

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

May 30, 2025

Date

Honorable Dan Patrick
President of the Senate

Honorable Dustin Burrows
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on SB 2018 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

[Signature]
Paxton, Chair

[Signature]
Hinojosa, Chuy

[Signature]
Hinojosa, Adam

[Signature]
Hughes

[Signature]
On the part of the Senate

Sparks

[Signature]
Bonnen, Chair

[Signature]
Buckley

[Signature]
Capriglione

[Signature]
Hunter

[Signature]
On the part of the House

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Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

3rd Printing

S.B. No. 2018

A BILL TO BE ENTITLED

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.

Senate Bill 2018
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION	HOUSE VERSION (IE)	CONFERENCE
<i>No equivalent provision.</i>	SECTION __. Section 171.665(a), Tax Code, is amended to read as follows: (a) This subchapter expires December 31, <u>2028</u> [2026]. [FA1(18)]	Same as Senate version.
SECTION 1. Chapter 171, Tax Code, is amended by adding Subchapter P to read as follows: <u>SUBCHAPTER P. STRONG FAMILIES TAX CREDIT</u> <u>Sec. 171.801. DEFINITIONS.</u> <u>(1)-(3)</u> <u>(4) "State campaign manager" and "state policy committee" have the meanings assigned by Section 659.131, Government Code.</u> <i>No equivalent provision.</i> <u>Sec. 171.802. ELIGIBILITY FOR CREDIT.</u> <u>Sec. 171.803. QUALIFICATIONS FOR ELIGIBLE ORGANIZATION.</u> <u>(a) An organization is an eligible organization under this subchapter if the organization:</u> <u>(1) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization</u>	SECTION 1. Chapter 171, Tax Code, is amended by adding Subchapter P to read as follows: <u>SUBCHAPTER P. STRONG FAMILIES TAX CREDIT</u> <u>Sec. 171.801.</u> Same as Senate version except as follows: <u>(1)-(3)</u> <i>No equivalent provision.</i> <u>(4) "Foundation" means the OneStar Foundation. [FA1(1)]</u> <u>Sec. 171.802.</u> Same as Senate version. <u>Sec. 171.803. CERTIFICATION AS ELIGIBLE ORGANIZATION.</u> <u>(a) The foundation shall certify an organization as an eligible organization under this subchapter if the organization:</u> [FA1(2), FA(3)] <u>(1) is exempt from federal income taxation under Section</u>	SECTION 1. Chapter 171, Tax Code, is amended by adding Subchapter P to read as follows: <u>SUBCHAPTER P. STRONG FAMILIES TAX CREDIT</u> <u>Sec. 171.801.</u> Same as Senate version except as follows: <u>(1)-(3)</u> Same as House version. <u>(4)</u> Same as House version. <u>Sec. 171.802.</u> Same as Senate version. <u>Sec. 171.803.</u> Same as House version.

Senate Bill 2018
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION

described by Section 501(c)(3) of that code;
(2) is authorized to transact business in this state;
(3) has provided the following in this state for at least three years preceding the organization's receipt of the organization's initial designated contribution:
(A) comprehensive case management services for at-risk families based on an assessment of family strengths and needs, including assisting families in achieving self-sufficiency and stability and encouraging workforce participation; or
(B) services and resources to assist fathers in learning and improving parenting skills and being more engaged in their children's lives through in-school programs and online resources;
(4) does not directly or indirectly provide abortion services, or offer information related to abortion services; and
(5) has not received, either directly or indirectly through a contractor, more than 50 percent of its total annual revenue from this state or a political subdivision of this state in the preceding state fiscal year.

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

...

(6) a statement, signed under penalty of perjury by an officer of the organization, that the organization meets all criteria to qualify as an eligible organization, has **fulfilled** the requirements for the previous calendar year, and intends to

HOUSE VERSION (IE)

501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c)(3) of that code;
(2) is authorized to transact business in this state;
(3) has provided the following in this state for at least three years preceding the organization's receipt of the organization's initial designated contribution:
(A) comprehensive case management services for at-risk families based on an assessment of family strengths and needs, including assisting families in achieving self-sufficiency and stability and encouraging workforce participation; or
(B) services and resources to assist fathers in learning and improving parenting skills and being more engaged in their children's lives through in-school programs and online resources;
(4) does not directly or indirectly provide abortion services, or offer information related to abortion services; and
(5) has not received, either directly or indirectly through a contractor, more than 50 percent of its total annual revenue from this state or a political subdivision of this state in the preceding state fiscal year.

(b) To remain an eligible organization, an organization must submit each calendar year the following information **to the foundation** in the manner prescribed by the comptroller:
[FA1(4)]

...

