

By: Miles

S.B. No. 1781

A BILL TO BE ENTITLED

AN ACT

relating to a franchise tax credit for taxable entities that provide child care.

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

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

SUBCHAPTER V. TAX CREDIT FOR PROVISION OF CHILD CARE

Sec. 171.9241. DEFINITION. In this subchapter, "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.

Sec. 171.9242. ENTITLEMENT TO CREDIT. A taxable entity is entitled to a credit in the amount and under the conditions provided by this subchapter against the tax imposed under this chapter.

Sec. 171.9243. QUALIFICATION. A taxable entity qualifies for a credit under this subchapter if the taxable entity subsidizes all or a portion of the entity's employees' costs for child care at:

(1) a licensed child-care center operated by the entity; or

(2) a licensed commercial or home-based child-care center.

Sec. 171.9244. AMOUNT OF CREDIT. The amount of a taxable entity's credit for a report is equal to the lesser of:

1 (1) the amount of the costs attributable to
2 subsidizing employee child care in the manner described by Section
3 171.9243 during the period on which the report is based; or

4 (2) the amount equal to 1.5 percent of the franchise
5 tax due for the report after applying all other applicable credits.

6 Sec. 171.9245. APPLICATION FOR CREDIT. (a) A taxable
7 entity must apply for a credit under this subchapter on or with the
8 report for which the credit is claimed.

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

13 Sec. 171.9246. ASSIGNMENT PROHIBITED; EXEMPTION. A taxable
14 entity may not convey, assign, or transfer the credit allowed under
15 this subchapter to another taxable entity unless substantially all
16 of the assets of the taxable entity are conveyed, assigned, or
17 transferred in the same transaction.

18 Sec. 171.9247. RULES. The comptroller shall adopt rules
19 necessary to implement and administer this subchapter.

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

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