

By: Bonnen of Brazoria

H.B. No. 3482

A BILL TO BE ENTITLED

AN ACT

relating to the franchise tax; decreasing franchise tax rates.

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

SECTION 1. Section 111.0626(a), Tax Code, is amended to read as follows:

(a) The comptroller by rule shall require electronic filing of:

(1) a report required under Chapter 151, 201, or 202, or an international fuel tax agreement, for a taxpayer who is also required under Section 111.0625 to transfer payments by electronic funds transfer; and

(2) a report required under Section 171.204.

SECTION 2. Sections 171.002(a) and (b), Tax Code, are amended to read as follows:

(a) Subject to Sections 171.003 and 171.1016 and except as provided by Subsection (b), the rate of the franchise tax is 0.95 ~~one~~ percent of taxable margin.

(b) Subject to Sections 171.003 and 171.1016, the rate of the franchise tax is 0.475 ~~0.5~~ percent of taxable margin for those taxable entities primarily engaged in retail or wholesale trade.

SECTION 3. Section 171.1012, Tax Code, is amended by adding Subsection (p) to read as follows:

(p) Notwithstanding Subsection (e)(2) or any other provision of this section, the cost of goods sold includes the costs

1 attributable to the acceptance of credit cards and debit cards as a
2 means of payment.

3 SECTION 4. Section 171.1013(c), Tax Code, is amended to
4 read as follows:

5 (c) Notwithstanding the actual amount of wages and cash
6 compensation paid by a taxable entity to its officers, directors,
7 owners, partners, and employees, a taxable entity may not include
8 more than \$301,000 [~~\$300,000~~], or the amount determined under
9 Section 171.006, per 12-month period on which margin is based, for
10 any person in the amount of wages and cash compensation it
11 determines under this section. If a person is paid by more than one
12 entity of a combined group, the combined group may not subtract in
13 relation to that person a total of more than \$301,000 [~~\$300,000~~], or
14 the amount determined under Section 171.006, per 12-month period on
15 which margin is based.

16 SECTION 5. Section 171.106, Tax Code, is amended by adding
17 Subsection (h) to read as follows:

18 (h) A taxable entity that is a broadcaster shall include in
19 the numerator of the broadcaster's apportionment factor receipts
20 arising from a broadcast or other distribution of film programming
21 by any means only if the legal domicile of the broadcaster's
22 customer is in this state. This subsection applies only to receipts
23 that are licensing income from distributing film programming. In
24 this subsection:

25 (1) "Broadcaster" means a taxable entity, not
26 including a cable service provider or a direct broadcast satellite
27 service, that is a:

1 (A) television station licensed by the Federal
2 Communications Commission;

3 (B) television broadcast network;

4 (C) cable television network; or

5 (D) television distribution company.

6 (2) "Customer" means a person, including a license
7 holder, that has a direct connection or contractual relationship
8 with a broadcaster under which the broadcaster derives revenue.

9 (3) "Film programming" means all or part of a live or
10 recorded performance, event, or production intended to be
11 distributed for visual and auditory perception by an audience.

12 (4) "Programming" includes news, entertainment,
13 sporting events, plays, stories, or other literary, commercial,
14 educational, or artistic works.

15 SECTION 6. (a) The comptroller of public accounts shall
16 conduct a comprehensive study that:

17 (1) analyzes and compares:

18 (A) the feasibility of implementing alternative
19 methods to the franchise tax imposed under Chapter 171, Tax Code, by
20 which revenue may be generated to address the needs of this state;
21 and

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

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

26 (b) The comptroller of public accounts shall consider the
27 funding priorities and requirements established by the Texas

1 Constitution in prioritizing the revenue needs of this state as
2 required by Subsection (a)(2) of this section.

3 (c) This section takes effect September 1, 2015.

4 SECTION 7. This Act applies only to a report originally due
5 on or after the effective date of this Act.

6 SECTION 8. Except as otherwise provided by this Act, this
7 Act takes effect January 1, 2016.