

1-1 By: Keffer (Senate Sponsor - Ogden) H.B. No. 1207
1-2 (In the Senate - Received from the House May 3, 2007;
1-3 May 7, 2007, read first time and referred to Committee on Finance;
1-4 May 19, 2007, reported favorably by the following vote: Yeas 12,
1-5 Nays 0; May 19, 2007, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to corrections to the revised franchise tax transition
1-9 provisions of House Bill No. 3, 79th Legislature, 3rd Called
1-10 Session, 2006.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Section 22, Chapter 1, Acts of the 79th
1-13 Legislature, 3rd Called Session, 2006, is amended by amending
1-14 Subsection (b) and adding Subsections (b-1), (b-2), and (g) to read
1-15 as follows:

1-16 (b) For an entity becoming subject to the franchise tax
1-17 under this Act:

1-18 (1) margin or gross receipts occurring before June 1,
1-19 2006, may not be considered for purposes of determining taxable
1-20 margin or for apportionment purposes; and

1-21 (2) an entity subject to the franchise tax on January
1-22 1, 2008, that was not previously subject to the tax and for which
1-23 January 1, 2008, is not the beginning date, shall file an annual
1-24 report due May 15, 2008, based on the period:

1-25 (A) if the entity has an accounting period that
1-26 ends on or after January 1, 2007, and before June 1, 2007:

1-27 (i) beginning on the later of:

1-28 (a) June 1, 2006; or

1-29 (b) the date the entity was organized
1-30 in this state or, if a foreign entity, the date it began doing
1-31 business in this state; and

1-32 (ii) ending on the date that accounting
1-33 period ends in 2007;

1-34 (B) if the entity has an accounting period that
1-35 ends on or after June 1, 2007, and before December 31, 2007:

1-36 (i) beginning on the date that accounting
1-37 period begins; and

1-38 (ii) ending on the date that accounting
1-39 period ends in 2007; and

1-40 (C) if the entity has an accounting period that
1-41 ends on December 31, 2007, or if the entity does not have an
1-42 accounting period that ends in 2007:

1-43 (i) beginning on the later of:

1-44 (a) January 1, 2007; or

1-45 (b) the date the entity was organized
1-46 in the state or, if a foreign entity, the date it began doing
1-47 business in this state; and

1-48 (ii) ending on December 31, 2007[, and

1-49 ~~[(3) an entity subject to the franchise tax as it
1-50 existed before the effective date of this Act at any time after
1-51 December 31, 2006, and before January 1, 2008, but not subject to
1-52 the franchise tax on January 1, 2008, shall file a final report for
1-53 the privilege of doing business at any time after June 30, 2007, and
1-54 before January 1, 2008, based on the period:~~

1-55 ~~[(A) beginning on the later of:~~

1-56 ~~[(i) January 1, 2007; or~~

1-57 ~~[(ii) the date the entity was organized in
1-58 this state or, if a foreign entity, the date it began doing business
1-59 in this state; and~~

1-60 ~~[(B) ending on the date the entity became no
1-61 longer subject to the franchise tax].~~

1-62 (b-1) This subsection applies to an entity that:

1-63 (1) is not doing business in this state on January 1,
1-64 2008;

2-1 (2) would be subject to the franchise tax as amended by
2-2 this Act if it were doing business in this state on or after January
2-3 1, 2008, but would not have been subject to the franchise tax as it
2-4 existed before being amended by this Act; and

2-5 (3) was doing business in this state at any time after
2-6 June 30, 2007, and before January 1, 2008.

2-7 (b-2) An entity to which Subsection (b-1) applies shall, for
2-8 the privilege of doing business in this state at any time after June
2-9 30, 2007, and before January 1, 2008, file a final report and pay an
2-10 additional tax equal to the appropriate rate under Section 171.002,
2-11 Tax Code, as amended by this Act, of the entity's taxable margin
2-12 based on the period:

2-13 (1) beginning on the later of:

2-14 (A) January 1, 2007; or

2-15 (B) the date the entity was organized in this
2-16 state or, if a foreign entity, the date it began doing business in
2-17 this state; and

2-18 (2) ending on the date the entity became no longer
2-19 subject to the tax.

2-20 (g) Except as provided by Subsection (b)(1) of this section,
2-21 an entity becoming subject to the franchise tax under this Act that
2-22 is part of a combined group report shall, for purposes of
2-23 determining margin and apportionment, include its activity for the
2-24 same period used by the combined group.

2-25 SECTION 2. This Act takes effect immediately if it receives
2-26 a vote of two-thirds of all the members elected to each house, as
2-27 provided by Section 39, Article III, Texas Constitution. If this
2-28 Act does not receive the vote necessary for immediate effect, this
2-29 Act takes effect September 1, 2007.

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