

By: Capriglione

H.B. No. 4809

A BILL TO BE ENTITLED

AN ACT

relating to the strong families credit against certain taxes for entities that contribute to certain organizations.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Title 5, Alcoholic Beverage Code, is amended by adding Chapter 207 to read as follows:

CHAPTER 207. STRONG FAMILIES TAX CREDIT

Sec. 207.001. DEFINITIONS. In this chapter:

(1) "Designated contribution," "eligible organization," and "strong families credit" have the meanings assigned by Section 171.701, Tax Code.

(2) "Taxpayer" means a person who pays a tax under this title.

Sec. 207.002. ELIGIBILITY. A taxpayer that makes a designation contribution that meets the requirements of Subchapter N, Chapter 171, Tax Code, is entitled to apply for a strong families credit in the amount and under the conditions provided by this chapter against taxes paid under this title.

Sec. 207.003. AMOUNT OF CREDIT; LIMITATIONS. (a) Subject to Subsections (b) and (c), the amount of a taxpayer's credit for a state fiscal year is equal to the lesser of:

(1) the amount of designated contributions made to eligible organizations during the state fiscal year; or

(2) the amount of taxes paid by the taxpayer under this

1 title during the state fiscal year.

2 (b) The maximum amount of strong families credits that may
3 be awarded for a state fiscal year is the amount provided by Section
4 171.706(b), Tax Code.

5 (c) The maximum amount of designated contributions a
6 taxpayer may make to all eligible organizations in a state fiscal
7 year is the amount provided by Section 171.706(c), Tax Code.

8 (d) The comptroller shall allocate strong families credits
9 as provided by Section 171.706(d), Tax Code.

10 Sec. 207.004. APPLICATION. (a) A taxpayer must apply to
11 claim a strong families credit against a tax imposed under this
12 title.

13 (b) The comptroller shall prescribe the form and method of
14 applying to claim a credit under this section. The taxpayer must use
15 this method in applying for the credit.

16 (c) The comptroller may award a credit to a taxpayer who
17 applies for the credit under Subsection (a) if the taxpayer is
18 eligible for the credit and the credit is available under Section
19 171.706(b), Tax Code.

20 (d) The comptroller shall notify a taxpayer in writing of
21 the comptroller's decision to grant or deny the application under
22 Subsection (a). If the comptroller denies a taxpayer's
23 application, the comptroller shall include in the notice of denial
24 the reasons for the comptroller's decision.

25 Sec. 207.005. RULES. The comptroller may adopt rules and
26 procedures necessary to implement, administer, and enforce this
27 chapter.

1 SECTION 2. Subtitle B, Title 3, Insurance Code, is amended
2 by adding Chapter 230 to read as follows:

3 CHAPTER 230. STRONG FAMILIES TAX CREDIT

4 Sec. 230.001. DEFINITIONS. In this chapter:

5 (1) "Designated contribution," "eligible
6 organization," and "strong families credit" have the meanings
7 assigned by Section 171.701, Tax Code.

8 (2) "State insurance tax liability" means any tax
9 liability incurred by an entity under Chapters 221 through 226 or
10 Chapter 281.

11 Sec. 230.002. ELIGIBILITY. An entity that makes a
12 designated contribution that meets the requirements of Subchapter
13 N, Chapter 171, Tax Code, is entitled to apply for a strong families
14 credit in the amount and under the conditions provided by this
15 chapter against the entity's state insurance tax liability.

16 Sec. 230.003. AMOUNT OF CREDIT; LIMITATION ON TOTAL
17 CREDITS. (a) Subject to Subsections (b) and (c), the amount of an
18 entity's credit for a report is equal to the lesser of:

19 (1) the amount of designated contributions made to an
20 eligible organization during the year covered by the report; or

21 (2) the amount of the entity's state insurance tax
22 liability for the year covered by the report after applying all
23 other applicable credits.

24 (b) The maximum amount of strong families credits that may
25 be awarded for a state fiscal year is the amount provided by Section
26 171.706(b), Tax Code.

27 (c) The maximum amount of designated contributions an

1 entity may make to all eligible organizations in a state fiscal year
2 is the amount provided by Section 171.706(c), Tax Code.

3 (d) The comptroller shall allocate strong families credits
4 as provided by Section 171.706(d), Tax Code.

