

AN ACT

relating to the strong families credit against certain taxes for entities that contribute to certain organizations.

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

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

SUBCHAPTER P. STRONG FAMILIES TAX CREDIT

Sec. 171.801. DEFINITIONS. In this subchapter:

(1) "At-risk family" has the meaning assigned by Section 137.002, Human Resources Code.

(2) "Designated contribution" means a monetary contribution to an eligible organization that the contributor designates at the time of contribution as being made for the purpose of the strong families credit.

(3) "Eligible organization" means an organization determined to be an eligible organization under this subchapter.

(4) "Foundation" means the OneStar Foundation.

(5) "Strong families credit" means the tax credit established under this subchapter.

Sec. 171.802. ELIGIBILITY FOR CREDIT. A taxable entity that makes a designated contribution that meets the requirements of this subchapter is eligible to apply for a strong families credit in the amount and under the conditions provided by this subchapter against the tax imposed under this chapter.

1       Sec. 171.803. CERTIFICATION AS ELIGIBLE ORGANIZATION. (a)  
2 The foundation shall certify an organization as an eligible  
3 organization under this subchapter if the organization:

4           (1) is exempt from federal income taxation under  
5 Section 501(a), Internal Revenue Code of 1986, as an organization  
6 described by Section 501(c)(3) of that code;

7           (2) is authorized to transact business in this state;

8           (3) has provided the following in this state for at  
9 least three years preceding the organization's receipt of the  
10 organization's initial designated contribution:

11           (A) comprehensive case management services for  
12 at-risk families based on an assessment of family strengths and  
13 needs, including assisting families in achieving self-sufficiency  
14 and stability and encouraging workforce participation; or

15           (B) services and resources to assist fathers in  
16 learning and improving parenting skills and being more engaged in  
17 their children's lives through in-school programs and online  
18 resources;

19           (4) does not directly or indirectly provide abortion  
20 services, or offer information related to abortion services; and

21           (5) has not received, either directly or indirectly  
22 through a contractor, more than 50 percent of its total annual  
23 revenue from this state or a political subdivision of this state in  
24 the preceding state fiscal year.

25       (b) To remain an eligible organization, an organization  
26 must submit each calendar year the following information to the  
27 foundation in the manner prescribed by the comptroller:

1           (1) a description of the qualifying services and  
2 resources provided by the organization;

3           (2) the total number of individuals served through the  
4 services and resources described by Subdivision (1) during the  
5 previous calendar year and the number of those individuals served  
6 and provided with resources that year using designated  
7 contributions;

8           (3) outcomes for services and resources described by  
9 Subdivision (1);

10          (4) the organization's financial information;

11          (5) the organization's contact information;

12          (6) a statement, signed under penalty of perjury by an  
13 officer of the organization, that the organization meets all  
14 criteria to qualify as an eligible organization under this section,  
15 has complied with the requirements under Section 171.804 for the  
16 previous calendar year, and intends to comply with those  
17 requirements for the next calendar year; and

18          (7) any other documentation necessary to verify  
19 eligibility or compliance with this section.

20          (c) The comptroller may consult with the foundation to  
21 determine the manner in which an organization must demonstrate that  
22 the organization is an eligible organization for purposes of this  
23 subchapter.

24          Sec. 171.804. DUTIES OF ELIGIBLE ORGANIZATION. (a) An  
25 eligible organization shall:

26               (1) conduct a local, state, and national criminal  
27 background check for all individuals working directly with children

1 in a program funded by designated contributions that includes the  
2 use of:

3 (A) a commercial multistate and  
4 multijurisdiction criminal records locator or other similar  
5 commercial nationwide database; and

6 (B) the national sex offender registry database  
7 maintained by the United States Department of Justice or a  
8 successor agency;

9 (2) spend all designated contributions, other than the  
10 amount described by Subdivision (3), to provide services or  
11 resources for residents of this state;

12 (3) spend no more than five percent of the total dollar  
13 amount of designated contributions on administrative expenses; and

14 (4) annually submit to the comptroller a copy of the  
15 eligible organization's most recent Form 990 filed with the  
16 Internal Revenue Service.

17 (b) On receipt of a designated contribution, an eligible  
18 organization shall provide the entity making the contribution with  
19 a certificate of contribution that includes:

20 (1) the entity's name;

21 (2) the eligible organization's name;

22 (3) the entity's federal employer identification  
23 number, if applicable;

24 (4) the entity's state taxpayer identification number,  
25 if applicable;

26 (5) the amount of the designated contribution; and

27 (6) the date the designated contribution was made.

1       (c) An eligible organization shall provide to the  
2 comptroller a copy of each certificate of contribution provided to  
3 an entity under Subsection (b) not later than the 30th day after the  
4 date the organization provided the certificate to the entity making  
5 the designated contribution.

6       Sec. 171.805. AMOUNT OF CREDIT; LIMITATION ON TOTAL  
7 CREDITS. (a) Subject to Subsection (b), the amount of a taxable  
8 entity's credit for a report is equal to the lesser of:

9               (1) the amount of credit awarded to the entity under  
10 Section 171.807; or

11              (2) the amount of franchise tax due for the report  
12 after applying all other applicable credits.

13       (b) The total amount of strong families credits awarded may  
14 not exceed \$5 million each year.

15       Sec. 171.806. CARRYFORWARD. (a) If a taxable entity is  
16 awarded a credit that exceeds the limitation under Section  
17 171.805(a), the entity may carry the unused credit forward for not  
18 more than five consecutive reports.

