

By: Zerwas

H.B. No. 277

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the franchise tax and alternative revenue sources and  
3 spending priorities for this state.

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

5 SECTION 1. This Act may be cited as the Revenue Reform Act  
6 of 2009.

7 SECTION 2. (a) Effective January 1, 2010, Section  
8 171.002(d), Tax Code, is amended to read as follows:

9 (d) A taxable entity is not required to pay any tax and is  
10 not considered to owe any tax for a period if:

11 (1) the amount of tax computed for the taxable entity  
12 is less than \$1,000; or

13 (2) the amount of the taxable entity's total revenue  
14 from its entire business is less than or equal to \$600,000  
15 [~~\$300,000~~] or the amount determined under Section 171.006 per  
16 12-month period on which margin is based.

17 (b) This section applies only to a report originally due on  
18 or after January 1, 2010.

19 SECTION 3. (a) Effective January 1, 2011, Section  
20 171.002(d), Tax Code, is amended to read as follows:

21 (d) A taxable entity is not required to pay any tax and is  
22 not considered to owe any tax for a period if:

23 (1) the amount of tax computed for the taxable entity  
24 is less than \$1,000; or

1           (2) the amount of the taxable entity's total revenue  
2 from its entire business is less than or equal to \$1 million  
3 [~~\$300,000~~] or the amount determined under Section 171.006 per  
4 12-month period on which margin is based.

5           (b) This section applies only to a report originally due on  
6 or after January 1, 2011.

7           SECTION 4. (a) The comptroller of public accounts shall  
8 conduct a comprehensive study that:

9           (1) analyzes and compares:

10                   (A) the feasibility of implementing alternative  
11 methods to the franchise tax imposed under Chapter 171, Tax Code, by  
12 which revenue may be generated to address the needs of this state;  
13 and

14                   (B) the effectiveness of each of those methods in  
15 generating sufficient revenue to address those needs; and

16           (2) prioritizes the revenue needs of this state and  
17 identifies potential reductions in expenditures by this state.

18           (b) The comptroller of public accounts shall consider the  
19 funding priorities and requirements established by the Texas  
20 Constitution in prioritizing the revenue needs of this state as  
21 required by Subsection (a)(2) of this section.

22           (c) The study conducted under Subsection (a) of this section  
23 must include an analysis and comparison of the following  
24 revenue-generating methods:

25                   (1) imposing a transaction tax in this state;

26                   (2) imposing a value-added tax in this state;

27                   (3) eliminating exemptions from the sales and use tax

1 imposed under Chapter 151, Tax Code;

2 (4) increasing the rate of the sales and use tax  
3 imposed under Chapter 151, Tax Code;

4 (5) imposing the sales and use tax under Chapter 151,  
5 Tax Code, according to rate brackets, the applications of which  
6 vary according to the sales price of a taxable item;

7 (6) imposing a business sales tax in this state in  
8 addition to the sales and use tax imposed under Chapter 151, Tax  
9 Code; and

10 (7) any other method the comptroller considers  
11 potentially effective in addressing the revenue needs of this  
12 state.

13 (d) Not later than November 1, 2010, the comptroller of  
14 public accounts shall submit a report to the legislature regarding  
15 the results of the study conducted under this section. The report  
16 must:

17 (1) identify one or more revenue-generating methods  
18 the comptroller determines would be most effective in meeting the  
19 revenue needs of this state;

20 (2) include a description of any legislation necessary  
21 to implement the methods identified under Subdivision (1) of this  
22 subsection; and

23 (3) propose specific reductions in expenditures by  
24 this state and any legislation necessary to implement those  
25 reductions.

26 SECTION 5. Effective January 1, 2014, Chapter 171, Tax  
27 Code, is repealed.

1           SECTION 6. Except as otherwise provided by this Act, this  
2 Act takes effect September 1, 2009.