

By: Creighton

H.B. No. 883

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the franchise tax, including the \$1 million total
3 revenue exemption, and alternative revenue sources and spending
4 priorities for this state; repealing the franchise tax.

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

6 SECTION 1. This Act may be cited as the Revenue Reform Act
7 of 2013.

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

10 (1) analyzes and compares:

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

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

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

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

23 (c) The study conducted under Subsection (a) of this section
24 must include an analysis and comparison of the following

1 revenue-generating methods:

2 (1) imposing a transaction tax in this state;

3 (2) imposing a value-added tax in this state;

4 (3) eliminating exemptions from the sales and use tax
5 imposed under Chapter 151, Tax Code;

6 (4) increasing the rate of the sales and use tax
7 imposed under Chapter 151, Tax Code;

8 (5) imposing the sales and use tax under Chapter 151,
9 Tax Code, according to rate brackets, the applications of which
10 vary according to the sales price of a taxable item;

11 (6) imposing a business sales tax in this state in
12 addition to the sales and use tax imposed under Chapter 151, Tax
13 Code; and

14 (7) any other method the comptroller of public
15 accounts considers potentially effective in addressing the revenue
16 needs of this state.

17 (d) Not later than November 1, 2014, the comptroller of
18 public accounts shall submit a report to the legislature regarding
19 the results of the study conducted under this section. The report
20 must:

21 (1) identify one or more revenue-generating methods
22 the comptroller determines would be most effective in meeting the
23 revenue needs of this state;

24 (2) include a description of any legislation necessary
25 to implement the methods identified under Subdivision (1) of this
26 subsection; and

27 (3) propose specific reductions in expenditures by

1 this state and any legislation necessary to implement those
2 reductions.

3 SECTION 3. Section 1(c), Chapter 286 (H.B. 4765), Acts of
4 the 81st Legislature, Regular Session, 2009, as amended by Section
5 37.01, Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called
6 Session, 2011, is repealed.

7 SECTION 4. Section 2, Chapter 286 (H.B. 4765), Acts of the
8 81st Legislature, Regular Session, 2009, as amended by Section
9 37.02, Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called
10 Session, 2011, and which amended former Subsection (d), Section
11 171.002, Tax Code, is repealed.

12 SECTION 5. Section 3, Chapter 286 (H.B. 4765), Acts of the
13 81st Legislature, Regular Session, 2009, as amended by Section
14 37.03, Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called
15 Session, 2011, and which amended former Subsection (a), Section
16 171.0021, Tax Code, is repealed.

17 SECTION 6. Section 171.006(b), Tax Code, is amended to read
18 as follows:

19 (b) Beginning in 2010, on January 1 of each even-numbered
20 year, the amounts prescribed by Sections 171.002(d)(2)[~~7~~
21 ~~171.0021~~] and 171.1013(c) are increased or decreased by an amount
22 equal to the amount prescribed by those sections on December 31 of
23 the preceding year multiplied by the percentage increase or
24 decrease during the preceding state fiscal biennium in the consumer
25 price index and rounded to the nearest \$10,000.

26 SECTION 7. Sections 171.0021 and 171.1016(d), Tax Code, are
27 repealed.

1 SECTION 8. Effective January 1, 2018, Chapter 171, Tax
2 Code, is repealed.

3 SECTION 9. Except as otherwise provided by this Act, this
4 Act takes effect September 1, 2013.