19       (b) A carryforward is considered the remaining portion of a  
20 credit awarded to a taxable entity that cannot be claimed on a  
21 report because of the limitation under Section 171.805(a).

22       Sec. 171.807. APPLICATION FOR CREDIT. (a) The comptroller  
23 may award a credit to a taxable entity that applies for the credit  
24 under this subchapter if the taxable entity is eligible for the  
25 credit and the credit is available under Section 171.805(b).

26       (b) A taxable entity must apply for the credit in the manner  
27 prescribed by the comptroller and include with the application any

1 information requested by the comptroller to determine whether the  
2 entity is eligible for the credit under this subchapter. The  
3 comptroller may adopt rules prescribing the application process for  
4 the credit, including rules prescribing:

5 (1) a process by which the credit is awarded on a  
6 first-come, first-served basis;

7 (2) an enrollment period with application deadlines to  
8 submit an application for the credit;

9 (3) a requirement that a taxable entity must apply for  
10 the credit using an electronic application; and

11 (4) the information required to be submitted with the  
12 application for the credit, including the certificate of  
13 contribution described by Section 171.804(b).

14 (c) A taxable entity may not apply for an amount of credit  
15 greater than the lesser of:

16 (1) the taxable entity's designated contributions made  
17 to eligible organizations during the relevant period; or

18 (2) \$1 million.

19 (d) A taxable entity may be awarded an amount of credit less  
20 than the total amount of credit to which the entity would otherwise  
21 be entitled if awarding the entity the total amount of credit would  
22 exceed the limitation under Section 171.805(b).

23 (e) The comptroller shall notify a taxable entity in writing  
24 of the amount of credit, if any, awarded to the entity.

25 (f) The award or denial of a credit under this subchapter  
26 and the amount of any credit awarded is not a contested case under  
27 Chapter 2001, Government Code.

1       (g) Subject to the limitations prescribed by this  
2 subchapter, a taxable entity may claim the amount of credit awarded  
3 by the comptroller on the report originally due after the entity  
4 receives the notice described by Subsection (e).

5       Sec. 171.808. CREDIT FOR DESIGNATED CONTRIBUTION MADE BY  
6 MEMBER OF COMBINED GROUP OR TIERED PARTNERSHIP AGREEMENT. (a) A  
7 credit under this subchapter for designated contributions made by a  
8 member of an affiliated group that files a combined report under  
9 Section 171.1015 must be claimed on the combined report required by  
10 Section 171.1014 for the group, and the combined group is  
11 considered the taxable entity making the designated contribution  
12 for purposes of this subchapter.

13       (b) An upper tier entity that includes the total revenue of  
14 a lower tier entity for purposes of computing its taxable margin as  
15 authorized by Section 171.1015 may claim the credit under this  
16 subchapter for designated contributions made by the lower tier  
17 entity to the extent of the upper tier entity's ownership interest  
18 in the lower tier entity. No more than \$1 million in credit awarded  
19 for designated contributions made during the period on which a  
20 report is based may be claimed on the report.

21       Sec. 171.809. ASSIGNMENT PROHIBITED; EXCEPTION. A taxable  
22 entity may not convey, assign, or transfer a strong families credit  
23 awarded under this subchapter to another taxable entity unless  
24 substantially all of the assets of the taxable entity are conveyed,  
25 assigned, or transferred in the same transaction.

26       Sec. 171.810. FEES. The foundation may set and charge to an  
27 organization a fee in an amount sufficient to cover the

1 foundation's costs to certify the organization as an eligible  
2 organization under Section 171.803.

3 Sec. 171.811. RULES. The comptroller may adopt rules and  
4 procedures necessary to implement, administer, and enforce this  
5 subchapter.

6 Sec. 171.812. EXPIRATION. (a) This subchapter expires  
7 January 1, 2029.

8 (b) The expiration of this subchapter does not affect the  
9 carryforward of a credit under Section 171.806 or those credits for  
10 which a taxable entity is eligible after the date this subchapter  
11 expires based on designated contributions made before that date.

12 SECTION 2. (a) A taxable entity may apply for a credit  
13 under Subchapter P, Chapter 171, Tax Code, as added by this Act,  
14 only for a designated contribution made on or after June 1, 2026.

15 (b) Subchapter P, Chapter 171, Tax Code, as added by this  
16 Act, applies only to a report originally due on or after June 1,  
17 2026.

18 SECTION 3. This Act takes effect June 1, 2026.



<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> <div>President of the Senate</div>	<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> <div>Speaker of the House</div>
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I hereby certify that S.B. No. 2018 passed the Senate on April 28, 2025, by the following vote: Yeas 31, Nays 0; May 29, 2025, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 30, 2025, House granted request of the Senate; May 31, 2025, Senate adopted Conference Committee Report by the following vote: Yeas 31, Nays 0.

	<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> <div>Secretary of the Senate</div>
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I hereby certify that S.B. No. 2018 passed the House, with amendments, on May 28, 2025, by the following vote: Yeas 97, Nays 31, one present not voting; May 30, 2025, House granted request of the Senate for appointment of Conference Committee; May 31, 2025, House adopted Conference Committee Report by the following vote: Yeas 97, Nays 27, two present not voting.

	<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> <div>Chief Clerk of the House</div>
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Approved:

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<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> <div>Governor</div>	
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