

By: Creighton

H.B. No. 869

A BILL TO BE ENTITLED

1 AN ACT

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

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

5 SECTION 1. This Act may be cited as the Revenue Reform Act
6 of 2011.

7 SECTION 2. (a) The comptroller of public accounts shall
8 conduct a comprehensive study that:

9 (1) analyzes and compares:

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

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

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

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

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

- 1 (1) imposing a transaction tax in this state;
- 2 (2) imposing a value-added tax in this state;
- 3 (3) eliminating exemptions from the sales and use tax
4 imposed under Chapter 151, Tax Code;
- 5 (4) increasing the rate of the sales and use tax
6 imposed under Chapter 151, Tax Code;
- 7 (5) imposing the sales and use tax under Chapter 151,
8 Tax Code, according to rate brackets, the applications of which
9 vary according to the sales price of a taxable item;
- 10 (6) imposing a business sales tax in this state in
11 addition to the sales and use tax imposed under Chapter 151, Tax
12 Code; and
- 13 (7) any other method the comptroller of public
14 accounts considers potentially effective in addressing the revenue
15 needs of this state.

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

- 20 (1) identify one or more revenue-generating methods
21 the comptroller determines would be most effective in meeting the
22 revenue needs of this state;
- 23 (2) include a description of any legislation necessary
24 to implement the methods identified under Subdivision (1) of this
25 subsection; and
- 26 (3) propose specific reductions in expenditures by
27 this state and any legislation necessary to implement those

1 reductions.

2 SECTION 3. Section 1(c), Chapter 286 (H.B. 4765), Acts of
3 the 81st Legislature, Regular Session, 2009, is repealed.

4 SECTION 4. Section 2, Chapter 286 (H.B. 4765), Acts of the
5 81st Legislature, Regular Session, 2009, which amended former
6 Subsection (d), Section 171.002, Tax Code, is repealed.

7 SECTION 5. Section 3, Chapter 286 (H.B. 4765), Acts of the
8 81st Legislature, Regular Session, 2009, which amended former
9 Subsection (a), Section 171.0021, Tax Code, is repealed.

10 SECTION 6. Section 171.0021, Tax Code, is repealed.

11 SECTION 7. Effective January 1, 2016, Chapter 171, Tax
12 Code, is repealed.

13 SECTION 8. Except as otherwise provided by this Act, this
14 Act takes effect September 1, 2011.