

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 11, 2017

TO: Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3345 by Springer (Relating to the definition of "passive entity" for the franchise tax.),
As Introduced

No fiscal implication to the State is anticipated.

The bill would amend Chapter 171 of the Tax Code, regarding the franchise tax, to add language clarifying a provision related to passive entities. Under current law, passive entities are required to receive 90 percent of their federal gross income from sources listed in this chapter. The bill would add interest income by a person in the business of making loans to the general public to the list of income sources that are not considered passive income when calculating the 90 percent income test.

The bill's provisions reflect current Comptroller policies and would therefore have no revenue implications.

The bill would take effect on September 1, 2017.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD