

By: Howard of Fort Bend

H.B. No. 877

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the definition of controlling interest for purposes of  
3 the franchise tax.

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

5 SECTION 1. Section 171.0001(8), Tax Code, is amended to  
6 read as follows:

7 (8) "Controlling interest" means:

8 (A) for a corporation, either more than 50  
9 percent, owned directly or indirectly, of the total combined voting  
10 power of all classes of stock of the corporation, or more than 50  
11 percent, owned directly or indirectly, of the beneficial ownership  
12 interest in the voting stock of the corporation;

13 (B) for a partnership, ~~[association, trust, or~~  
14 ~~other entity other than a limited liability company,~~] more than 50  
15 percent, owned directly or indirectly, of the capital or [7]  
16 profits [~~, or beneficial~~] interest in the partnership [~~,~~  
17 ~~association, trust, or other entity~~]; ~~[and]~~

18 (C) for an association, ~~[for a limited liability~~  
19 ~~company, either]~~ more than 50 percent, owned directly or  
20 indirectly, of the capital or profits interest in the association;

21 (D) for a trust, more than 50 percent, owned  
22 directly or indirectly, of the current beneficial interest in the  
23 trust corpus or income;

24 (E) for a limited liability company, either more

1 than 50 percent, owned directly or indirectly, of the total  
2 membership interest of the limited liability company or more than  
3 50 percent, owned directly or indirectly, of the beneficial  
4 ownership interest in the membership interest of the limited  
5 liability company; or

6 (F) for any other entity, more than 50 percent,  
7 owned directly or indirectly, of the capital or profits interest in  
8 the entity [~~total membership interest of the limited liability~~  
9 ~~company or more than 50 percent, owned directly or indirectly, of~~  
10 ~~the beneficial ownership interest in the membership interest of the~~  
11 ~~limited liability company~~].

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

14 SECTION 3. This Act takes effect January 1, 2012.