

By: Button

H.B. No. 3191

A BILL TO BE ENTITLED

AN ACT

1
2 relating to strategies to increase the availability of and access
3 to child care, including the creation of an employer child-care
4 contribution partnership program, a child-care innovation pilot
5 program, and a franchise tax credit for taxable entities that make
6 certain employer child-care contributions; authorizing a civil
7 penalty.

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

9 SECTION 1. Subchapter A, Chapter 302, Labor Code, is
10 amended by adding Section 302.0064 to read as follows:

11 Sec. 302.0064. CHILD-CARE RESOURCES FOR EMPLOYERS. (a)
12 The commission shall maintain in a prominent location on its
13 Internet website a link to a web page consisting of comprehensive
14 and current information to help employers assist employees who are
15 parents with accessing child care, including information on:

16 (1) child-care assistance;
17 (2) best practices for assisting employees who are
18 parents;

19 (3) any available state and federal tax credits;

20 (4) dependent care savings accounts;

21 (5) any available free tools or templates;

22 (6) policies and benefits an employer may adopt to
23 assist employees in accessing child care; and

24 (7) other resources related to child care that the

1 commission considers relevant.

2 (b) The web page described by Subsection (a) must include an
3 explanation that:

4 (1) the commission does not and may not provide legal
5 advice; and

6 (2) an employer is not required to implement any
7 employment policy or benefit included on the web page unless
8 required by other law.

9 SECTION 2. Subtitle B, Title 4, Labor Code, is amended by
10 adding Chapters 318 and 320 to read as follows:

11 CHAPTER 318. EMPLOYER CHILD-CARE CONTRIBUTION PARTNERSHIP PROGRAM

12 Sec. 318.001. DEFINITION. In this chapter, "program" means
13 the employer child-care contribution partnership program
14 established under this chapter.

15 Sec. 318.002. ESTABLISHMENT. The commission shall
16 establish and administer the employer child-care contribution
17 partnership program to support families in this state in accessing
18 high-quality child care by incentivizing eligible employers to
19 contribute to eligible employee child-care costs and providing a
20 state match for funds contributed by eligible employers.

21 Sec. 318.003. ADMINISTRATION. (a) The commission shall:

22 (1) adopt rules and establish procedures necessary to
23 administer the program, including:

24 (A) standardized agreements for use by
25 employers, employees, and child-care providers to apply for and
26 enroll in the program;

27 (B) eligibility and income verification

- 1 procedures for employees;
2 (C) eligibility criteria for child-care
3 providers, including quality standards;
4 (D) procedures for notifying each relevant party
5 of:
6 (i) the results of an eligibility
7 determination; and
8 (ii) the party's enrollment in the program
9 as soon as practicable after receiving and processing an agreement
10 and determining each party's eligibility;
11 (E) procedures for determining the amount of the
12 state match in accordance with Section 318.009(b) and notifying the
13 employee and the child-care provider regarding the amount;
14 (F) procedures for prioritizing and approving
15 agreements, including maintaining a waitlist;
16 (G) procedures for notifying the commission and
17 the parties to an agreement regarding termination of the agreement
18 by any party;
19 (H) procedures for notifying the commission and
20 the parties to an agreement regarding nonpayment by any party;
21 (I) procedures for recouping state match money or
22 a portion of state match money if there is an overpayment to a
23 participating child-care provider;
24 (J) criteria for disqualifying participants from
25 the program;
26 (K) procedures for hearing appeals from program
27 participants;

1 (L) procedures for issuing and logging payments
2 to a participating child-care provider; and

3 (M) criteria and procedures for modifying or
4 terminating an agreement, including:

5 (i) if the relationship between the
6 employee and employer is severed;

7 (ii) if an employer fails to make a
8 contribution in accordance with the terms of an agreement; and

9 (iii) if a child-care provider ceases
10 participation or otherwise becomes ineligible to participate in the
11 program;

12 (2) select an administration assistance organization
13 described by Subsection (c);

14 (3) ensure confidentiality protocols to safeguard the
15 personal information of participating employers, employees, and
16 child-care providers, including ensuring that an employee's
17 personal information is not disclosed without the employee's
18 written consent;

