

By: Harper-Brown

H.B. No. 77

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the \$1 million total revenue exemption for the
3 franchise tax; decreasing the rates of the franchise tax.

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

5 SECTION 1. Sections 171.002(a) and (b), Tax Code, are
6 amended to read as follows:

7 (a) Subject to Sections 171.003 and 171.1016 and except as
8 provided by Subsection (b), the rate of the franchise tax is 0.75
9 [~~one~~] percent of taxable margin.

10 (b) Subject to Sections 171.003 and 171.1016, the rate of
11 the franchise tax is 0.25 [~~0.5~~] percent of taxable margin for those
12 taxable entities primarily engaged in retail or wholesale trade.

13 SECTION 2. Section 1(c), Chapter 286 (H.B. 4765), Acts of
14 the 81st Legislature, Regular Session, 2009, as amended by Section
15 37.01, Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called
16 Session, 2011, is repealed.

17 SECTION 3. Section 2, Chapter 286 (H.B. 4765), Acts of the
18 81st Legislature, Regular Session, 2009, as amended by Section
19 37.02, Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called
20 Session, 2011, and which amended former Subsection (d), Section
21 171.002, Tax Code, is repealed.

22 SECTION 4. Section 3, Chapter 286 (H.B. 4765), Acts of the
23 81st Legislature, Regular Session, 2009, as amended by Section
24 37.03, Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called

1 Session, 2011, and which amended former Subsection (a), Section
2 171.0021, Tax Code, is repealed.

3 SECTION 5. Section 171.006(b), Tax Code, is amended to read
4 as follows:

5 (b) Beginning in 2010, on January 1 of each even-numbered
6 year, the amounts prescribed by Sections 171.002(d)(2)[~~7~~
7 ~~171.0021,~~] and 171.1013(c) are increased or decreased by an amount
8 equal to the amount prescribed by those sections on December 31 of
9 the preceding year multiplied by the percentage increase or
10 decrease during the preceding state fiscal biennium in the consumer
11 price index and rounded to the nearest \$10,000.

12 SECTION 6. Sections 171.0021 and 171.1016(d), Tax Code, are
13 repealed.

14 SECTION 7. If H.B. No. 500, Acts of the 83rd Legislature,
15 Regular Session, 2013, becomes law:

16 (1) Sections 2, 3, 4, 5, and 6 of this Act have no
17 effect; and

18 (2) Sections 171.0022 and 171.0023, Tax Code, as added
19 by that Act, have no effect.

20 SECTION 8. This Act applies only to a report originally due
21 on or after January 1, 2014.

22 SECTION 9. This Act takes effect January 1, 2014.