

By: Shapiro

S.B. No. 1221

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the exclusion of certain commercial lease revenue in  
3 determining a taxable entity's total revenue for purposes of the  
4 revised franchise tax.

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

6 SECTION 1. Section 171.1011(g), Tax Code, is amended to  
7 read as follows:

8 (g) A taxable entity shall exclude from its total revenue,  
9 to the extent included under Subsection (c)(1)(A), (c)(2)(A), or  
10 (c)(3), only the following flow-through funds that are mandated by  
11 contract to be distributed to other entities:

12 (1) sales commissions to nonemployees, including  
13 split-fee real estate commissions;

14 (2) the tax basis as determined under the Internal  
15 Revenue Code of securities underwritten; ~~and~~

16 (3) subcontracting payments handled by the taxable  
17 entity to provide services, labor, or materials in connection with  
18 the actual or proposed design, construction, remodeling, or repair  
19 of improvements on real property or the location of the boundaries  
20 of real property; and

21 (4) payments received by a landlord of commercial real  
22 property from a tenant of the property to reimburse the landlord for  
23 ad valorem taxes, franchise taxes, any tax or excise imposed on  
24 rents, general or special assessments or other taxes, operating

1 expenses, including property and other insurance expenses,  
2 utilities, maintenance expenses, management expenses, and similar  
3 amounts generally expended for commercial real property.

4 SECTION 2. This Act applies only to a report originally due  
5 on or after the effective date of this Act.

6 SECTION 3. This Act takes effect January 1, 2010.