

By: Dutton

H.B. No. 3542

A BILL TO BE ENTITLED

AN ACT

relating to a franchise tax credit for opening an early learning and child-care center in certain affordable housing developments.

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

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

SUBCHAPTER N. TAX CREDIT FOR EARLY LEARNING AND CHILD-CARE CENTERS
IN CERTAIN AFFORDABLE HOUSING DEVELOPMENTS

Sec. 171.701. DEFINITIONS. In this subchapter:

(1) "Development" has the meaning assigned by Section 2306.6702, Government Code.

(2) "Early learning and child-care center" means a facility operated by an independent school district or charter school, or a facility licensed by the Health and Human Services Commission or by a nationally recognized accrediting organization, that provides on-site early childhood education to children aged zero to five years old.

Sec. 171.702. ELIGIBILITY FOR CREDIT. A taxable entity that opens an early learning and child-care center in a development is eligible for a credit against the tax imposed under this chapter in the amount and under the conditions provided by this subchapter.

Sec. 171.703. AMOUNT OF CREDIT. The amount of a taxable entity's credit for a report is equal to 50 percent of the franchise tax due for the report after applying all other credits.

1 Sec. 171.704. APPLICATION FOR CREDIT. (a) A taxable entity
2 must apply for a credit under this subchapter on or with the report
3 covering the period in which the early learning and child-care
4 center was opened.

5 (b) The comptroller shall prescribe the form and method of
6 applying for a credit under this section. A taxable entity must use
7 this method in applying for the credit under this subchapter.

8 Sec. 171.705. ASSIGNMENT PROHIBITED; EXCEPTION. A taxable
9 entity may not convey, assign, or transfer the credit allowed under
10 this subchapter to another taxable entity unless substantially all
11 of the assets of the taxable entity are conveyed, assigned, or
12 transferred in the same transaction.

13 Sec. 171.706. RULES. The comptroller may adopt rules and
14 procedures necessary to implement and administer this subchapter.

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

17 SECTION 3. This Act takes effect January 1, 2024.