

## **BILL ANALYSIS**

H.J.R. 44  
By: Branch  
Ways & Means  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

During the 79th Legislature, 3rd Called Session, 2006, the Legislature passed House Bill No. 3 that restructured the state's franchise tax by expanding the tax to include newly taxed entities and change how the tax is calculated to lower the tax rates. In order to ensure that the lowered tax rates are not raised, HJR 44 would propose a constitutional amendment to Article 8 of the Texas Constitution to require any increase in a franchise tax rate to be approved by three-fourths of all the members elected to each house of the Legislature.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this resolution does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

HJR 44 amends Article VIII, Texas Constitution, by adding Section 25 to state that:

- (a) A bill increasing any franchise tax rate above the rate in effect on the date the bill was filed may take effect only if passed by a record vote of three-fourths of all the members elected to each house of the legislature on final consideration in each house.
- (b) This section does not apply to a bill that amends:
  - (1) the manner in which the franchise tax is computed;
  - (2) the manner in which the franchise tax is administered or enforced; or
  - (3) the applicability of the franchise tax.

HJR 44 also states that this proposed constitutional amendment shall be submitted to the voters at an election to be held November 6, 2007. The ballot shall be printed to provide for voting for or against the proposition: "The constitutional amendment requiring any increase in a franchise tax rate to be approved by three-fourths of all the members elected to each house of the legislature."

### **EFFECTIVE DATE**

This proposed constitutional amendment shall be submitted to the voters at an election to be held November 6, 2007.