

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 7, 2007

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB1207 by Keffer, Jim (Relating to corrections to the revised franchise tax transition provisions of House Bill No. 3, 79th Legislature, 3rd Called Session, 2006.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend Section 22, Chapter 1, Acts of the 79th Legislature, Third Called Session (2006), relating to the provisions for filing reports by entities becoming subject to the franchise tax pursuant to House Bill 3.

The bill would clarify Section 22 by specifying the entities that would have to file a final franchise tax report and the period over which taxable margin would be calculated for the report.

Under the bill, an entity becoming subject to the franchise tax because of House Bill 3 and that is part of a combined group would have to use the same period as the combined group for determination of taxable margin and apportionment.

The bill would amend the transition reporting requirements for a newly taxable entity to provide that all entities now subject to the provisions of Chapter 171 Tax Code would have to report in fiscal 2008.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2007.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT, SD, SM