all employees during a tax year or the amount of franchise tax due after all other eligible tax credits are applied.

S.B. 774 encourages businesses to invest in the future success of their employees.

As proposed, S.B. 774 amends current law relating to a franchise tax credit for taxable entities offering postsecondary tuition assistance.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the comptroller of public accounts of the State of Texas in SECTION 1 (Section 171.557, Tax Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

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

#### **SUBCHAPTER K. TAX CREDIT FOR TAXABLE ENTITIES THAT PROVIDE TUITION ASSISTANCE**

Sec. 171.551. DEFINITION. Defines "postsecondary educational institution."

Sec. 171.552. ELIGIBILITY FOR CREDIT. Entitles a taxable entity to a credit in the amount and under the conditions and limitations provided by this subchapter against the tax imposed under this chapter (Franchise Tax).

Sec. 171.553. QUALIFICATION. Provides that a taxable entity qualifies for a credit under this subchapter if the taxable entity provides tuition assistance for an employee attending a postsecondary educational institution.

Sec. 171.554. AMOUNT; LIMITATION. (a) Provides that the amount of the credit for a period is equal to the lesser of the amount of tuition assistance provided to all employees during the period and the amount of franchise tax due for the report after all other applicable tax credits.

(b) Authorizes a taxable entity to claim a credit under this subchapter for an expenditure made during a reporting period only against the tax owed for the period.

Sec. 171.555. APPLICATION FOR CREDIT. (a) Requires a taxable entity to apply for a credit under this subchapter on or with the tax report for the period for which the credit is claimed.

(b) Requires the comptroller of public accounts of the State of Texas (comptroller) to adopt a form for the application for the credit. Requires a taxable entity to use the form in applying for the credit.

Sec. 171.556. ASSIGNMENT PROHIBITED. Prohibits a taxable entity from conveying, assigning, or transferring the credit allowed under this subchapter to another taxable entity unless all of the assets of the taxable entity are conveyed, assigned, or transferred in the same transaction.

Sec. 171.557. RULES. Requires the comptroller to adopt rules necessary to implement this subchapter.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: January 1, 2020.