19 (4) maintain records regarding the balance of the
20 program fund for each fiscal year and all payments made from the
21 fund;

22 (5) develop and distribute to employers, employees,
23 and child-care providers informational material regarding:

24 (A) the program's objectives, benefits, and
25 eligibility requirements; and

26 (B) any other child-care assistance programs or
27 benefits that may be available to an employee; and

1 (6) maintain a waitlist if the money in the program
2 fund is insufficient to approve all agreements received and provide
3 a state match in accordance with Section 318.009(b).

4 (a-1) The commission shall convene a work group to assist
5 the commission in developing the rules under Subsection (a). The
6 work group must include:

7 (1) child-care providers;

8 (2) community stakeholders, including stakeholders
9 with knowledge of or expertise in child care;

10 (3) employers or members of associations representing
11 employers; and

12 (4) at least one parent of a child who receives care
13 from a child-care provider.

14 (a-2) Subsection (a-1) and this subsection expire September
15 1, 2027.

16 (b) The commission may:

17 (1) delegate an administrative duty under the program
18 to a division of the commission or the administration assistance
19 organization described by Subsection (c);

20 (2) coordinate and share information with other state
21 agencies; and

22 (3) procure grants or contracts, in accordance with
23 other law, with third parties to administer the program or parts of
24 the program, including an administration assistance organization
25 described by Subsection (c).

26 (c) To be eligible for selection as an administration
27 assistance organization, an organization must:

1 (1) be exempt from federal taxation under Section
2 501(a) of the Internal Revenue Code of 1986 by being listed as an
3 exempt organization in Section 501(c)(3) of that code;

4 (2) be in good standing with the state; and

5 (3) be able to administer elements of the program as
6 determined by the comptroller, including the ability to process
7 employer contribution payments made under Section 318.004.

8 (d) The commission shall implement the program and issue a
9 state match under Section 318.009(b) in a state fiscal year only if
10 the legislature specifically appropriates money to the commission
11 for that fiscal year for that purpose. The commission may implement
12 the program and issue a state match using other money available to
13 the commission for that purpose.

14 Sec. 318.004. EMPLOYER DUTIES. An employer who provides
15 child-care assistance to an employee as a benefit of employment may
16 participate in the program by entering into an agreement described
17 by Section 318.007. The employer shall:

18 (1) provide at least \$1,200 per year to or on behalf of
19 an eligible employee for each child the employee has enrolled with a
20 provider eligible under Section 318.006 for the employee's
21 child-care costs as the employer contribution;

22 (2) enter into a standardized agreement under Section
23 318.007;

24 (3) submit the agreement to the commission for
25 verification of eligibility and approval;

26 (4) submit any additional information the commission
27 considers necessary; and

1 (5) on verification and approval of the agreement by
2 the commission, make contributions to the employee's eligible
3 child-care costs in accordance with commission guidelines.

4 Sec. 318.005. EMPLOYEE DUTIES. (a) An employee shall
5 complete an agreement described by Section 318.007 and provide any
6 additional information the commission considers necessary.

7 (b) An employee shall immediately notify the commission if a
8 child for whom the employee receives a benefit under this chapter
9 receives subsidized child care under the commission's subsidized
10 child-care program.

11 (c) The employee shall pay the child-care provider the cost
12 of child-care services not covered by the employer's contribution
13 and the state match.

14 Sec. 318.006. PROVIDER ELIGIBILITY. (a) To be eligible to
15 receive money under the program, a child-care provider must:

16 (1) be a child-care facility or family home licensed
17 under Chapter 42, Human Resources Code, including a facility
18 operated by the employer;

19 (2) be a high-quality program as determined by the
20 commission; and

21 (3) comply with an agreement and provide information
22 the commission considers necessary.

23 (b) The commission may waive or modify the eligibility
24 requirements under this section.

25 Sec. 318.007. PROGRAM AGREEMENTS. (a) The commission
26 shall create a standardized agreement for use by employers and
27 employees participating in the program, to be completed and agreed

1 to by each party.