(6) a statement, signed under penalty of perjury by an officer of the organization, that the organization meets all criteria to qualify as an eligible organization **under this section**, has **complied with** the requirements **under Section 171.804** for the

CONFERENCE

Senate Bill 2018
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION

fulfill the requirements for the next calendar year; and

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

(c) The comptroller may consult with the *state campaign manager and state policy committee* to determine the manner in which an organization must demonstrate that the organization is an eligible organization for purposes of this subchapter.

Sec. 171.804. DUTIES OF ELIGIBLE ORGANIZATION.

(a)-(b)

No equivalent provision.

Sec. 171.805. AMOUNT OF CREDIT; LIMITATION ON TOTAL CREDITS.

(a) Subject to Subsections (b) *and (c)*, the amount of a taxable entity's credit for a report is equal to the lesser of:

(1) the amount of *designated contributions made to eligible organizations during the period covered by the report*; or

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

HOUSE VERSION (IE)

previous calendar year, and intends to *comply with those* requirements for the next calendar year; and [FA1(5)-(7)]

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

(c) The comptroller may consult with the *foundation* to determine the manner in which an organization must demonstrate that the organization is an eligible organization for purposes of this subchapter. [FA1(8)]

Sec. 171.804. Same as Senate version except as follows.

(a)-(b)

(c) An eligible organization shall provide to the comptroller a copy of each certificate of contribution provided to an entity under Subsection (b) not later than the 30th day after the date the organization provided the certificate to the entity making the designated contribution. [FA1(9)]

Sec. 171.805 AMOUNT OF CREDIT; LIMITATION ON TOTAL CREDITS.

(a) Subject to Subsection (b), the amount of a taxable entity's credit for a report is equal to the lesser of:

(1) the amount of *credit awarded to the entity under Section 171.807*; or [FA1(10)]

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

CONFERENCE

Sec. 171.804. Same as House version

Sec. 171.805. Same as House version.

Senate Bill 2018
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION

(b) Prohibits a taxable entity from applying for a credit for a report in connection with more than \$1 million in designated contributions.

(c) Caps the total amount of strong families credits awarded at \$5 million each year.

Sec. 171.806. CARRYFORWARD.

(a) If a taxable entity is **eligible for** a credit that exceeds the limitation under Section 171.805(a), the entity may carry the unused credit forward for not more than five consecutive reports.

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

Sec. 171.807. APPLICATION FOR CREDIT.

(a)-(b)

(c) The comptroller may rely on an audited cost report provided by a taxable entity in awarding a credit under this subchapter.

(d) A taxable entity may not apply for an amount of credit greater than **the amount determined under Section 171.805(a)(1) or (b), as applicable.**

HOUSE VERSION (IE)

No equivalent provision. (b) [Deleted by FA1(11)]

(c) Same as Senate version.

Sec. 171.806. CARRYFORWARD.

(a) If a taxable entity is **awarded** a credit that exceeds the limitation under Section 171.805(a), the entity may carry the unused credit forward for not more than five consecutive reports. [FA1(12)]

(b) Same as Senate version.

Sec. 171.807. Same as Senate version except as follows:

(a)-(b)

No equivalent provision. (c) [Deleted by FA1(13)]

(d) A taxable entity may not apply for an amount of credit greater than **the lesser of:**
(1) the taxable entity's designated contributions made to eligible organizations during the relevant period; or
(2) \$1 million. [FA1(14)]

CONFERENCE

Sec. 171.806. Same as House version.

Sec. 171.807. Same as House version.

Senate Bill 2018
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION	HOUSE VERSION (IE)	CONFERENCE
<u>(e)-(h)</u>	<u>(d)-(g)</u>	
<u>Sec. 171.808-171.809.</u>	<u>Sec. 171.808-171.809.</u> Same as Senate version.	<u>Sec. 171.808-171.809.</u> Same as Senate version.
<i>No equivalent provision.</i>	<u>Sec. 171.810. FEES. The foundation may set and charge to an organization a fee in an amount sufficient to cover the foundation's costs to certify the organization as an eligible organization under Section 171.803. [FA1(15)]</u>	<u>Sec. 171.810.</u> Same as House version.
<u>Sec. 171.810-171.811.</u>	<u>Sec. 171.811-171.812.</u> Same as Senate version. [FA1(16), (17)]	<u>Sec. 171.811-171.812.</u> Same as Senate version.
SECTION 2. Transition provision.	SECTION 2. Same as Senate version.	SECTION 2. Same as Senate version.
SECTION 3. Effective date.	SECTION 3. Same as Senate version.	SECTION 3. Same as Senate version.

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:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2026	\$0
2027	(\$146,000)
2028	(\$146,000)
2029	(\$146,000)
2030	(\$146,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue (Loss) from <i>Property Tax Relief Fund</i> 304	Probable (Cost) from <i>General Revenue Fund</i> 1	<i>Change in Number of State Employees from FY 2025</i>
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