

## **BILL ANALYSIS**

Senate Research Center  
80R7784 KLA-D

S.B. 1917  
By: Wentworth  
Finance  
4/16/2007  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

As proposed, S.B. 1917 re-instates franchise tax credits for capital investment, job creation, research and development, and day care that were eliminated with the passage of the new margins tax during the 79th Legislature, 3rd Called Session, 2006. This bill also extends those tax credits to all taxable entities under the new margins tax.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 171, Tax Code, by adding Subchapter I-1, as follows:

#### **SUBCHAPTER I-1. APPLICATION OF CREDITS TO NONCORPORATE TAXABLE ENTITIES**

Sec. 171.451. APPLICATION OF CREDITS TO NONCORPORATE TAXABLE ENTITIES. Provides that a taxable entity that is not a corporation but that, because of its activities, would qualify for a specific credit under this chapter (Franchise Tax) if it were a corporation qualifies for the credit in the same manner and under the same conditions as a corporation.

SECTION 2. Amends Section 18(a), Chapter 1, Acts of the 79th Legislature, 3rd Called Session, 2006, to reinstate Subchapter N (Tax Credit for Establishing Day-Care Center or Purchasing Child-Care Services), Subchapter O (Tax Credit for Certain Research and Development Activities), Subchapter P (Tax Credits for Certain Job Creation Activities), and Subchapter Q (Tax Credits for Certain Capital Investments), Chapter 171, Tax Code, as scheduled to be repealed by Chapter 1, Acts of the 79th Legislature, 3rd Called Session, 2006, effective January 1, 2008. Makes conforming changes.

SECTION 3. Repealer: Sections 18(c), (d), (e), and (f) (relating to a claim made by a corporation on unused accrued credits before a certain date), Chapter 1, Acts of the 79th Legislature, 3rd Called Session, 2006.

SECTION 4. Makes application of this Act prospective.

SECTION 5. (a) Effective date, except as provided by Subsection (b) of this section: September 1, 2007.

(b) Effective date, SECTION 1: January 1, 2008