

By: West

S.B. No. 211

A BILL TO BE ENTITLED

AN ACT

relating to a franchise tax credit for taxable entities that operate an on-site child-care center for use by the entity's employees.

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

SECTION 1. Chapter 171, Tax Code, is amended by adding Subchapter O-1 to read as follows:

SUBCHAPTER O-1. TAX CREDIT FOR OPERATION OF ON-SITE CHILD-CARE CENTERS

Sec. 171.781. DEFINITIONS. In this subchapter:

(1) "Employee" means an individual who performs services for an employer for compensation under an oral or written contract of hire, whether express or implied. The term does not include an independent contractor.

(2) "Licensed child-care center" means a child-care center licensed, certified, or registered by the Department of Family and Protective Services to provide assessment, care, training, education, custody, treatment, or supervision for a child who is not related by blood, marriage, or adoption to the owner or operator of the center, for all or part of the 24-hour day, whether or not the center is operated for profit or charges for the services it offers.

Sec. 171.782. ENTITLEMENT TO CREDIT. A taxable entity is entitled to a credit in the amount and under the conditions provided

1 by this subchapter against the tax imposed under this chapter.

2 Sec. 171.783. QUALIFICATION. A taxable entity qualifies  
3 for a credit under this subchapter if the taxable entity  
4 establishes and operates a licensed child-care center that is:

5 (1) available exclusively to the employees of the  
6 entity for the purpose of providing care for the employees'  
7 children and dependents; and

8 (2) located at or immediately adjacent to the site at  
9 which the employees using the center work.

10 Sec. 171.784. AMOUNT OF CREDIT; LIMITATIONS. (a) Subject  
11 to Subsection (c), the amount of the credit a taxable entity may  
12 claim on a report is equal to:

13 (1) 30 percent of the entity's net cost to operate the  
14 licensed child-care center during the period on which the report is  
15 based; or

16 (2) if the licensed child-care center is certified as  
17 a provider in the Texas Rising Star Program, 35 percent of the  
18 entity's net cost to operate the licensed child-care center during  
19 the period on which the report is based.

20 (b) Notwithstanding Subsection (a) and subject to  
21 Subsection (c), the amount of the credit a taxable entity may claim  
22 on the first report due after the date the entity first opens the  
23 licensed child-care center is equal to 20 percent of the total  
24 amount spent by the entity to construct the center and prepare the  
25 center for initial operation.

26 (c) The total amount of credit claimed by a taxable entity  
27 on a report may not exceed the lesser of:

1           (1) the amount of franchise tax due for the report  
2 after the application of any other applicable credits; or

3           (2) the amount from the following list that applies to  
4 the report:

5                   (A) \$100,000 if the total amount of franchise tax  
6 due for the report is \$3 million or less after applying all other  
7 applicable credits;

8                   (B) \$250,000 if the total amount of franchise tax  
9 due for the report is more than \$3 million but less than \$10 million  
10 after applying all other applicable credits; or

11                   (C) \$500,000 if the total amount of franchise tax  
12 due for the report is \$10 million or more after applying all other  
13 applicable credits.

14           Sec. 171.785. APPLICATION FOR CREDIT. (a) A taxable entity  
15 must apply for a credit under this subchapter on or with the report  
16 for the period for which the credit is claimed.

17                   (b) A taxable entity must apply for the credit in the manner  
18 prescribed by the comptroller and include with the application any  
19 information requested by the comptroller to determine whether the  
20 entity is eligible for the credit under this subchapter.

21           Sec. 171.786. ASSIGNMENT PROHIBITED; EXEMPTION. A taxable  
22 entity may not convey, assign, or transfer a credit under this  
23 subchapter to another entity unless substantially all of the assets  
24 of the taxable entity are conveyed, assigned, or transferred in the  
25 same transaction.

26           Sec. 171.787. RULES. The comptroller shall adopt rules  
27 necessary to implement and administer this subchapter.

1           SECTION 2. This Act applies only to a report originally due  
2 on or after the effective date of this Act.

3           SECTION 3. This Act takes effect January 1, 2026.