

By: Edwards

H.B. No. 1667

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the computation and rates of the franchise tax.

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

4 SECTION 1. Sections 171.002(a), (b), and (d), Tax Code, are  
5 amended to read as follows:

6 (a) Subject to Sections 171.003 and 171.1016 and except as  
7 provided by Subsection (b), the rate of the franchise tax is 0.75  
8 [~~one~~] percent of taxable margin.

9 (b) Subject to Sections 171.003 and 171.1016, the rate of  
10 the franchise tax is 0.375 [~~0.5~~] percent of taxable margin for those  
11 taxable entities primarily engaged in retail or wholesale trade.

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

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

16 (2) the amount of the taxable entity's total revenue  
17 from its entire business is less than or equal to \$1 million  
18 [~~\$300,000~~] or the amount determined under Section 171.006 per  
19 12-month period on which margin is based.

20 SECTION 2. Section 171.006(b), Tax Code, is amended to read  
21 as follows:

22 (b) On [~~Beginning in 2010, on~~] January 1 of each  
23 even-numbered year, the amounts prescribed by Sections  
24 171.002(d)(2) [~~, 171.0021,~~] and 171.1013(c) are increased or

1 decreased by an amount equal to the amount prescribed by those  
2 sections on December 31 of the preceding year multiplied by the  
3 percentage increase or decrease during the preceding state fiscal  
4 biennium in the consumer price index and rounded to the nearest  
5 \$10,000.

6 SECTION 3. Sections 171.0021 and 171.1016(d), Tax Code, are  
7 repealed.

8 SECTION 4. This Act applies only to a report originally due  
9 on or after the effective date of this Act.

10 SECTION 5. This Act takes effect January 1, 2010.