2 (b) The commission may create a standardized agreement for
3 use by child-care providers participating in the program.

4 Sec. 318.008. PROGRAM FUND. (a) The program fund is a
5 dedicated account in the general revenue fund administered by the
6 commission.

7 (b) The program fund consists of:

8 (1) money appropriated by the legislature for deposit
9 to the credit of the fund for the purposes of this chapter;

10 (2) interest earned on the investment of money in the
11 fund;

12 (3) the proceeds of civil penalties collected under
13 Section 318.011; and

14 (4) gifts, grants, and donations received by the
15 commission for the purposes of this chapter.

16 (c) Money in the fund may be appropriated only to the
17 commission for purposes authorized by this chapter.

18 (d) In each state fiscal year and to the greatest extent
19 practicable, at least 25 percent of the total amount appropriated
20 from the fund for that year must be distributed under agreements
21 with employers with fewer than 50 full-time employees. For an
22 employer that operates multiple locations or has common ownership
23 or affiliates, each location is considered a separate employer for
24 the purposes of calculating the number of full-time employees under
25 this subsection.

26 (d-1) If in a state fiscal year there is money available
27 from the allocation of money described by Subsection (d) after

1 distributing money in the manner described by that subsection, the
2 commission may distribute the money under agreements with any other
3 eligible employers.

4 (e) During the state fiscal year ending August 31, 2026, not
5 more than 10 percent of the total amount deposited to the credit of
6 the fund in that fiscal year must be appropriated to the commission
7 to establish the program. In each subsequent state fiscal year,
8 money in the fund may be appropriated to the commission to
9 administer the program as follows:

10 (1) if the total amount of money available for
11 appropriation from the fund in that state fiscal year is more than
12 \$50 million, not more than five percent of that amount may be used
13 to administer the program;

14 (2) if the total annual amount of money available for
15 appropriation from the fund in that state fiscal year is more than
16 \$10 million but not more than \$50 million, not more than 10 percent
17 of that amount may be used to administer the program; and

18 (3) if the total annual amount of money available for
19 appropriation from the fund in that state fiscal year is not more
20 than \$10 million, not more than 15 percent of that amount may be
21 used to administer the program.

22 Sec. 318.009. STATE MATCH. (a) On verifying the
23 eligibility of an employer, employee, and child-care provider and
24 receiving any required agreements, the commission shall issue a
25 state match in accordance with this section from the program fund to
26 a child-care provider in accordance with the terms of the
27 agreement. The commission may distribute the state match money

1 directly or through a third-party vendor, as applicable.

2 (b) The commission may approve an agreement and issue a
3 state match only if there is sufficient money in the program fund to
4 pay the costs under the agreement and the money has been
5 appropriated to the commission for that purpose.

6 (c) Subject to Subsections (b) and (e), the commission shall
7 provide a state match equal to:

8 (1) 100 percent of the contribution made by the
9 employee's employer if the employee has a median household income
10 that is less than or equal to 100 percent of the median state
11 household income;

12 (2) 75 percent of the contribution made by the
13 employee's employer if the employee has a median household income
14 that is greater than 100 percent and less than or equal to 200
15 percent of the median state household income; or

16 (3) 50 percent of the contribution made by the
17 employee's employer if the employee has a median household income
18 that is greater than 200 percent and less than or equal to 300
19 percent of the median state household income.

20 (d) A state match and an employer contribution issued under
21 the program and administered by the commission may not be
22 considered compensation for an employee's service.

23 (e) The amount of the state match issued under Subsection
24 (c) may not exceed \$3,600 per child for each employee.

25 (f) The total amount of the state match issued under the
26 program may not exceed \$25 million in a state fiscal biennium.

