# LEGISLATIVE BUDGET BOARD
## Austin, Texas

## FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

**May 30, 2025**

**TO:** Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Dustin Burrows, Speaker of the House, House of Representatives

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE:** **SB2018** by Paxton (Relating to the strong families credit against certain taxes for entities that contribute to certain organizations.), **Conference Committee Report**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB2018, Conference Committee Report: a negative impact of ($146,000) through the biennium ending August 31, 2027.

**Additionally, the bill will have a direct impact of a revenue loss to the Property Tax Relief Fund of ($5,000,000) for the 2026-27 biennium. Any loss to the Property Tax Relief Fund must be made up with an equal amount of General Revenue to fund the Foundation School Program.**

### General Revenue-Related Funds, Five- Year Impact:

| *Fiscal Year* | Probable Net Positive/(Negative) Impact to *General Revenue Related Funds* |
|---|---|
| 2026 | $0 |
| 2027 | ($146,000) |
| 2028 | ($146,000) |
| 2029 | ($146,000) |
| 2030 | ($146,000) |

### All Funds, Five-Year Impact:

| *Fiscal Year* | Probable Revenue (Loss) from *Property Tax Relief Fund* 304 | Probable (Cost) from *General Revenue Fund* 1 | *Change in Number of State Employees from FY 2025* |
|---|---|---|---|
| 2026 | $0 | $0 | 0.0 |
| 2027 | ($5,000,000) | ($146,000) | 2.0 |
| 2028 | ($5,000,000) | ($146,000) | 2.0 |
| 2029 | ($5,000,000) | ($146,000) | 2.0 |
| 2030 | $0 | ($146,000) | 2.0 |

### Fiscal Analysis

This bill would amend Chapter 171 of the Tax Code, regarding the Franchise Tax, by adding Subchapter P to create a strong families tax credit toward Franchise taxes paid for contributions made to certain eligible organizations, as defined by the bill. The total amount of strong families credits awarded could not exceed $5 million per year. The bill lays out qualifiers for the credits as well as responsibilities of the Comptroller when allocating the credits.

The bill would take effect June 1, 2026. The statutory provisions of the bill would expire January 1, 2029; however, the expiration of those provisions would not affect credits an entity was eligible for based on designated contributions made before the date the statute expired.

## Methodology

According to the Comptroller, this analysis assumes that the maximum amount of credits that can be awarded under each year of the program-$5 million-will be expended totaling $15 million.

The administrative cost estimate reflects the funds necessary to hire two (2) Account Examiner III FTEs to implement and administer the new credit in the franchise tax section; a significant number of applications may be anticipated for this credit. While the exact number of applications is unknown, eligibility could extend to every organization that assists families.

## Local Government Impact

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JMc, KK, SD