5 Sec. 230.004. APPLICATION FOR CREDIT. (a) An entity must
6 apply to claim a strong families credit under this chapter on or
7 with the report covering the year in which the designated
8 contribution was made.

9 (b) The comptroller shall prescribe the form and method of
10 applying to claim a credit under this section. An entity must use
11 this method in applying for the credit under this chapter.

12 (c) The comptroller may award a credit to an entity that
13 applies for the credit under Subsection (a) if the entity is
14 eligible for the credit and the credit is available under Section
15 171.706(b), Tax Code.

16 Sec. 230.005. ASSIGNMENT PROHIBITED; EXCEPTION. An entity
17 may not convey, assign, or transfer the strong families credit to
18 another entity unless substantially all of the assets of the entity
19 are conveyed, assigned, or transferred in the same transaction.

20 Sec. 230.006. RULES. The comptroller may adopt rules and
21 procedures necessary to implement, administer, and enforce this
22 chapter.

23 SECTION 3. Chapter 171, Tax Code, is amended by adding
24 Subchapter N to read as follows:

25 SUBCHAPTER N. STRONG FAMILIES TAX CREDIT

26 Sec. 171.701. DEFINITIONS. In this subchapter:

27 (1) "Designated contribution" means a monetary

1 contribution to an eligible organization that the contributor
2 designates at the time of contribution as being made for the purpose
3 of the strong families credit.

4 (2) "Eligible organization" means an organization
5 that is designated by the comptroller as an eligible organization
6 under this subchapter.

7 (3) "Strong families credit" means the tax credit
8 established under this subchapter that may be claimed under:

9 (A) Chapter 207, Alcoholic Beverage Code;

10 (B) Chapter 230, Insurance Code;

11 (C) this subchapter; or

12 (D) Chapter 203.

13 Sec. 171.702. ELIGIBILITY FOR CREDIT. A taxable entity
14 that makes a designated contribution that meets the requirements of
15 this subchapter is eligible to apply for a strong families credit in
16 the amount and under the conditions provided by this subchapter
17 against the tax imposed under this chapter.

18 Sec. 171.703. QUALIFICATIONS FOR ELIGIBLE ORGANIZATION;
19 VERIFICATION OF ELIGIBILITY. (a) An organization may apply for
20 designation as an eligible organization under this subchapter if
21 the organization:

22 (1) is exempt from federal income taxation under
23 Section 501(a), Internal Revenue Code of 1986, as an organization
24 described by Section 501(c)(3) of that code;

25 (2) is authorized to transact business in this state;

26 (3) has provided the following services in this state
27 for at least three years preceding the organization's initial

1 application for designation as an eligible organization:

2 (A) mental health services, including individual
3 and family therapy;

4 (B) in-home and community-based parenting
5 services;

6 (C) comprehensive case management services based
7 on the assessment of family strengths and needs;

8 (D) financial empowerment services, including
9 financial literacy, job skills, and vocational training; or

10 (E) in-school programs, community-based events,
11 or online resources to assist fathers in learning and improving
12 parenting skills or programs that provide services and resources
13 that engage absent fathers in being more involved in their
14 children's lives.

15 (b) Services described by Subsections (a)(3)(A) through (D)
16 must be provided based on community needs identified through a
17 needs assessment, implemented with a continuous quality
18 improvement process, and evaluated based on outcomes.

19 (c) An organization must reapply for designation as an
20 eligible organization each calendar year by submitting to the
21 comptroller a signed application form containing:

22 (1) a description of the qualifying services and
23 resources provided by the organization;

24 (2) the total number of individuals served through the
25 services and resources described by Subdivision (1) during the
26 previous calendar year and the number of those individuals served
27 and provided resources that year using designated contributions;

1 (3) outcomes for services described by Subdivision
2 (1);
3 (4) the organization's financial information;
4 (5) the organization's contact information;
5 (6) a statement, signed under penalty of perjury by an
6 officer of the organization, that the organization meets all
7 criteria to qualify as an eligible organization, has fulfilled the
8 requirements for the previous calendar year, and intends to fulfill
9 the requirements for the next calendar year; and
10 (7) any other documentation requested by the
11 comptroller to verify eligibility or compliance with this section.

