

BILL ANALYSIS

C.S.H.B. 2611
By: Morrison
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been noted that a number of limited liability companies operate as passive entities but are not able to be treated as passive entities for purposes of the franchise tax. C.S.H.B. 2611 seeks to allow for certain limited liability companies to be treated as passive entities for franchise tax purposes.

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

C.S.H.B. 2611 amends the Tax Code to include a limited liability company among the entities that, subject to certain income requirements, qualify for consideration as a passive entity for franchise tax purposes.

EFFECTIVE DATE

January 1, 2020.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2611 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute does not include a provision specifying certain conditions under which the income from a certain limited liability company qualifies certain entities for consideration as a passive entity for franchise tax purposes.