

## **BILL ANALYSIS**

C.S.H.B. 2383  
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Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Under the franchise tax statute that was in effect before the recent reform of the margins tax, the state offered a tax credit for research and development expenditures made in Texas. This credit closely followed the federal tax credit for research and development. However, this tax credit was eliminated as part of the recent tax reforms. C.S.H.B. 2383 seeks to revisit the credit's elimination by requiring a study regarding the costs and benefits of reenacting the franchise tax credit for research and development expenditures in Texas.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 2383 amends the Tax Code to create a temporary provision, set to expire September 1, 2013, requiring the Legislative Budget Board to conduct a study of the costs and benefits to the state of reenacting the tax credit for research and development activities that was in effect in 2006 and of the types of research and development incentives available in other states. The bill authorizes the board to seek the assistance of other state agencies in conducting the study but requires the study to be completed using existing resources available to the board and any assisting agencies. The bill requires the board to report the results of the study to the legislature not later than January 1, 2013.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 2383 differs from the original by providing an expiration date of September 1, 2013, for its temporary provisions, whereas the original provides an expiration date of January 1, 2013.

C.S.H.B. 2383 differs from the original by requiring the Legislative Budget Board to conduct a study of the costs and benefits of reenacting the tax credit for research and development activities that was in effect in 2006, whereas the original requires a study of the costs and benefits of reenacting the tax incentive then in effect.

C.S.H.B. 2383 differs from the original in nonsubstantive ways by conforming to certain bill drafting conventions.