

By: Creighton

S.B. No. 186

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the franchise tax and alternative revenue sources and  
3 spending priorities for this state; repealing the franchise tax.

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

5 SECTION 1. This Act may be cited as the Revenue Reform Act  
6 of 2015.

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

9 (1) analyzes and compares:

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

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

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

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

22 (c) The study conducted under Subsection (a) of this section  
23 must include an analysis and comparison of the following  
24 revenue-generating methods:

- 1           (1) imposing a transaction tax in this state;
- 2           (2) imposing a value-added tax in this state;
- 3           (3) eliminating exemptions from the sales and use tax  
4 imposed under Chapter 151, Tax Code;
- 5           (4) increasing the rate of the sales and use tax  
6 imposed under Chapter 151, Tax Code;
- 7           (5) imposing the sales and use tax under Chapter 151,  
8 Tax Code, according to rate brackets, the applications of which  
9 vary according to the sales price of a taxable item;
- 10          (6) imposing a business sales tax in this state in  
11 addition to the sales and use tax imposed under Chapter 151, Tax  
12 Code;
- 13          (7) any other method the comptroller of public  
14 accounts considers potentially effective in addressing the revenue  
15 needs of this state; and
- 16          (8) imposing a business franchise tax in this state on  
17 the basis of net profit.

18          (d) Not later than November 1, 2016, the comptroller of  
19 public accounts shall submit a report to the legislature regarding  
20 the results of the study conducted under this section. The report  
21 must:

- 22           (1) identify one or more revenue-generating methods  
23 the comptroller determines would be most effective in meeting the  
24 revenue needs of this state;
- 25           (2) include a description of any legislation necessary  
26 to implement the methods identified under Subdivision (1) of this  
27 subsection; and

1           (3) propose specific reductions in expenditures by  
2 this state and any legislation necessary to implement those  
3 reductions.

4           SECTION 3. Effective January 1, 2020, Chapter 171, Tax  
5 Code, is repealed.

6           SECTION 4. The change in law made by Section 3 of this Act  
7 does not affect tax liability accruing before the effective date of  
8 that section. That liability continues in effect as if this Act had  
9 not been enacted, and the former law is continued in effect for the  
10 collection of taxes due and for civil and criminal enforcement of  
11 the liability for those taxes.

12           SECTION 5. Except as otherwise provided by this Act, this  
13 Act takes effect September 1, 2015.