

By: \_\_\_\_\_

\_\_\_\_.B. No. \_\_\_\_\_

A BILL TO BE ENTITLED

AN ACT

relating to the funding of child care facilities.

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

SECTION 1. Subchapter B, Chapter 42, Human Resources Code, is amended by adding Section 42.0216 to read as follows:

Sec. 42.0216. SUSTAINING CHILD CARE ACCOUNT; GRANTS. (a)

The sustaining child care account is a dedicated account in the general revenue fund.

(b) The account consists of:

(1) general revenue transferred to the account;

(2) money appropriated to the account;

(3) gifts, grants, and donations contributed to the account;

(4) contributions to the account for which an entity receives a credit against the entity's state premium tax liability under Chapter 230, Insurance Code; and

(5) interest earned on the investment of money in the account.

(c) Section 403.0956, Government Code, does not apply to the sustaining child care account.

(d) Unused funds in the sustaining child care account do not revert to the general revenue fund without legislative action.

(e) Money in the sustaining child care account may be appropriated only to the Texas Workforce Commission for the purpose

1 of making grants to day-care centers and group day-care homes  
2 licensed under this chapter and to family homes registered under  
3 this chapter.

4 (f) The Texas Workforce Commission may award grants to  
5 day-care centers and group day-care homes licensed under this  
6 chapter and to family homes registered under this chapter to:

7 (1) provide adequate funding to allow the day-care  
8 providers to recover from the devastating effects of the COVID-19  
9 lockdowns and the subsequent reduced enrollment and staff  
10 shortages; and

11 (2) ensure that day-care providers are able to remain  
12 in business to provide essential child-care services to the people  
13 of this state.

14 (g) A grant authorized by this section may not be less than  
15 \$1,000 for each child under 14 years of age enrolled in the day-care  
16 center, group day-care home, or family home. A day-care center,  
17 group day-care home, or family home may receive one grant under this  
18 section each year.

19 (h) The Texas Workforce Commission shall set the amount of  
20 the grants awarded under this section in an amount that ensures each  
21 eligible day-care center, group day-care home, and family home is  
22 able to receive a grant.

23 (i) A day-care center, group day-care home, or family home  
24 may decline a grant under this section.

25 (j) The executive commissioner in collaboration with the  
26 Texas Workforce Commission shall adopt rules to implement this  
27 section, including rules regarding the eligibility criteria for

1 receiving a grant and the process for awarding a grant under this  
2 section.

3 SECTION 2. Subtitle B, Title 3, Insurance Code, is amended  
4 by adding Chapter 230 to read as follows:

5 CHAPTER 230. CREDIT AGAINST PREMIUM TAXES FOR CONTRIBUTIONS TO  
6 SUSTAINING CHILD CARE ACCOUNT

7 SUBCHAPTER A. GENERAL PROVISIONS

8 Sec. 230.001. DEFINITIONS. In this chapter:

9 (1) "Account" means the Sustaining Child Care Account  
10 under Section 42.0216, Human Resources Code.

11 (2) "State premium tax liability" means any liability  
12 incurred by an entity under Chapters 221 through 226.

13 SUBCHAPTER B. CREDIT

14 Sec. 230.051. CREDIT. An entity may apply for a credit  
15 against the entity's state premium tax liability in the amount and  
16 under the conditions provided by this chapter. The comptroller  
17 shall award credits as provided by Section 230.054.

18 Sec. 230.052. AMOUNTS; LIMITATION ON TOTAL CREDITS. (a)  
19 Subject to Subsections (b) and (c), the amount of an entity's credit  
20 is equal to the lesser of the amount contributed to the account  
21 during the period covered by the tax report or 75 percent of the  
22 entity's state premium tax liability for the report.

23 (b) For the 2024 state fiscal year, the total amount of  
24 credits that may be awarded under this chapter may not exceed \$200  
25 million. For each subsequent state fiscal year, the total amount of  
26 credits that may be awarded is:

27 (1) the same total amount of credits available under

1 this subsection for the previous state fiscal year, if Subdivision  
2 (2) does not apply; or

3 (2) 125 percent of the total amount of credits  
4 available under this subsection for the previous state fiscal year,  
5 if the total amount of credits awarded in the previous state fiscal  
6 year was at least 90 percent of the total amount of credits  
7 available under this subsection for that fiscal year.

8 (c) The comptroller by rule shall prescribe procedures by  
9 which the comptroller may allocate credits under this chapter. The  
10 procedures must provide that credits are allocated first to  
11 entities that received preliminary approval for a credit under  
12 Section 230.053 and that apply under Section 230.054. The  
13 procedures must provide that any remaining credits are allocated to  
14 entities that apply under Section 230.054 on a first-come,  
15 first-served basis, based on the date the contribution was  
16 initially made.

