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S.B. No. 4

A BILL TO BE ENTITLED

AN ACT

relating to a franchise or insurance premium tax credit for contributions made to certain educational assistance organizations; adding provisions subject to a criminal penalty.

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

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

SUBCHAPTER K. TAX CREDIT FOR CONTRIBUTIONS TO CERTAIN EDUCATIONAL ASSISTANCE ORGANIZATIONS

Sec. 171.551. DEFINITION. In this subchapter, "educational assistance organization" means an organization that:

(1) has the ability according to the organization's charter to award scholarships to or pay educational expenses for eligible students in:

(A) public elementary or secondary schools located in this state; or

(B) nonpublic elementary or secondary schools located in this state:

(i) that meet the requirements of Section 171.553;

(ii) at which a student may fulfill this state's compulsory attendance requirements; and

(iii) that are not in violation of the federal Civil Rights Act of 1964 (42 U.S.C. Section 2000a et seq.);

1 and

2 (2) uses part of its annual revenue for the purpose
3 provided by Subdivision (1).

4 Sec. 171.552. ELIGIBILITY REQUIREMENTS FOR CERTIFICATION
5 OF EDUCATIONAL ASSISTANCE ORGANIZATION. (a) An organization may
6 apply to the comptroller for certification as a certified
7 educational assistance organization.

8 (b) To be eligible for certification, the organization:

9 (1) must:

10 (A) be exempt from federal tax under Section
11 501(a) of the Internal Revenue Code by being listed as an exempt
12 organization in Section 501(c)(3) of that code;

13 (B) be in good standing with the state;

14 (C) be located in the state;

15 (D) allocate at least 90 percent of its annual
16 revenue from contributions that are designated for scholarships or
17 educational expense assistance for eligible students under this
18 subchapter for student scholarships and assistance for educational
19 expenses, including tuition, transportation, textbooks, and other
20 supplies, and for other related educational expense assistance as
21 described by this section;

22 (E) award scholarships and assistance for
23 qualifying educational expenses to eligible students who
24 demonstrate the greatest financial and academic need;

25 (F) give each donor a receipt for money
26 contributed to the organization that includes the name of the
27 organization, the name of the donor, the amount of the

1 contribution, the information required by Section 171.556(c), and
2 any other information required by the comptroller;

3 (G) demonstrate experience and technical
4 expertise in:

5 (i) accepting, processing, and tracking
6 applications for scholarships or educational expense assistance;
7 and

8 (ii) awarding scholarships to students in
9 primary or secondary schools;

10 (H) agree to be independently audited on an
11 annual basis and file the audit with the comptroller; and

12 (I) disburse within two academic years of receipt
13 contributions received from and designated by taxable entities for
14 scholarships or educational expense assistance under this
15 subchapter; and

16 (2) may not:

17 (A) award all scholarships under this subchapter
18 to students who attend a particular school or pay educational
19 expenses incurred only at a particular school;

20 (B) provide to a student a scholarship in an
21 annual amount that exceeds the amount provided under Section
22 171.557(a) or (b) unless the money used to provide the portion of
23 the scholarship in excess of that amount was contributed by a person
24 other than an entity that notifies the organization under Section
25 171.556(c) that the entity may apply for a tax credit for the
26 contribution; and

27 (C) provide to a student educational expense

1 assistance in excess of the amount provided under Section
2 171.557(c) per academic year, unless the money used to provide the
3 portion of the assistance in excess of that amount was contributed
4 by a person other than an entity that notifies the organization
5 under Section 171.556(c) that the entity may apply for a tax credit
6 for the contribution, including assistance for:

- 7 (i) facility fees;
- 8 (ii) textbooks;
- 9 (iii) school supplies;
- 10 (iv) tutoring;
- 11 (v) academic after-school programs;
- 12 (vi) school or lab fees;
- 13 (vii) before-school or after-school child
14 care; and

15 (viii) transportation expenses, including
16 the cost to transfer from one public school to another.

