

By: West

S.B. No. 1944

A BILL TO BE ENTITLED

AN ACT

relating to a franchise tax credit for charitable contributions made toward certain low-income residential housing programs.

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

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

SUBCHAPTER S. TAX CREDIT FOR CHARITABLE CONTRIBUTIONS MADE TOWARD CERTAIN LOW-INCOME RESIDENTIAL HOUSING PROGRAMS

Sec. 171.851. DEFINITIONS. In this subchapter:

(1) "Certified nonprofit owner-builder housing program" means a housing program certified by the department under Subchapter FF, Chapter 2306, Government Code.

(2) "Department" means the Texas Department of Housing and Community Affairs.

Sec. 171.852. CREDIT. A taxable entity 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. 171.853. CHARITABLE CONTRIBUTIONS ELIGIBLE FOR CREDIT.

(a) A taxable entity may claim a credit under this subchapter only for a charitable contribution made to a certified nonprofit owner-builder housing program toward costs incurred by the housing program to construct, remodel, improve, or rehabilitate residential housing.

1 (b) The department shall determine the eligible certified
2 nonprofit owner-builder housing programs that incur costs toward
3 which a taxable entity may make a qualifying charitable
4 contribution.

5 (c) The comptroller, in cooperation with the department,
6 shall adopt rules regarding the type of charitable contribution for
7 which a taxable entity may claim a credit.

8 Sec. 171.854. AMOUNT; LIMITATIONS. (a) The amount of a
9 qualifying charitable contribution made toward costs incurred at a
10 single residential housing project for which a taxable entity may
11 claim a credit may not exceed \$25,000.

12 (b) The total amount of credit that a taxable entity may
13 claim during a reporting period is equal to the lesser of:

14 (1) \$200,000; or

15 (2) the amount of net franchise tax due, after
16 applying any other credits, for the reporting period.

17 (c) A taxable entity may claim a credit under this
18 subchapter for a qualifying charitable contribution during an
19 accounting period only against the tax owed for the corresponding
20 reporting period.

21 Sec. 171.855. CERTIFICATION. A taxable entity is not
22 eligible for a credit under this subchapter unless the taxable
23 entity receives a written certification from the department that
24 the charitable contribution is made toward costs incurred by an
25 eligible certified nonprofit owner-builder housing program as
26 determined by the department under Section 171.853(b).

27 Sec. 171.856. APPLICATION FOR CREDIT. (a) A taxable entity

1 must apply for a credit under this subchapter on or with the tax
2 report for the period for which the credit is claimed. The taxable
3 entity must include a copy of the certification required by Section
4 171.855 with the application.

5 (b) The comptroller shall adopt a form that a taxable entity
6 must use in applying for the credit.

7 Sec. 171.857. ASSIGNMENT PROHIBITED. A taxable entity may
8 not convey, assign, or transfer a credit allowed under this
9 subchapter to another entity unless all of the assets of the taxable
10 entity are conveyed, assigned, or transferred in the same
11 transaction.

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

14 (b) A taxable entity may claim the credit under Subchapter
15 S, Chapter 171, Tax Code, as added by this Act, only for a
16 qualifying charitable contribution made on or after the effective
17 date of this Act.

18 SECTION 3. This Act takes effect January 1, 2010.