

By: Creighton

S.B. No. 1231

A BILL TO BE ENTITLED

AN ACT

1
2 relating to a franchise tax credit for taxable entities that
3 purchase certain theft deterrent and property loss prevention
4 equipment.

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

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

8 SUBCHAPTER N. TAX CREDIT FOR PURCHASE OF THEFT DETERRENT AND
9 PROPERTY LOSS PREVENTION EQUIPMENT

10 Sec. 171.701. ENTITLEMENT TO CREDIT. A taxable entity is
11 entitled to a credit in the amount and under the conditions provided
12 by this subchapter against the tax imposed under this chapter.

13 Sec. 171.702. QUALIFICATION. A taxable entity qualifies
14 for a credit under this subchapter if the taxable entity purchases
15 one or more items of theft deterrent or property loss prevention
16 equipment included on the list of eligible equipment adopted under
17 Section 171.707.

18 Sec. 171.703. AMOUNT OF CREDIT; LIMITATION. (a) Subject to
19 Subsection (b), the amount of the credit for a report is equal to
20 the total amount of costs and expenses incurred by a taxable entity
21 to purchase items described by Section 171.702 during the period on
22 which the report is based, including the purchase price of those
23 items.

24 (b) The total credit claimed on a report, including the

1 amount of any carryforward under Section 171.704, may not exceed
2 the amount of franchise tax due for the report after applying all
3 other applicable credits.

4 Sec. 171.704. CARRYFORWARD. (a) A taxable entity that is
5 eligible for a credit that exceeds the limitation under Section
6 171.703(b) may carry the unused credit forward for not more than
7 five consecutive reports.

8 (b) A carryforward is considered the remaining portion of a
9 credit that cannot be claimed in the current year because of the
10 limitation under Section 171.703(b).

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

13 (1) a carryforward under this subchapter; and

14 (2) a current year credit.

15 Sec. 171.705. APPLICATION FOR CREDIT. (a) A taxable entity
16 must apply for a credit under this subchapter on or with the report
17 for the period for which the credit is claimed.

18 (b) The comptroller shall prescribe the form and method a
19 taxable entity must use to apply for the credit.

20 (c) The comptroller may require a taxable entity to submit
21 with an application any information needed to determine whether the
22 taxable entity qualifies for the credit or the amount of the credit.

23 Sec. 171.706. ASSIGNMENT PROHIBITED; EXEMPTION. A taxable
24 entity may not convey, assign, or transfer the credit allowed under
25 this subchapter to another taxable entity unless substantially all
26 of the assets of the taxable entity are conveyed, assigned, or
27 transferred in the same transaction.

1 Sec. 171.707. RULES. The comptroller shall adopt rules
2 necessary to implement and administer this subchapter, including a
3 list of equipment useful or necessary to deter theft or prevent
4 property loss that is eligible for the credit.

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

7 SECTION 3. This Act takes effect January 1, 2026.