87R5362 CJC-D

By:  Allison H.B. No. 1797

A BILL TO BE ENTITLED

AN ACT

relating to ad valorem and franchise tax credits for donations to school districts to create or support career and technical education programs or courses.

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

SECTION 1.  Chapter 31, Tax Code, is amended by adding Section 31.039 to read as follows:

Sec. 31.039.  SCHOOL DISTRICT TAX CREDIT FOR DONATIONS TO CREATE OR SUPPORT CAREER AND TECHNICAL EDUCATION PROGRAMS OR COURSES. (a) In this section:

(1)  "Business entity" means a legal entity, including a corporation or partnership, that is formed for the purpose of making a profit.

(2)  "Career and technical education" means training that teaches new private sector workplace skills, adds value to the wage-earning potential of participants, and increases the long-term employability of participants.

(3)  "Principal office" means the location in this state where the decision makers for a business entity conduct the daily affairs of the business.

(b)  An owner of property located in a school district is entitled to a credit against the taxes imposed in a tax year on that property by the district if:

(1)  the property owner is a business entity;

(2)  the property owner's principal office is located in the district; and

(3)  the property owner donates money to the district to create a new career and technical education program or course in the district or to expand an existing career and technical education program or course in the district.

(c)  The amount of the credit to which a property owner is entitled under this section against the taxes imposed by the school district on the owner's property in a tax year is equal to the lesser of $5 million or an amount equal to:

(1)  for a donation described by Subsection (b)(3) that is made during the preceding 12-month period and that does not exceed $100,000, 50 percent of the amount of the donation;

(2)  for a donation described by Subsection (b)(3) that is made during the preceding 12-month period and that exceeds $100,000 but does not exceed $300,000, $50,000 plus 100 percent of the amount of the donation that exceeds $100,000; or

(3)  for a donation described by Subsection (b)(3) that is made during the preceding 12-month period and that exceeds $300,000, $250,000 plus 50 percent of the amount of the donation that exceeds $300,000.

(d)  Notwithstanding Subsection (c), the amount of the credit to which a property owner is entitled under this section in any tax year may not exceed the amount of taxes imposed by the school district on the property owner's property in that tax year.

(e)  The property owner must file an application each year with the chief appraiser of the appraisal district in which the property is located to receive a credit under this section. The application must include an affidavit stating the donations made under Subsection (b)(3) by the property owner during the preceding 12-month period and include any relevant information or documentation required by the application form.

(f)  The chief appraiser shall forward a copy of the application to the comptroller and to the school district described by Subsection (b).

(g)  The comptroller shall determine whether the donation qualifies for a credit under this section. A determination of the comptroller is subject to appeal under the provisions of this title applicable to an order of the comptroller apportioning the appraised value of railroad rolling stock among counties.

(h)  The comptroller shall adopt rules for the administration of this section, including rules prescribing the form of an application for a credit, specifying the 12-month period for which the donations are used to calculate the credit, and governing appeals of comptroller determinations under Subsection (g).

SECTION 2.  Chapter 171, Tax Code, is amended by adding Subchapter K-2 to read as follows:

SUBCHAPTER K-2. TAX CREDIT FOR DONATIONS TO CREATE OR EXPAND CAREER AND TECHNICAL EDUCATION PROGRAMS OR COURSES

Sec. 171.581.  DEFINITIONS. In this subchapter, "career and technical education" and "principal office" have the meanings assigned by Section 31.039.

Sec. 171.582.  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. 171.583.  DONATION OF MONEY TO SCHOOL DISTRICT FOR CAREER AND TECHNICAL EDUCATION PROGRAM OR COURSE. (a) A taxable entity qualifies for a credit under this subchapter if:

(1)  the taxable entity donates money to a school district in this state to create a new career and technical education program or course in the district or to expand an existing career and technical education program or course in the district; and

(2)  the principal office of the taxable entity is not located in the district to which the entity makes the donation.

(b)  A school district that receives a donation under Subsection (a) shall issue to the taxable entity a receipt listing the amount of the donation. If the donation is made over a period of more than one year, the district shall issue a receipt each year listing the amount of the donation made during that year.

Sec. 171.584.  AMOUNT OF CREDIT; LIMITATION. (a) The amount of the credit that may be claimed on a report is equal to the lesser of $5 million or an amount equal to:

(1)  for a donation described by Section 171.583 that is made during the reporting period and that does not exceed $100,000, 50 percent of the amount of the donation;

(2)  for a donation described by Section 171.583 that is made during the reporting period and that exceeds $100,000 but does not exceed $300,000, $50,000 plus 100 percent of the amount of the donation that exceeds $100,000; or

(3)  for a donation described by Section 171.583 that is made during the reporting period and that exceeds $300,000, $250,000 plus 50 percent of the amount of the donation that exceeds $300,000.

(b)  Notwithstanding Subsection (a), the amount of the credit may not exceed the amount of franchise tax due for the report after applying all other applicable credits.

Sec. 171.585.  APPLICATION FOR CREDIT. (a) A taxable entity must apply for a credit under this subchapter on or with the report for the period for which the credit is claimed. The taxable entity must include the receipt for that period provided by the school district under Section 171.583(b).

(b)  The burden of establishing eligibility for and the value of the credit is on the taxable entity.

Sec. 171.586.  PERIOD FOR WHICH CREDIT MAY BE CLAIMED. A taxable entity may claim a credit under this subchapter for a report only in connection with donations made during the period on which the report is based.

Sec. 171.587.  RULES. The comptroller may adopt rules and forms necessary to implement this subchapter.

SECTION 3.  (a) Section 31.039, Tax Code, as added by this Act, applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this Act.

(b)  Subchapter K-2, Chapter 171, Tax Code, as added by this Act, applies only to a report originally due on or after the effective date of this Act.

SECTION 4.  This Act takes effect January 1, 2022, but only if the constitutional amendment proposed by the 87th Legislature, Regular Session, 2021, authorizing the legislature to provide for a credit against the ad valorem taxes imposed by a school district on property owned by a business entity that donates money to the district to create or support career and technical education programs or courses is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.