

By: Villalba

H.B. No. 3621

A BILL TO BE ENTITLED

AN ACT

relating to a franchise tax discount under certain circumstances.

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

SECTION 1. Subchapter A, Chapter 171, Tax Code, is amended by adding Section 171.008 to read as follows:

Sec. 171.008. DISCOUNT FROM TAX LIABILITY. (a) In this section:

(1) "Biennial revenue estimate" means the estimate of anticipated revenue to this state for the succeeding biennium that the comptroller prepares in accordance with Section 49a(a), Article III, Texas Constitution.

(2) "Current biennium" means the state fiscal biennium in which a biennial revenue estimate is submitted to the governor and legislature.

(3) "Succeeding biennium" means the state fiscal biennium beginning after the current biennium.

(b) The comptroller shall determine and include with the biennial revenue estimate the percentage change from the current biennium to the succeeding biennium in total general revenue-related funds available for certification, as shown in the biennial revenue estimate for those bienniums.

(c) This section applies to a taxable entity's computation of tax due for the reports originally due in each year of the succeeding biennium only if the percentage change determined under

1 Subsection (b) is greater than five percent. Not later than January
2 15 of each year in which this section applies, the comptroller shall
3 post on the comptroller's Internet website a notice regarding this
4 section's applicability for that year.

5 (d) A taxable entity is entitled to a discount of 25 percent
6 of the tax imposed under this chapter that the taxable entity is
7 required to pay after determining its taxable margin under Section
8 171.101, applying the appropriate rate of the tax under Section
9 171.002(a) or (b), and subtracting any other allowable credits,
10 including credit carryforwards.

11 (e) Notwithstanding Section 171.1016(c), a taxable entity
12 that elects to pay the tax as provided by Section 171.1016 is
13 entitled to a discount of 25 percent of the tax calculated under
14 that section.

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

17 SECTION 3. This Act takes effect January 1, 2019.