17 (c) The comptroller may certify not more than 25 certified
18 educational assistance organizations. The comptroller may certify
19 as a certified educational assistance organization an organization
20 that applies under Subsection (a) if the organization meets the
21 requirements of Subsection (b). The comptroller has broad
22 discretion in determining whether to grant or deny an application
23 for certification.

24 (d) The comptroller shall notify an organization in writing
25 of the comptroller's decision to grant or deny the application
26 under Subsection (a). If the comptroller denies an organization's
27 application, the comptroller shall include in the notice of denial

1 the reasons for the comptroller's decision.

2 (e) If the comptroller denies an organization's application
3 under Subsection (a), the organization may request in writing a
4 reconsideration of the application not later than the 10th day
5 after the date of the notice under Subsection (d). If the
6 organization does not request a reconsideration of the application
7 on or before that date, the comptroller's decision is final. An
8 organization may not request reconsideration of an application if
9 the comptroller denied the application because 25 organizations
10 were already certified as certified educational assistance
11 organizations.

12 (f) An organization that requests a reconsideration under
13 Subsection (e) may submit to the comptroller not later than the 30th
14 day after the date the request for reconsideration is submitted
15 additional information and documents to support the organization's
16 request for reconsideration.

17 (g) The comptroller's reconsideration of an application
18 under this section is not a contested case under Chapter 2001,
19 Government Code. The comptroller's decision on a request for
20 reconsideration of an application is final and is not appealable.

21 (h) This section does not create a cause of action to
22 contest a decision of the comptroller to deny an application for
23 certification as a certified educational assistance organization.

24 Sec. 171.5525. ALLOCATION OF MONEY DESIGNATED FOR
25 SCHOLARSHIPS OR EDUCATIONAL EXPENSE ASSISTANCE. Of the amount
26 required to be allocated as provided by Section 171.552(b)(1)(D), a
27 certified educational assistance organization shall use:

1 (1) at least 80 percent to award scholarships as
2 described by Sections 171.557(a) and (b); and

3 (2) not more than 20 percent to award educational
4 expense assistance as described by Section 171.557(c).

5 Sec. 171.553. NONPUBLIC SCHOOL REQUIREMENTS. A certified
6 educational assistance organization may not award scholarships to
7 or pay educational expenses for eligible students enrolled in a
8 nonpublic school unless the nonpublic school executes a notarized
9 affidavit, with supporting documents, concerning the school's
10 qualification for scholarships and educational expense assistance
11 for eligible students who receive assistance from a certified
12 educational assistance organization, including evidence of:

13 (1) accreditation or of actively being in the process
14 of accreditation by the Texas Education Agency or by an
15 organization recognized by the Texas Private School Accreditation
16 Commission;

17 (2) annual administration of a nationally
18 norm-referenced assessment instrument or the appropriate
19 assessment instrument required under Section 39.023, Education
20 Code;

21 (3) valid certificate of occupancy; and

22 (4) policy statements regarding:

23 (A) admissions;

24 (B) curriculum;

25 (C) safety;

26 (D) food service inspection; and

27 (E) student to teacher ratios.

1 Sec. 171.554. ELIGIBILITY. A taxable entity may apply for a
2 credit against the tax imposed under this chapter in the amount and
3 under the conditions and limitations provided by this subchapter.
4 The comptroller shall award credits as provided by Section 171.559.

5 Sec. 171.555. ELIGIBILITY OF STUDENTS; NOTICE TO CERTAIN
6 PARENTS; INCLUSION IN CALCULATION OF EQUALIZED WEALTH LEVEL.

