

By: Branch

H.B. No. 2775

A BILL TO BE ENTITLED

AN ACT

relating to the exclusion of certain commercial lease revenue in determining a taxable entity's total revenue for purposes of the franchise tax.

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

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

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

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

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

(3) subcontracting payments handled by the taxable entity to provide services, labor, or materials in connection with the actual or proposed design, construction, remodeling, or repair of improvements on real property or the location of the boundaries of real property; and

(4) payments, excluding expenses for interest and depreciation, received by a landlord of commercial real property from a tenant of the property for ad valorem taxes, any tax or excise imposed on rents, general or special assessments or other

1 taxes, building or property operating expenses, property or other  
2 insurance expenses, utility expenses, and maintenance expenses.

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

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