

## **BILL ANALYSIS**

H.B. 317  
By: Otto  
Ways & Means  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Rent-to-own stores offer goods such as electronics, appliances, and furniture that consumers obtain by way of rental purchase agreements, which allow a consumer to immediately obtain an item and then make payments towards its purchase. Rent-to-own stores are not considered retailers for purposes of the Texas franchise or margins tax, meaning the rent-to-own industry pays the one percent tax rate instead of the 0.5 percent rate reserved for businesses that offer the very same retail goods. H.B. 317 seeks to remedy this situation by adding rental-purchase agreement activities to the definition of "retail trade" with regard to the franchise tax.

### **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**

H.B. 317 amends the Tax Code to expand the definition of "retail trade," for franchise tax purposes, to include rental-purchase agreement activities.

### **EFFECTIVE DATE**

January 1, 2014.