27 Sec. 318.010. REPORTS. (a) The commission shall publish

1 and submit to the legislature a report detailing the efficacy of the
2 program not later than December 15 of each even-numbered year. The
3 report must include the following information about the program:

4 (1) the amount appropriated to the program fund during
5 the preceding state fiscal year;

6 (2) the total number of standardized agreements
7 submitted by employers;

8 (3) the total amount of state matches paid out of the
9 program fund, disaggregated by county;

10 (4) information regarding the size, geographical
11 location, and industry type of employers who participated in the
12 program;

13 (5) the number, license type, quality rating level,
14 and geographical distribution of participating child-care
15 providers;

16 (6) average cost for services charged by child-care
17 providers participating in the program and information regarding
18 the amount by which those costs have increased or decreased during
19 the most recent reporting period compared with previous reporting
20 periods;

21 (7) the number and total dollar value of agreements
22 not approved by the commission; and

23 (8) demographic information regarding employees
24 participating in the program.

25 (b) Not later than January 1, 2026, the commission shall
26 publish and submit to the legislature a report detailing the
27 commission's plan for implementing the program. This subsection

1 expires September 1, 2026.

2 Sec. 318.011. FALSE INFORMATION; CIVIL PENALTY. A person
3 who intentionally provides false information to the commission for
4 purposes of receiving the benefits of the program shall be subject
5 to a civil penalty of not more than \$500 per violation. All money
6 collected as a result of penalties assessed under this section
7 shall be paid into the state treasury and credited to the program
8 fund.

9 CHAPTER 320. CHILD-CARE INNOVATION PILOT PROGRAM

10 Sec. 320.001. DEFINITIONS. In this chapter:

11 (1) "Board" means a local workforce development board
12 created under Subchapter F, Chapter 2308, Government Code.

13 (2) "Program" means the child-care innovation pilot
14 program established under this chapter.

15 (3) "Provider" means a child-care provider who is
16 engaging with the program established under this chapter.

17 Sec. 320.002. ESTABLISHMENT. (a) The commission shall
18 establish and administer the child-care innovation pilot program to
19 address strategic workforce needs of designated pilot regions
20 across the state by increasing the supply of quality, affordable
21 child care and encouraging child-care partnerships with employers.

22 (b) The program shall enable boards designated by the
23 commission to partner with local employers and high-quality
24 providers to provide grants that will fund innovative child-care
25 expansion projects and employer partnerships that directly impact
26 strategic local workforce needs.

27 Sec. 320.003. ADMINISTRATION. The commission shall by rule

1 adopt a process for selecting each pilot region in which the program
2 will be administered by the local board, including a competitive
3 application process.

4 Sec. 320.004. APPLICATION; STRATEGIC PLAN. (a) A board
5 applying to participate in the program shall submit:

6 (1) a strategic plan proposing:

7 (A) measurable performance goals and progress
8 measures related to increasing the supply and accessibility of
9 quality, affordable child-care services;

10 (B) plans for engaging regional stakeholders,
11 including local employers, business associations, and
12 organizations that provide services to children and families, to
13 develop and meet regional performance goals that are based on
14 strategic workforce needs;

15 (C) the number of providers to whom the board
16 plans to award grants;

17 (D) staffing structures to support the effective
18 implementation of the program, including technical assistance for
19 child-care providers; and

20 (E) plans to maximize the results of the program
21 and support the future sustainability of child-care providers
22 participating in the program if state funding is not continued; and

23 (2) the total amount of money requested to implement
24 the board's strategic plan.

25 (b) A board may apply for the program under more than one
26 population category described by Section 320.005(a) but may only be
27 approved for participation based on one category.

1 Sec. 320.005. SELECTION; CRITERIA. (a) The commission
2 shall select not more than six boards to participate in the program
3 and ensure that the program is implemented in communities that
4 represent at least one of each of the following population sizes:

5 (1) a region with a population of more than 50,000;

6 (2) a region with a population of more than 10,000 and
7 less than 50,000; and

8 (3) a region with a population of less than 10,000.

