BILL ANALYSIS

H.B. 2385
By: Capriglione
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties note that currently, there are two different methods of calculating the sales factor numerator in a unitary combined franchise tax report or consolidated return filed by a group of affiliated corporations. The parties report that a taxable entity subject to the franchise tax must provide information under both methods in the entity's franchise tax report submitted to the comptroller of public accounts. The parties contend that there is no longer a need for both methods and that one should be eliminated. H.B. 2385 seeks to reduce the administrative burden of complying with 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. 2385 repeals Sections 171.103(c) and (d), Tax Code, relating to the requirement that a taxable entity that is a combined group include in the group's initial and annual franchise tax reports information regarding the gross receipts of group members who do not have a nexus with Texas.

EFFECTIVE DATE

January 1, 2014.