7 (a) To be eligible to apply for assistance from a certified
8 educational assistance organization under this subchapter:

9 (1) a student:

10 (A) must:

11 (i) be in foster care;

12 (ii) be in institutional care; or

13 (iii) have a household income not greater
14 than 250 percent of the income guidelines necessary to qualify for
15 the national free or reduced-price lunch program established under
16 42 U.S.C. Section 1751 et seq.; and

17 (B) must:

18 (i) have been enrolled in a public school
19 during the preceding school year;

20 (ii) be starting school in the state for the
21 first time;

22 (iii) be the sibling of a student who is
23 eligible; or

24 (iv) if the person attends a nonpublic
25 school:

26 (a) qualify as a student who is not
27 counted toward a public school's average daily attendance during

1 the year in which the student receives the scholarship or
2 educational expense assistance to attend the school, except as
3 provided by Subsection (f); and

4 (b) be located in a county with a
5 population greater than 50,000; or

6 (2) the student must have previously qualified under
7 Subdivision (1).

8 (a-1) Notwithstanding Subsection (a), a school district
9 located in a county described by that subsection may vote at a
10 general election to allow students to participate in the tax credit
11 scholarship program described by this subchapter.

12 (b) In addition to the students eligible under Subsection
13 (a), a student is eligible to apply for assistance from a certified
14 educational assistance organization under this subchapter if:

15 (1) the student is in kindergarten through grade 12
16 and eligible under Section 29.003, Education Code, to participate
17 in a school district's special education program; and

18 (2) an individualized education program has been
19 developed for the student under Section 29.005, Education Code.

20 (c) A school district shall provide written notice of the
21 availability of assistance under this subchapter to the parent of a
22 student who is eligible to apply for assistance under Subsection
23 (b). The notice under this subsection must inform the parent that a
24 qualifying school is not subject to laws regarding the provision of
25 education services in the same manner as a public school, and a
26 student with disabilities attending a qualifying school may not
27 receive the services a student with disabilities attending a public

1 school is entitled to receive under federal and state law. The
2 notice must provide information regarding rights a student with
3 disabilities is entitled to under federal and state law if the
4 student attends a public school, including:

5 (1) rights provided under the Individuals with
6 Disabilities Education Act (20 U.S.C. Section 1400 et seq.),
7 including:

8 (A) an individualized education program;

9 (B) education services provided in the least
10 restrictive environment;

11 (C) instruction from certified teachers;

12 (D) due process hearings to ensure proper and
13 full implementation of an individualized education program;

14 (E) transition and planning services; and

15 (F) supplementary aids and services;

16 (2) rights provided under Subchapter A, Chapter 29,
17 Education Code; and

18 (3) other rights provided under federal or state law.

19 (d) A student who establishes eligibility under Subsection
20 (b) may continue to receive assistance under this subchapter until
21 the earlier of the date the student graduates from high school or
22 the student's 22nd birthday.

23 (e) A certified educational assistance organization shall
24 award scholarships and educational expense assistance to eligible
25 students who apply in accordance with this subchapter.

26 (f) A student who receives a scholarship under this
27 subchapter is included in the weighted average daily attendance of

1 the school district the student would otherwise attend for purposes
2 of determining the district's equalized wealth level under Chapter
3 41, Education Code.

4 Sec. 171.556. CREDIT FOR CONTRIBUTIONS. (a) A taxable
5 entity may apply for a credit under this subchapter only for money
6 contributed to a certified educational assistance organization and
7 designated for scholarships or educational expense assistance for
8 eligible students.

9 (b) A taxable entity may not apply for a credit under this
10 subchapter for a contribution made to a certified educational
11 assistance organization if:

12 (1) the taxable entity requires that the contribution
13 benefit a particular person or school; or

14 (2) the contribution is designated to provide a
15 scholarship or educational expense assistance for a taxable entity
16 employee or for a spouse or dependent of a taxable entity employee.

17 (c) An entity shall notify a certified educational
18 assistance organization in writing when the entity makes a
19 contribution if the entity may apply for a tax credit under this
20 subchapter or Chapter 230, Insurance Code, for the contribution.
21 An entity may not apply for a credit for the contribution unless the
22 entity provides the notification at the time the contribution is
23 made. The certified educational assistance organization shall
24 indicate on the receipt provided under Section 171.552(b)(1)(F)
25 that the entity made the notification under this subsection.