9 (b) In selecting the boards to participate in the program,
10 the commission shall consider:

11 (1) the board's ability to demonstrate an unmet, local
12 workforce need for:

13 (A) child-care services in specific geographic
14 regions;

15 (B) child-care services for specific
16 populations, including infant care, toddler care, nontraditional
17 hours care, or care for children with disabilities; or

18 (C) child-care services described by Paragraphs
19 (A) and (B);

20 (2) whether the board has broad regional support from
21 diverse stakeholders, including private sector employers,
22 child-care providers, local governments, and parents to
23 participate in the program;

24 (3) the board's ability to leverage local funding or
25 partnerships to supplement state resources; and

26 (4) the strength of the board's proposed strategic
27 plan, as described by Section 320.004.

1 Sec. 320.006. AGREEMENTS WITH PARTICIPATING BOARDS. The
2 commission shall develop and enter into a performance agreement
3 with each board selected to participate in the program. Each board
4 shall comply with the terms of the performance agreement during its
5 participation in the program. The performance agreement must:

6 (1) include measurable performance goals and progress
7 measures that are:

8 (A) related to increasing the supply and
9 accessibility of quality, affordable child-care services in the
10 pilot region; and

11 (B) aligned to the board's strategic plan; and

12 (2) allocate responsibilities for accessing and
13 reporting progress and outcome information.

14 Sec. 320.007. ALLOCATION OF FUNDS. From the funds
15 appropriated to the commission for the program, the commission
16 shall award an amount of money to each board participating in the
17 program. In determining the allocation of money, the commission
18 shall consider:

19 (1) the size and population of the pilot region;

20 (2) the unmet child-care needs in the region and the
21 proposed funding required to address the needs;

22 (3) the proposed number of eligible providers in each
23 region to whom the board intends to award grants;

24 (4) the budget requested in the board's proposed
25 strategic plan under Section 320.004(a)(2); and

26 (5) other factors determined by the commission.

27 Sec. 320.008. GRANTS. (a) From funds awarded to a board

1 participating in the program, the board, after conducting a
2 competitive selection process, shall award grants to eligible
3 providers that enter into a grant contract with the board to expand
4 quality, affordable child-care services in accordance with the
5 region's strategic workforce needs and the board's approved
6 strategic plan.

7 (b) In awarding a grant under the program, a board shall
8 give preference to an eligible provider that demonstrates capacity
9 to:

10 (1) provide high-demand child-care services
11 identified by the board; and

12 (2) partner with one or more local employers.

13 Sec. 320.009. PROVIDER ELIGIBILITY. (a) To be eligible to
14 receive a grant under the program, a child-care provider must:

15 (1) be a Texas Rising Star Program provider with a
16 three-star rating or higher;

17 (2) be accredited by the National Association for the
18 Education of Young Children;

19 (3) have an accreditation from a Montessori
20 accreditation organization; or

21 (4) meet an alternative quality criterion or waiver
22 prescribed by the commission.

23 (b) In consultation with local employers and other regional
24 stakeholders, the board shall develop a competitive application and
25 scoring process for eligible providers to apply for a grant under
26 the program to meet the goals in the board's approved strategic plan
27 under Section 320.004.

1 (c) A board shall develop and enter into a grant contract
2 with each eligible provider awarded a grant under the program. Each
3 eligible provider awarded a grant shall comply with the terms of the
4 grant contract. At a minimum, grant contracts must require eligible
5 providers to:

6 (1) maintain the ability to enroll the required number
7 of children within each designated service area outlined in the
8 board's grant contract;

9 (2) ensure all educators employed by the provider earn
10 a minimum wage that is equal to or above the self-sufficient wage
11 required by Section 2308A.012, Government Code, in the county in
12 which the provider is located;

13 (3) maintain participation in the child-care services
14 program administered by the commission and accept participating
15 children as openings become available;

16 (4) maintain tuition rates at the provider's posted
17 rate or at a rate lower than the posted rate for families who do not
18 receive subsidized child-care services;

19 (5) maintain all eligibility requirements of the
20 program;

21 (6) provide regular reports demonstrating compliance
22 with the board's grant contract; and

23 (7) provide any additional data requested by the
24 board.

25 Sec. 320.010. SUBCONTRACTING. (a) In accordance with
26 Section 2308.264(e), Government Code, a board may subcontract with
27 a coordinating entity to administer the program.

