By: Zerwas H.B. No. 795

A BILL TO BE ENTITLED

AN ACT

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

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

SECTION 1. (a) The comptroller of public accounts shall conduct a comprehensive study that:

(1) analyzes and compares:

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

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

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

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

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

(1) imposing a transaction tax in this state;

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

(3) eliminating exemptions from the sales and use tax imposed under Chapter 151, Tax Code;

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

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

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

(7) any other method the comptroller of public accounts considers potentially effective in addressing the revenue needs of this state.

(d) Not later than November 1, 2012, the comptroller of public accounts shall submit a report to the legislature regarding the results of the study conducted under this section. The report must:

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

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

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

SECTION 2. Effective January 1, 2016, Chapter 171, Tax

Code, is repealed.

SECTION 3. Except as otherwise provided by this Act, this Act takes effect September 1, 2011.