26 Sec. 171.557. LIMIT ON AMOUNT OF SCHOLARSHIP OR EDUCATIONAL
27 EXPENSE ASSISTANCE. (a) Except as provided by Subsection (b), the

1 maximum scholarship amount a certified educational assistance
2 organization may award to a student under this subchapter using
3 money contributed by an entity that notifies the organization under
4 Section 171.556(c) that the entity may apply for a tax credit for
5 the contribution may not exceed 75 percent of the amount of funding
6 equal to the statewide average amount to which a school district
7 would be entitled under the Foundation School Program under Chapter
8 42, Education Code, for a student in average daily attendance.

9 (b) The maximum scholarship amount under Subsection (a) may
10 not exceed 50 percent of the statewide average amount described by
11 Subsection (a) if the student receiving the scholarship has a
12 household income greater than 175 percent of the income guidelines
13 necessary to qualify for the national free or reduced-price lunch
14 program established under 42 U.S.C. Section 1751 et seq. This
15 subsection does not apply to a student who is eligible for
16 assistance under Section 171.555(b) or (d).

17 (c) The maximum educational expense assistance a certified
18 educational assistance organization may award to a student under
19 this subchapter using money contributed by an entity that notifies
20 the organization under Section 171.556(c) that the entity may apply
21 for a tax credit for the contribution may not exceed \$500 for the
22 2016 state fiscal year, increased by five percent each subsequent
23 year.

24 Sec. 171.558. AMOUNTS; LIMITATION ON TOTAL CREDITS.

25 (a) Subject to Subsections (b) and (c), the amount of a taxable
26 entity's annual credit is equal to the lesser of the amount of the
27 qualifying contributions made by the taxable entity or 50 percent

1 of the taxable entity's tax liability under this chapter.

2 (b) For the 2016 state fiscal year, the total amount of tax
3 credits that may be awarded under this subchapter and Chapter 230,
4 Insurance Code, may not exceed \$100 million. For each subsequent
5 state fiscal year, the total amount of tax credits that may be
6 awarded is an amount equal to 110 percent of the total amount of tax
7 credits that may be awarded in the previous state fiscal year.

8 (c) The comptroller by rule shall prescribe procedures by
9 which the comptroller may allocate credits under this subchapter.
10 The procedures must provide that credits are first allocated to
11 taxable entities that were granted preliminary approval for a
12 credit under Section 171.5585 in the amount that was preliminarily
13 approved. The procedures must provide that any remaining credits
14 are allocated on a first-come, first-served basis, based on the
15 date the contribution was initially made.

16 (d) The comptroller may require a taxable entity to notify
17 the comptroller of the amount the taxable entity intends or expects
18 to apply for under this subchapter before the beginning of a state
19 fiscal year or at any other time required by the comptroller.

20 Sec. 171.5585. PRELIMINARY APPROVAL FOR CREDIT.

21 (a) Before making a contribution to a certified educational
22 assistance organization, a taxable entity may apply to the
23 comptroller for preliminary approval of a credit under this
24 subchapter for the contribution.

25 (b) A taxable entity must apply for preliminary approval of
26 a credit on a form provided by the comptroller that includes the
27 amount the taxable entity expects to contribute and any other

1 information required by the comptroller.

2 (c) The comptroller shall grant preliminary approval for
3 credits under this subchapter and Chapter 230, Insurance Code, on a
4 first-come, first-served basis, based on the date the application
5 for preliminary approval is received by the comptroller.

6 (d) The comptroller shall grant preliminary approval for a
7 credit under this subchapter if the total amount of credits
8 preliminarily approved under this subchapter and Chapter 230,
9 Insurance Code, does not exceed the amount provided by Section
10 171.558(b).