1 (b) The commission may adopt rules establishing
2 requirements for a coordinating entity with which a board
3 subcontracts under this section.

4 Sec. 320.011. USE OF FUNDS. (a) From money appropriated by
5 the legislature to implement the program, the commission may use
6 not more than:

7 (1) 15 percent of the total amount appropriated to pay
8 costs related to administering the program, including technical
9 assistance provided to providers under the program; and

10 (2) 2 percent of the total amount appropriated to pay
11 costs related to research and evaluation of the program.

12 (b) The commission shall use at least 83 percent of the
13 total amount appropriated for grants administered under the
14 program.

15 (c) The commission shall adopt rules relating to the award
16 of grants under the program that are designed to maximize the impact
17 of the program and ensure the funding is sufficient to execute on
18 the terms of the grant contract.

19 (d) In awarding a grant under the program, the commission or
20 boards may adjust reimbursement rates as necessary to account for
21 the costs of providing care to specialized populations, including
22 children with disabilities, infants, toddlers, and children
23 needing after-hours care.

24 (e) Each board participating in the program shall ensure
25 that all grant money has been allocated not later than December 31,
26 2028.

27 (f) In addition to funds appropriated by the legislature, to

1 administer and expand the impact of the program, the commission or
2 boards may:

3 (1) seek and apply for any available federal or local
4 funds; and

5 (2) solicit and accept gifts, grants, and donations
6 from any other public or private source.

7 Sec. 320.012. QUARTERLY REPORT TO THE COMMISSION. (a) Each
8 board participating in the program shall submit a quarterly report
9 to the commission, detailing the use of grant money received under
10 the program and related outcomes, including:

11 (1) a list of providers receiving grant money and the
12 provider's monthly grant awards;

13 (2) each provider's compliance with performance goals
14 outlined in the provider's grant contract with the board; and

15 (3) the board's progress toward outcomes identified in
16 the approved strategic plan under Section 320.004.

17 (b) A board shall submit the first report required by this
18 section not later than the 120th day after the date the board awards
19 its first grant under the program and submit subsequent reports
20 every 120 days thereafter.

21 Sec. 320.013. REPORT. Not later than December 1, 2028, the
22 commission shall review the effectiveness of the program and submit
23 to the governor, the lieutenant governor, the speaker of the house
24 of representatives, and the members of each legislative standing
25 committee with primary jurisdiction over economic development a
26 written report regarding the outcomes, challenges, and
27 opportunities of the program.

1 Sec. 320.014. RULES. The commission shall adopt rules
2 necessary to implement this chapter.

3 Sec. 320.015. EXPIRATION. This chapter expires September
4 1, 2029.

5 SECTION 3. Chapter 171, Tax Code, is amended by adding
6 Subchapter N-1 to read as follows:

7 SUBCHAPTER N-1. TAX CREDIT FOR CHILD-CARE CONTRIBUTION

8 Sec. 171.721. DEFINITION. In this subchapter, "child-care
9 contribution" means the dollar amount of a contribution made by a
10 taxable entity to an employee of the entity for use by the employee
11 to secure child care at a child-care facility or family home
12 licensed under Chapter 42, Human Resources Code, including a
13 licensed child-care facility operated by the entity. The term does
14 not include wages paid by the taxable entity to the employee or a
15 payment to the employee that is considered compensation for the
16 employee's service.

17 Sec. 171.722. ENTITLEMENT TO CREDIT. A taxable entity is
18 entitled to a credit in the amount and under the conditions provided
19 by this subchapter against the tax imposed under this chapter.

20 Sec. 171.723. AMOUNT OF CREDIT; LIMITATION. (a) Subject to
21 Subsections (b) and (c), the amount of the credit a taxable entity
22 may claim on a report is equal to the total amount of child-care
23 contributions paid by the entity during the period on which the
24 report is based. For purposes of computing the total amount of
25 child-care contributions paid by the taxable entity, a child-care
26 contribution in an amount that exceeds \$3,600 for a child is
27 considered to be a child-care contribution in the amount of \$3,600

1 for that child.

