

By: Patrick, Dan

S.B. No. 19

A BILL TO BE ENTITLED

AN ACT

relating to the computation of the franchise tax.

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

SECTION 1. Section 171.002(d), Tax Code, is amended to read as follows:

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

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

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

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

(b) On [~~Beginning in 2010, on~~] January 1 of each even-numbered year, the amounts prescribed by Sections 171.002(d)(2) [~~, 171.0021,~~] and 171.1013(c) are increased or decreased by an amount equal to the amount prescribed by those sections on December 31 of the preceding year multiplied by the percentage increase or decrease during the preceding state fiscal biennium in the consumer price index and rounded to the nearest \$10,000.

SECTION 3. Section 171.1016(b), Tax Code, is amended to

1 read as follows:

2 (b) The amount of the tax for which a taxable entity that
3 elects to pay the tax as provided by this section is liable is
4 computed by:

5 (1) determining the taxable entity's total revenue
6 from its entire business, as determined under Section 171.1011;

7 (2) apportioning the amount computed under
8 Subdivision (1) to this state, as provided by Section 171.106, to
9 determine the taxable entity's apportioned total revenue; and

10 (3) multiplying the amount computed under Subdivision
11 (2) by the rate of 0.4 [~~0.575~~] percent.

12 SECTION 4. Sections 171.0021 and 171.1016(d), Tax Code, are
13 repealed.

14 SECTION 5. This Act applies only to a report originally due
15 on or after the effective date of this Act.

16 SECTION 6. This Act takes effect January 1, 2010.