

BILL ANALYSIS

H.B. 450
By: Mowery
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Under current law, a corporation is not required to pay a franchise tax if the tax would be less than \$100 or the corporation's gross receipts is less than \$150,000. Corporations that do not pay a franchise tax are nevertheless protected in this state and are allowed to retain their corporate name.

House Bill 450 would require that a corporation pay a minimum franchise tax of \$100.

RULEMAKING AUTHORITY

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

ANALYSIS

- SECTION 1. Amends Section 171.002(a), (b), and (d), Tax Code, to require a minimum franchise tax of \$100.
- SECTION 2. Amends Sec. 171.201(a), Tax Code, to make conforming changes.
- SECTION 3. Amends Sec. 171.202(a) and (d), Tax Code, to make conforming changes.
- SECTION 4. Amends Sec. 171.203(a), Tax Code, to make conforming changes.
- SECTION 5. Amends Sec. 171.204, Tax Code, to make conforming changes.
- SECTION 6. Amends Sec. 171.851, Tax Code, to make conforming changes.
- SECTION 7. Repealer. Repeals Sec. 171.2022(b), Tax Code (Exemption From Reporting Requirement).

EFFECTIVE DATE

January 1, 2004.