2 (b) The total credit claimed on a report, including the
3 amount of any carryforward under Section 171.724, may not exceed
4 the amount of franchise tax due for the report after applying all
5 other applicable credits.

6 (c) The total amount of credits that may be awarded under
7 Subsection (a) in a state fiscal year may not exceed \$25 million.

8 (d) The comptroller by rule shall prescribe procedures by
9 which the comptroller will allocate the amount of credits available
10 under Subsection (c). The procedures must provide that credits are
11 allocated to taxable entities that applied for the credit on a pro
12 rata basis.

13 Sec. 171.724. CARRYFORWARD. (a) If a taxable entity is
14 eligible for a credit that exceeds the limitation under Section
15 171.723(b), the entity may carry the unused credit forward for not
16 more than five consecutive reports.

17 (b) A carryforward is considered the remaining portion of a
18 credit that cannot be claimed on a report because of the limitation
19 under Section 171.723(b).

20 (c) Credits, including a carryforward, are considered to be
21 used in the following order:

- 22 (1) a carryforward under this section; and
23 (2) a credit for the period on which the report is
24 based.

25 Sec. 171.725. APPLICATION FOR CREDIT. (a) A taxable entity
26 must apply for a credit under this subchapter on or with the report
27 for the period for which the credit is claimed.

1 (b) A taxable entity must apply for the credit in the manner
2 prescribed by the comptroller and include with the application any
3 information requested by the comptroller to determine whether the
4 entity is eligible for the credit under this subchapter.

5 (c) The comptroller may award a credit to a taxable entity
6 that applies for the credit under Subsection (a) of this section if
7 the taxable entity is eligible for the credit and the credit is
8 available under Section 171.723(c). The comptroller has discretion
9 in determining whether to grant or deny an application for a credit.

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

15 Sec. 171.726. SALE OR ASSIGNMENT OF CREDIT. (a) A taxable
16 entity that makes a child-care contribution may sell or assign all
17 or part of the credit that may be claimed for that contribution to
18 one or more taxable entities, and any taxable entity to which all or
19 part of the credit is sold or assigned may sell or assign all or part
20 of the credit to another taxable entity. There is no limit on the
21 total number of transactions for the sale or assignment of all or
22 part of the total credit authorized under this subchapter.

23 (b) A taxable entity that sells or assigns a credit under
24 this section and the taxable entity to which the credit is sold or
25 assigned shall jointly submit written notice of the sale or
26 assignment to the comptroller not later than the 30th day after the
27 date of the sale or assignment. The notice must include:

1 (1) the date on which the credit was originally
2 established;

3 (2) the date of the sale or assignment;

4 (3) the amount of the credit sold or assigned and the
5 remaining period during which it may be used;

6 (4) the names, addresses, and federal tax
7 identification numbers of the taxable entity that sold or assigned
8 the credit or part of the credit and the taxable entity to which the
9 credit or part of the credit was sold or assigned; and

10 (5) the amount of the credit owned by the selling or
11 assigning taxable entity before the sale or assignment, and the
12 amount the selling or assigning taxable entity retained, if any,
13 after the sale or assignment.

14 (c) The sale or assignment of a credit in accordance with
15 this section does not extend the period for which a credit may be
16 carried forward.

17 (d) After a taxable entity claims a credit for a child-care
18 contribution under this subchapter, another entity may not use the
19 same expenditure as the basis for another credit.

20 Sec. 171.727. RULES. The comptroller shall adopt rules
21 necessary to implement and administer this subchapter.

22 SECTION 4. Not later than February 1, 2026, the Texas
23 Workforce Commission shall post on its Internet website the
24 information required by Section 302.0064, Labor Code, as added by
25 this Act.

26 SECTION 5. Subchapter N-1, Chapter 171, Tax Code, as added
27 by this Act, applies only to a report originally due on or after

1 January 1, 2026.

2 SECTION 6. (a) Except as provided by Subsection (b) of this
3 section, this Act takes effect September 1, 2025.

4 (b) Subchapter N-1, Chapter 171, Tax Code, as added by this
5 Act, takes effect January 1, 2026.