

By: Isett

H.B. No. 1542

A BILL TO BE ENTITLED

AN ACT

relating to franchise tax rates.

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

SECTION 1. Section 171.002, Tax Code, as effective January 1, 2008, is amended by adding Subsection (b-1) to read as follows:

(b-1) Notwithstanding Subsection (a) and except as otherwise provided by this subsection, the rate of the franchise tax is 0.5 percent of taxable margin. Notwithstanding Subsection (b), the rate of the franchise tax is 0.25 percent of taxable margin for those taxable entities primarily engaged in retail or wholesale trade. This subsection expires January 1, 2010.

SECTION 2. Section 171.003, Tax Code, as effective January 1, 2008, is amended by adding Subsection (d) to read as follows:

(d) This section does not apply to a change in a rate occurring on the expiration of Section 171.002(b-1). This subsection expires December 31, 2010.

SECTION 3. This Act applies only to a report originally due on or after the effective date of this Act.

SECTION 4. This Act takes effect January 1, 2008.