17 (d) The comptroller may require an entity to notify the  
18 comptroller of the amount the entity intends or expects to apply for  
19 under this chapter before the beginning of a state fiscal year or at  
20 any other time required by the comptroller.

21 Sec. 230.053. PRELIMINARY APPROVAL FOR CREDIT. (a) Before  
22 making a contribution to the account, an entity may apply to the  
23 comptroller for preliminary approval of a credit under this chapter  
24 for the contribution.

25 (b) An entity must apply for preliminary approval on a form  
26 provided by the comptroller that includes the amount the entity  
27 expects to contribute and any other information the comptroller

1 requires.

2 (c) The comptroller shall grant preliminary approval for  
3 credits under this chapter on a first-come, first-served basis,  
4 based on the date the comptroller receives the application for  
5 preliminary approval.

6 (d) The comptroller shall grant preliminary approval for a  
7 credit under this chapter for a state fiscal year if the sum of the  
8 amount of the credit and the total amount of all other credits  
9 preliminarily approved under this chapter does not exceed the  
10 amount provided by Section 230.052(b).

11 (e) Final award of a credit preliminarily approved under  
12 this section remains subject to the limitations under Section  
13 230.052(a) and all other requirements of this chapter.

14 Sec. 230.054. APPLICATION FOR CREDIT. (a) An entity must  
15 apply for a credit under this chapter on or with the tax report  
16 covering the period in which the contribution was made.

17 (b) The comptroller shall adopt a form for the application  
18 for the credit. An entity must use this form in applying for the  
19 credit.

20 (c) Subject to Section 230.052(c), the comptroller may  
21 award a credit to an entity that applies for the credit under  
22 Subsection (a) if the entity is eligible for the credit and the  
23 credit is available under Section 230.052(b). The comptroller has  
24 broad discretion in determining whether to grant or deny an  
25 application for a credit.

26 (d) The comptroller shall notify an entity in writing of the  
27 comptroller's decision to grant or deny the application under

1 Subsection (a). If the comptroller denies an entity's application,  
2 the comptroller shall include in the notice of denial the reasons  
3 for the comptroller's decision.

4 (e) If the comptroller denies an entity's application under  
5 Subsection (a), the entity may request in writing a reconsideration  
6 of the application not later than the 10th day after the date the  
7 notice under Subsection (d) is received. If the entity does not  
8 request a reconsideration of the application on or before that  
9 date, the comptroller's decision is final.

10 (f) An entity that requests a reconsideration under  
11 Subsection (e) may submit to the comptroller, not later than the  
12 30th day after the date the request for reconsideration is  
13 submitted, additional information and documents to support the  
14 entity's request for reconsideration.

15 (g) The comptroller's reconsideration of an application  
16 under this section is not a contested case under Chapter 2001,  
17 Government Code. The comptroller's decision on a request for  
18 reconsideration of an application is final and is not appealable.

19 (h) This section does not create a cause of action to  
20 contest a decision of the comptroller to deny an application for a  
21 credit under this chapter.

22 Sec. 230.055. RULES; PROCEDURES. The comptroller shall  
23 adopt rules and procedures to implement, administer, and enforce  
24 this chapter.

25 Sec. 230.056. ASSIGNMENT PROHIBITED; EXCEPTION. An entity  
26 may not convey, assign, or transfer the credit allowed under this  
27 chapter to another entity unless all of the assets of the entity are

1 conveyed, assigned, or transferred in the same transaction.

2 Sec. 230.057. NOTICE OF AVAILABILITY OF CREDIT. The  
3 comptroller shall provide notice of the availability of the credit  
4 under this chapter on the comptroller's Internet website, in the  
5 instructions for insurance premium tax report forms, and in any  
6 notice sent to an entity concerning the requirement to file an  
7 insurance premium tax report.

8 SECTION 3. An entity may apply for a credit under Chapter  
9 230, Insurance Code, as added by this Act, only for a contribution  
10 made on or after the effective date of this Act.

11 SECTION 4. Not later than November 15, 2023, the  
12 comptroller of public accounts shall adopt rules as provided by  
13 Section 230.055, Insurance Code, as added by this Act.

14 SECTION 5. Chapter 230, Insurance Code, as added by this  
15 Act, applies only to a tax report originally due on or after the  
16 effective date of this Act.

17 SECTION 6. This Act takes effect September 1, 2023.