12 Sec. 171.704. DUTIES OF ELIGIBLE ORGANIZATION. (a) An
13 eligible organization shall:

14 (1) conduct a local, state, and national criminal
15 background check for all individuals working directly with children
16 in a program funded by designated contributions that includes the
17 use of:

18 (A) a commercial multistate and
19 multijurisdiction criminal records locator or other similar
20 commercial nationwide database; and

21 (B) the national sex offender registry database
22 maintained by the United States Department of Justice or a
23 successor agency;

24 (2) spend all designated contributions, other than the
25 amount described by Subdivision (3), to provide services for
26 residents of this state;

27 (3) spend no more than five percent of the total dollar

1 amount of designated contributions on administrative expenses; and

2 (4) annually submit to the comptroller:

3 (A) the report of an audit of the eligible
4 organization conducted by an independent certified public
5 accountant in accordance with generally accepted auditing
6 principles completed not later than the 180th day after the end of
7 the eligible organization's fiscal year; and

8 (B) a copy of the eligible organization's most
9 recent Form 990 filed with the Internal Revenue Service.

10 (b) On receipt of a designated contribution, an eligible
11 organization shall provide the entity making the contribution with
12 a certificate of contribution that includes:

13 (1) the entity's name;

14 (2) the eligible organization's name;

15 (3) the entity's federal employer identification
16 number, if applicable;

17 (4) the amount of the designated contribution; and

18 (5) the date the designated contribution was made.

19 Sec. 171.705. DUTIES OF COMPTROLLER. (a) The comptroller
20 shall:

21 (1) accept applications for designation or
22 redesignation as an eligible organization and provide that
23 designation to eligible applicants;

24 (2) revoke an organization's designation as an
25 eligible organization if the organization violates this subchapter
26 or fails to maintain the eligibility requirements of this
27 subchapter;

1 (3) publish information about the strong families
2 credit on the comptroller's website, including:

3 (A) the requirements and process for an
4 organization to be designated as an eligible organization; and

5 (B) a list of organizations currently designated
6 as eligible organizations; and

7 (4) require the return of designated contributions
8 made to an organization that has had the organization's designation
9 as an eligible organization revoked or that otherwise fails to
10 comply with the requirements of this subchapter.

11 (b) An organization that is required to return
12 contributions under Subsection (a)(4) is ineligible for
13 designation or redesignation as an eligible organization for a
14 period of 10 years beginning on the date the requirement is imposed.

15 (c) An organization whose designation as an eligible
16 organization lapses or is revoked for a reason other than the reason
17 described by Subsection (a)(4) may reapply for designation as an
18 eligible organization.

19 Sec. 171.706. AMOUNT OF CREDIT; LIMITATION ON TOTAL
20 CREDITS. (a) Subject to Subsections (b) and (c), the amount of a
21 taxable entity's credit for a report is equal to the lesser of:

22 (1) the amount of designated contributions made to
23 designated organizations during the period covered by the report;

24 or

25 (2) the amount of franchise tax due for the report
26 after applying all other applicable credits.

27 (b) For the 2024 state fiscal year, the maximum amount of

1 strong families credits that may be awarded is \$25 million. For
2 each subsequent state fiscal year, the maximum amount of strong
3 families credits that may be awarded is:

4 (1) the same maximum amount allowed under this
5 subsection for the previous state fiscal year, if less than the
6 maximum amount of credits was awarded that fiscal year; or

7 (2) an amount equal to 110 percent of the maximum
8 amount allowed under this subsection for the previous state fiscal
9 year, if the maximum amount of credits was awarded that fiscal year.

10 (c) For the 2024 state fiscal year, each entity may make no
11 more than \$2.5 million in designated contributions. For each
12 subsequent state fiscal year, each entity may make qualifying
13 contributions of not more than 110 percent of the amount allowed to
14 be made under this subsection for the previous state fiscal year.

15 (d) The comptroller by rule shall prescribe procedures by
16 which the comptroller will allocate strong families credits. The
17 procedures must provide that any credits are allocated to entities
18 that apply on a first-come, first-served basis.

19 Sec. 171.707. APPLICATION FOR CREDIT. (a) A taxable entity
20 must apply to claim a strong families credit under this subchapter
21 on or with the report covering the period in which the designated
22 contribution was made.

