

By: Hunter

H.B. No. 2766

Substitute the following for H.B. No. 2766:

By: Hilderbran

C.S.H.B. No. 2766

A BILL TO BE ENTITLED

1

AN ACT

2 relating to the exclusion of certain flow-through funds in
3 determining total revenue for purposes of the franchise tax.

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

5 SECTION 1. Section 171.1011(g), Tax Code, is amended to
6 read as follows:

7 (g) A taxable entity shall exclude from its total revenue,
8 to the extent included under Subsection (c)(1)(A), (c)(2)(A), or
9 (c)(3), only the following flow-through funds that are mandated by
10 contract or subcontract to be distributed to other entities:

11 (1) sales commissions to nonemployees, including
12 split-fee real estate commissions;

13 (2) the tax basis as determined under the Internal
14 Revenue Code of securities underwritten; and

15 (3) subcontracting payments made under a contract or
16 subcontract entered into ~~handled~~ by the taxable entity to provide
17 services, labor, or materials in connection with the actual or
18 proposed design, construction, remodeling, remediation, or repair
19 of improvements on real property or the location of the boundaries
20 of real property.

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

23 SECTION 3. This Act takes effect January 1, 2014.