

BILL ANALYSIS

H.B. 1089
By: Darby
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

It has been suggested that many retail businesses offering rentals for industrial uniforms or garments are not properly classified for purposes of the franchise tax. H.B. 1089 seeks to remedy this situation by expanding the types of entities to which the franchise tax applies.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 1089 amends the Tax Code to include among the entities subject to the franchise tax, at the rate applicable to entities primarily engaged in retail trade, a taxable entity primarily engaged in activities involving the rental of industrial uniforms, industrial garments, and industrial linen supplies that are classified as Industry 7213 or 7218 of the 1987 Standard Industrial Classification Manual published by the federal Office of Management and Budget.

EFFECTIVE DATE

January 1, 2021.