11 (e) A credit for which the comptroller grants preliminary
12 approval remains subject to the limitation under Section 171.558(a)
13 and any other limitations prescribed by this subchapter.

14 Sec. 171.559. APPLICATION FOR CREDIT. (a) A taxable
15 entity must apply for a credit under this subchapter on or with the
16 tax report for the period.

17 (b) The comptroller shall adopt a form for the application
18 for the credit. A taxable entity must use this form in applying for
19 the credit and submit with the application the receipt issued under
20 Section 171.552(b)(1)(F), including the information required by
21 Section 171.556(c).

22 (c) The comptroller may award a credit to a taxable entity
23 that applies for the credit under Subsection (a) if the taxable
24 entity is eligible for the credit and the credit is available under
25 Section 171.558(b). The comptroller has broad discretion in
26 determining whether to grant or deny an application for a credit.

27 (d) The comptroller shall notify a taxable entity in writing

1 of the comptroller's decision to grant or deny the application
2 under Subsection (a). If the comptroller denies a taxable entity's
3 application, the comptroller shall include in the notice of denial
4 the reasons for the comptroller's decision.

5 (e) If the comptroller denies a taxable entity's
6 application under Subsection (a), the taxable entity may request in
7 writing a reconsideration of the application not later than the
8 10th day after the date of the notice under Subsection (d). If the
9 taxable entity does not request a reconsideration of the
10 application on or before that date, the comptroller's decision is
11 final.

12 (f) A taxable entity that requests a reconsideration under
13 Subsection (e) may submit to the comptroller not later than the 30th
14 day after the date the request for reconsideration is submitted
15 additional information and documents to support the taxable
16 entity's request for reconsideration.

17 (g) The comptroller's reconsideration of an application
18 under this section is not a contested case under Chapter 2001,
19 Government Code. The comptroller's decision on a request for
20 reconsideration of an application is final and is not appealable.

21 (h) This section does not create a cause of action to
22 contest a decision of the comptroller to deny an application for a
23 credit under this subchapter.

24 Sec. 171.560. RULES; PROCEDURES. (a) The comptroller
25 shall adopt rules and procedures to implement, administer, and
26 enforce this subchapter.

27 (b) A rule adopted under Subsection (a) is binding on an

1 organization that applies for certification as an educational
2 assistance organization, a taxable entity that applies for a
3 credit, and a state or local governmental entity, including a
4 political subdivision, as necessary to implement, administer, and
5 enforce this subchapter.

6 Sec. 171.561. ASSIGNMENT PROHIBITED; EXCEPTION. A taxable
7 entity may not convey, assign, or transfer the credit allowed under
8 this subchapter to another taxable entity unless all assets of the
9 taxable entity are conveyed, assigned, or transferred in the same
10 transaction.

11 Sec. 171.562. REVOCATION. (a) The comptroller shall
12 revoke a certification provided under Section 171.552 if the
13 comptroller finds that a certified educational assistance
14 organization:

15 (1) is no longer eligible under Section 171.552; or

16 (2) intentionally and substantially violates this
17 subchapter.

18 (b) The comptroller has broad discretion in determining
19 whether to revoke a certification under Subsection (a).

20 (c) The comptroller shall notify a certified educational
21 assistance organization in writing of the comptroller's decision to
22 revoke the organization's certification. If the comptroller
23 revokes an organization's certification, the comptroller shall
24 include in the notice of revocation the reasons for the revocation.

25 (d) If the comptroller revokes a certified educational
26 assistance organization's certification under Subsection (a), the
27 organization may request in writing a reconsideration of the

1 revocation not later than the 10th day after the date of the notice
2 under Subsection (c) or the revocation is final.

3 (e) An organization that requests a reconsideration under
4 Subsection (d) may submit to the comptroller not later than the 30th
5 day after the date the request for reconsideration is submitted
6 additional information and documents to support the organization's
7 request for reconsideration.

8 (f) The comptroller's reconsideration of a revocation under
9 this section is not a contested case under Chapter 2001, Government
10 Code. The comptroller's decision on a request for reconsideration
11 of a revocation is final and is not appealable.

12 (g) This section does not create a cause of action to
13 contest a decision of the comptroller to revoke a certified
14 educational assistance organization's certification under this
15 subchapter.

16 (h) Revocation of a certification under this section does
17 not affect the validity of a tax credit relating to a contribution
18 made before the date of revocation.

19 Sec. 171.563. REPORT OF NET SAVINGS TO PUBLIC EDUCATION.

20 (a) In this section, "net savings" means any positive difference
21 in a state fiscal year between:

22 (1) the amount by which state spending on public
23 education for that year is reduced as a result of students receiving
24 scholarships and educational expense assistance from certified
25 educational assistance organizations under this subchapter; and

26 (2) the amount by which state revenue derived from
27 this chapter and Chapter 230, Insurance Code, is reduced as a result

1 of tax credits under this subchapter and Chapter 230, Insurance
2 Code.

3 (b) Not later than December 31 of each even-numbered year,
4 the comptroller shall determine the amount of net savings for the
5 previous state fiscal biennium and make available to the public a
6 report of that amount of savings.

7 Sec. 171.564. NOTICE OF AVAILABILITY OF CREDIT. The
8 comptroller shall provide notice of the availability of the credit
9 under this subchapter on the comptroller's Internet website, in the
10 instructions for franchise tax report forms, and in any notice sent
11 to a taxable entity concerning the requirement to file a franchise
12 tax report.

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

15 CHAPTER 230. CREDIT AGAINST PREMIUM TAXES

16 FOR CERTAIN CONTRIBUTIONS

17 SUBCHAPTER A. GENERAL PROVISIONS

18 Sec. 230.001. DEFINITIONS. In this chapter:

19 (1) "Educational assistance organization" has the
20 meaning assigned by Section 171.551, Tax Code.

21 (2) "State premium tax liability" means any liability
22 incurred by an entity under Chapters 221 through 226.

23 SUBCHAPTER B. CREDIT

24 Sec. 230.051. CREDIT. An entity may apply for a credit
25 against the entity's state premium tax liability in the amount and
26 under the conditions and limitations provided by this chapter. The
27 comptroller shall award credits as provided by Section 230.053.

1 Sec. 230.052. AMOUNTS; LIMITATION ON TOTAL CREDITS.

2 (a) Subject to Subsections (b) and (c), the amount of an entity's
3 credit is equal to the lesser of the amount of the qualifying
4 contributions made to a certified educational assistance
5 organization or 50 percent of the entity's state premium tax
6 liability if the contributions and the organizations that received
7 the contributions meet the requirements prescribed by Subchapter K,
8 Chapter 171, Tax Code.

9 (b) For the 2016 state fiscal year, the total amount of tax
10 credits that may be awarded under this chapter and Subchapter K,
11 Chapter 171, Tax Code, may not exceed \$100 million. For each
12 subsequent state fiscal year, the total amount of tax credits that
13 may be awarded is an amount equal to 110 percent of the total amount
14 of tax credits that may be applied for in the previous state fiscal
15 year.

16 (c) The comptroller by rule shall prescribe procedures by
17 which the comptroller may allocate credits under this chapter. The
18 procedures must provide that credits are first allocated to
19 entities that were granted preliminary approval for a credit under
20 Section 230.0525 in the amount that was preliminarily approved.
21 The procedures must provide that any remaining credits are
22 allocated on a first-come, first-served basis, based on the date
23 the contribution was initially made.

24 (d) The comptroller may require an entity to notify the
25 comptroller of the amount the entity intends or expects to apply for
26 under this chapter before the beginning of a state fiscal year or at
27 any other time required by the comptroller.

1 Sec. 230.0525. PRELIMINARY APPROVAL FOR CREDIT.

2 (a) Before making a contribution to a certified educational
3 assistance organization, an entity may apply to the comptroller for
4 preliminary approval of a credit under this chapter for the
5 contribution.

6 (b) An entity must apply for preliminary approval of a
7 credit on a form provided by the comptroller that includes the
8 amount the entity expects to contribute and any other information
9 required by the comptroller.

10 (c) The comptroller shall grant preliminary approval for
11 credits under this chapter and Subchapter K, Chapter 171, Tax Code,
12 on a first-come, first-served basis, based on the date the
13 application for preliminary approval is received by the
14 comptroller.

15 (d) The comptroller shall grant preliminary approval for a
16 credit under this chapter if the total amount of credits
17 preliminarily approved under this chapter and Subchapter K, Chapter
18 171, Tax Code, does not exceed the amount provided by Section
19 230.052(b).

20 (e) A credit for which the comptroller grants preliminary
21 approval remains subject to the limitation under Section 230.052(a)
22 and any other limitations prescribed by this chapter.

23 Sec. 230.053. APPLICATION FOR CREDIT. (a) An entity must
24 apply for a credit under this chapter on or with the tax return for
25 the taxable year and submit with the application the receipt issued
26 under Section 171.552(b)(1)(F), Tax Code, including the
27 information required by Section 171.556(c), Tax Code.

1 (b) The comptroller shall adopt a form for the application
2 for the credit. An entity must use this form in applying for the
3 credit.

4 (c) The comptroller may award a credit to an entity that
5 applies for the credit under Subsection (a) if the entity is
6 eligible for the credit and the credit is available under Section
7 230.052(b). The comptroller has broad discretion in determining
8 whether to grant or deny an application for a credit.

9 (d) The comptroller shall notify an entity in writing of the
10 comptroller's decision to grant or deny the application under
11 Subsection (a). If the comptroller denies an entity's application,
12 the comptroller shall include in the notice of denial the reasons
13 for the comptroller's decision.

14 (e) If the comptroller denies an entity's application under
15 Subsection (a), the entity may request in writing a reconsideration
16 of the application not later than the 10th day after the date of the
17 notice under Subsection (d). If the entity does not request a
18 reconsideration of the application on or before that date, the
19 comptroller's decision is final.

20 (f) An entity that requests a reconsideration under
21 Subsection (e) may submit to the comptroller not later than the 30th
22 day after the date the request for reconsideration is submitted
23 additional information and documents to support the entity's
24 request for reconsideration.

25 (g) The comptroller's reconsideration of an application
26 under this section is not a contested case under Chapter 2001,
27 Government Code. The comptroller's decision on a request for

1 reconsideration of an application is final and is not appealable.

2 (h) This section does not create a cause of action to
3 contest a decision of the comptroller to deny an application for a
4 credit under this chapter.

5 Sec. 230.054. RULES; PROCEDURES. (a) The comptroller
6 shall adopt rules and procedures to implement, administer, and
7 enforce this chapter.

8 (b) A rule adopted under Subsection (a) is binding on an
9 organization that applies for certification as an educational
10 assistance organization, an entity that applies for a credit, and a
11 state or local governmental entity, including a political
12 subdivision, as necessary to implement, administer, and enforce
13 this chapter.

14 Sec. 230.055. ASSIGNMENT PROHIBITED; EXCEPTION. An entity
15 may not convey, assign, or transfer the credit allowed under this
16 chapter to another entity unless all of the assets of the entity are
17 conveyed, assigned, or transferred in the same transaction.

18 Sec. 230.056. NOTICE OF AVAILABILITY OF CREDIT. The
19 comptroller shall provide notice of the availability of the credit
20 under this chapter on the comptroller's Internet website, in the
21 instructions for insurance premium tax report forms, and in any
22 notice sent to an entity concerning the requirement to file an
23 insurance premium tax report.

