

By: Eltife

S.B. No. 868

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the exclusion of certain flow-through payments related
3 to petroleum and mineral interests in determining total revenue for
4 purposes of the franchise tax.

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

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

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

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

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

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

21 (4) subcontracting payments made to individuals for
22 services related to the acquisition or management of petroleum
23 interests or the performance of title or contract functions related
24 to the exploration, exploitation, or disposition of petroleum or

1 mineral interests.

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

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