

By: Landgraf

H.B. No. 2213

A BILL TO BE ENTITLED

1 AN ACT

2 relating to lowering the rates of and repealing the franchise tax.

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

4 SECTION 1. (a) Effective January 1, 2024, Sections
5 171.002(a) and (b), Tax Code, are amended to read as follows:

6 (a) Subject to Sections 171.003 and 171.1016 and except as
7 provided by Subsection (b), the rate of the franchise tax is 0.375
8 [~~0.75~~] percent of taxable margin.

9 (b) Subject to Sections 171.003 and 171.1016, the rate of
10 the franchise tax is 0.188 [~~0.375~~] percent of taxable margin for
11 those taxable entities primarily engaged in retail or wholesale
12 trade.

13 (b) Effective January 1, 2024, Section 171.1016(b), Tax
14 Code, is amended to read as follows:

15 (b) The amount of the tax for which a taxable entity that
16 elects to pay the tax as provided by this section is liable is
17 computed by:

18 (1) determining the taxable entity's total revenue
19 from its entire business, as determined under Section 171.1011;

20 (2) apportioning the amount computed under
21 Subdivision (1) to this state, as provided by Section 171.106, to
22 determine the taxable entity's apportioned total revenue; and

23 (3) multiplying the amount computed under Subdivision
24 (2) by the rate of 0.166 [~~0.331~~] percent.

1 (c) This section applies only to a report originally due on
2 or after January 1, 2024.

3 SECTION 2. (a) Effective January 1, 2025, Chapter 171, Tax
4 Code, is repealed.

5 (b) A taxable entity that is subject to the franchise tax
6 imposed under Chapter 171, Tax Code, on December 31, 2024, is not
7 required to file a franchise tax report or pay a tax on the taxable
8 entity's taxable margin for the period ending on that date.

9 (c) Chapter 171, Tax Code, as that chapter existed
10 immediately before its repeal by this Act, and Subtitle B, Title 2,
11 Tax Code, continue to apply to audits, deficiencies,
12 redeterminations, and refunds of any tax due or collected under
13 Chapter 171 until barred by limitations.

14 (d) The repeal of Chapter 171, Tax Code, does not affect:

15 (1) the status of a taxable entity that has had its
16 corporate privileges, certificate of authority, certificate of
17 organization, certificate of limited partnership, corporate
18 charter, or registration revoked, a suit filed against it, or a
19 receiver appointed under Subchapter F, G, or H of that chapter;

20 (2) the ability of the comptroller of public accounts,
21 secretary of state, or attorney general to take action against a
22 taxable entity under Subchapter F, G, or H of that chapter for
23 actions that took place before the repeal; or

24 (3) the right of a taxable entity to contest a
25 forfeiture, revocation, lawsuit, or appointment of a receiver under
26 Subchapter F, G, or H of that chapter.

27 SECTION 3. This Act takes effect January 1, 2024.