

By: Kuempel

H.B. No. 3608

A BILL TO BE ENTITLED

AN ACT

relating to a franchise tax credit for contributions to programs for at-risk youth.

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

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

SUBCHAPTER T. TAX CREDIT FOR CONTRIBUTIONS TO PROGRAMS FOR AT-RISK YOUTH

Sec. 171.871. DESCRIPTION OF LOCAL COMMUNITY. (a) The local community of a taxable entity eligible for a credit under this subchapter is, except as provided by Subsection (b):

(1) the municipality in which the headquarters of the taxable entity is located; or

(2) if the headquarters of the taxable entity is not located in a municipality, the county in which the taxable entity's headquarters is located.

(b) A taxable entity with a facility that is not located in the local community described by Subsection (a) may designate its contribution as originating from that facility. The local community of a taxable entity that makes this designation is:

(1) the municipality in which the designated facility is located; or

(2) if the designated facility is not located in a municipality, the county in which the designated facility is

1 located.

2 Sec. 171.872. ELIGIBILITY. A taxable entity is eligible  
3 for a credit against the tax imposed under this chapter in the  
4 amount and under the conditions and limitations provided by this  
5 subchapter.

6 Sec. 171.873. CONTRIBUTIONS ELIGIBLE FOR CREDIT. (a) A  
7 taxable entity may claim a credit under this subchapter only for a  
8 contribution to a program designated by its local community, as  
9 described by Section 171.871, that provides services described by  
10 Subsection (b) for:

11 (1) children in at-risk situations and the families of  
12 those children as described by Subchapter D, Chapter 264, Family  
13 Code; or

14 (2) children who qualify, under criteria developed by  
15 the local community, as at-risk youth and the families of those  
16 children.

17 (b) Services provided by a program described by Subsection  
18 (a) may include only:

19 (1) services described by Section 264.302(f), Family  
20 Code; and

21 (2) other services identified by the local community  
22 relating to:

23 (A) the education, training, and career  
24 development of at-risk youth; and

25 (B) the provision of community service by at-risk  
26 youth.

27 Sec. 171.874. LIMITATIONS ON CREDIT. (a) Subject to the

1 limitations of this subchapter, the amount of the credit is equal to  
2 the amount of the contribution made by the taxable entity.

3 (b) The total credit under this subchapter for a report may  
4 not exceed \$5,000 of franchise tax due for the report.

5 (c) A taxable entity may claim a credit under this  
6 subchapter for a contribution made during an accounting period only  
7 against the tax owed for the corresponding reporting period.

8 Sec. 171.875. APPLICATION FOR CREDIT. (a) A taxable entity  
9 must apply for a credit under this subchapter on or with the report  
10 for the period for which the credit is claimed.

11 (b) The comptroller shall adopt a form for the application  
12 for the credit. A taxable entity must use the form in applying for  
13 the credit.

14 Sec. 171.876. ASSIGNMENT PROHIBITED. A taxable entity may  
15 not convey, assign, or transfer the credit allowed under this  
16 subchapter to another entity unless all of the assets of the taxable  
17 entity are conveyed, assigned, or transferred in the same  
18 transaction.

19 Sec. 171.877. LIMITATION ON USE OF QUALIFYING  
20 CONTRIBUTIONS. A local community, as described by Section 171.871,  
21 that receives contributions for which a taxable entity qualifies  
22 for a credit under this subchapter may use those contributions only  
23 for the program designated by the local community to provide  
24 services to at-risk youth described by Section 171.873. The program  
25 may provide services to at-risk youth who do not reside in the local  
26 community.

27 SECTION 2. (a) This Act applies only to a report due on or

1 after the effective date of this Act.

2 (b) A taxable entity may claim a credit under Subchapter T,  
3 Chapter 171, Tax Code, as added by this Act, only for a contribution  
4 made on or after the effective date of this Act.

5 SECTION 3. This Act takes effect January 1, 2012.