24 SECTION 3. (a) The constitutionality and other validity
25 under the state or federal constitution of all or any part of
26 Subchapter K, Chapter 171, Tax Code, or Chapter 230, Insurance
27 Code, as added by this Act, may be determined in an action for

1 declaratory judgment in a district court in Travis County under
2 Chapter 37, Civil Practice and Remedies Code, except that this
3 section does not authorize an award of attorney's fees against this
4 state and Section 37.009, Civil Practice and Remedies Code, does
5 not apply to an action filed under this section. This section does
6 not authorize a taxpayer suit to contest the denial of a tax credit
7 by the comptroller of public accounts.

8 (b) An appeal of a declaratory judgment or order, however
9 characterized, of a district court, including an appeal of the
10 judgment of an appellate court, holding or otherwise determining
11 that all or any part of Subchapter K, Chapter 171, Tax Code, or
12 Chapter 230, Insurance Code, as added by this Act, is
13 constitutional or unconstitutional, or otherwise valid or invalid,
14 under the state or federal constitution is an accelerated appeal.

15 (c) If the judgment or order is interlocutory, an
16 interlocutory appeal may be taken from the judgment or order and is
17 an accelerated appeal.

18 (d) A district court in Travis County may grant or deny a
19 temporary or otherwise interlocutory injunction or a permanent
20 injunction on the grounds of the constitutionality or
21 unconstitutionality, or other validity or invalidity, under the
22 state or federal constitution of all or any part of Subchapter K,
23 Chapter 171, Tax Code, or Chapter 230, Insurance Code, as added by
24 this Act.

25 (e) There is a direct appeal to the supreme court from an
26 order, however characterized, of a trial court granting or denying
27 a temporary or otherwise interlocutory injunction or a permanent

1 injunction on the grounds of the constitutionality or
2 unconstitutionality, or other validity or invalidity, under the
3 state or federal constitution of all or any part of Subchapter K,
4 Chapter 171, Tax Code, or Chapter 230, Insurance Code, as added by
5 this Act.

6 (f) The direct appeal is an accelerated appeal.

7 (g) This section exercises the authority granted by Section
8 3-b, Article V, Texas Constitution.

9 (h) The filing of a direct appeal under this section will
10 automatically stay any temporary or otherwise interlocutory
11 injunction or permanent injunction granted in accordance with this
12 section pending final determination by the supreme court, unless
13 the supreme court makes specific findings that the applicant
14 seeking such injunctive relief has pleaded and proved that:

15 (1) the applicant has a probable right to the relief it
16 seeks on final hearing; and

17 (2) the applicant will suffer a probable injury that
18 is imminent and irreparable, and that the applicant has no other
19 adequate legal remedy.

20 (i) An appeal under this section, including an
21 interlocutory, accelerated, or direct appeal, is governed, as
22 applicable, by the Texas Rules of Appellate Procedure, including
23 Rules 25.1(d)(6), 26.1(b), 28.1, 28.3, 32.1(g), 37.3(a)(1),
24 38.6(a) and (b), 40.1(b), and 49.4.

25 SECTION 4. An entity may apply for a credit under Subchapter
26 K, Chapter 171, Tax Code, or Chapter 230, Insurance Code, as added
27 by this Act, only for an expenditure made on or after the effective

1 date of this Act.

2 SECTION 5. Not later than February 15, 2016, the
3 comptroller of public accounts shall adopt rules as provided by
4 Section 171.560(a), Tax Code, and Section 230.054(a), Insurance
5 Code, as added by this Act.

6 SECTION 6. The comptroller of public accounts shall make
7 the initial determination of net savings and report regarding that
8 savings as required by Section 171.563, Tax Code, as added by this
9 Act, not later than December 31, 2018, based on the state fiscal
10 biennium ending August 31, 2017.

11 SECTION 7. This Act applies only to a report originally due
12 on or after the effective date of this Act.

13 SECTION 8. This Act takes effect January 1, 2016.