23 (b) The comptroller shall prescribe the form and method of
24 applying to claim a credit under this section. A taxable entity
25 must use this method in applying for the credit.

26 (c) The comptroller may award a credit to a taxable entity
27 that applies for the credit under Subsection (a) if the taxable

1 entity is eligible for the credit and the credit is available under
2 Section 171.706(b).

3 (d) The comptroller shall notify a taxable entity in writing
4 of the comptroller's decision to grant or deny the application
5 under Subsection (a). If the comptroller denies a taxable entity's
6 application, the comptroller shall include in the notice of denial
7 the reasons for the comptroller's decision.

8 Sec. 171.708. ASSIGNMENT PROHIBITED; EXCEPTION. A taxable
9 entity may not convey, assign, or transfer a strong families credit
10 awarded under this subchapter to another taxable entity unless
11 substantially all of the assets of the taxable entity are conveyed,
12 assigned, or transferred in the same transaction.

13 Sec. 171.709. RULES. The comptroller may adopt rules and
14 procedures necessary to implement, administer, and enforce this
15 subchapter.

16 SECTION 4. Subtitle I, Title 2, Tax Code, is amended by
17 adding Chapter 203 to read as follows:

18 CHAPTER 203. STRONG FAMILIES TAX CREDIT

19 Sec. 203.001. DEFINITIONS. In this chapter, "designated
20 contribution," "eligible organization," and "strong families
21 credit" have the meanings assigned by Section 171.701.

22 Sec. 203.002. ELIGIBILITY. A producer that makes a
23 designated contribution that meets the requirements of Subchapter
24 N, Chapter 171, is entitled to apply for a strong families credit in
25 the amount and under the conditions provided by this chapter
26 against tax paid under Chapter 201 or 202.

27 Sec. 203.003. AMOUNT OF CREDIT; LIMITATIONS. (a) Subject

1 to Subsections (b) and (c), the amount of a producer's credit for a
2 state fiscal year is equal to the lesser of:

3 (1) the amount of designated contributions made to
4 eligible organizations during the state fiscal year; or

5 (2) the amount of taxes paid by the producer under
6 Chapter 201 or 202, as applicable, during the state fiscal year.

7 (b) The maximum amount of strong families credits that may
8 be awarded for a state fiscal year is the amount provided by Section
9 171.706(b).

10 (c) The maximum amount of designated contributions a
11 producer may make to all eligible organizations in a state fiscal
12 year is the amount provided by Section 171.706(c).

13 (d) The comptroller shall allocate strong families credits
14 as provided by Section 171.706(d).

15 Sec. 203.004. APPLICATION. (a) The person responsible for
16 paying the tax under Chapter 201 or 202 must apply to claim a strong
17 families credit against that tax.

18 (b) The comptroller shall prescribe the form and method of
19 applying to claim a credit under this section. The person
20 responsible for paying the tax must use this method in applying for
21 the credit.

22 (c) The comptroller may award a credit to a person who
23 applies for the credit under Subsection (a) if the person is
24 eligible for the credit and the credit is available under Section
25 171.706(b).

26 (d) The comptroller shall notify a person in writing of the
27 comptroller's decision to grant or deny the application under

1 Subsection (a). If the comptroller denies a person's application,
2 the comptroller shall include in the notice of denial the reasons
3 for the comptroller's decision.

4 Sec. 203.005. RULES. The comptroller may adopt rules and
5 procedures necessary to implement, administer, and enforce this
6 chapter.

7 SECTION 5. (a) An entity may apply for a credit under
8 Chapter 207, Alcoholic Beverage Code, as added by this Act, Chapter
9 230, Insurance Code, as added by this Act, Subchapter N, Chapter
10 171, Tax Code, as added by this Act, or Chapter 203, Tax Code, as
11 added by this Act, only for a designated contribution made on or
12 after January 1, 2024.

13 (b) Chapter 207, Alcoholic Beverage Code, as added by this
14 Act, Chapter 230, Insurance Code, as added by this Act, Subchapter
15 N, Chapter 171, Tax Code, as added by this Act, and Chapter 203, Tax
16 Code, as added by this Act, apply only to a report originally due on
17 or after January 1, 2024.

18 SECTION 6. This Act takes effect January 1, 2024.