

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 23, 2019

TO: Honorable Dustin Burrows, Chair, House Committee on Ways & Means

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB3413 by Capriglione (Relating to the application of the franchise tax to and computation of franchise tax owed by certain entities that hold precious metals.), As **Introduced**

The number of taxable entities subject to franchise tax that are bullion holders as well as any gains or losses attributable to the purchase or sale of precious metals is unknown; therefore, the fiscal impact cannot be determined.

The bill would amend Chapter 171 of the Tax Code, regarding the franchise tax owed by certain entities that hold precious metals.

The bill would define "bullion holder" as a person who holds, stores, purchases, sells, trades, or manages the ownership of platinum, gold, or silver bullion at the Texas Bullion Depository.

The bill would provide that a taxable entity whose only activity in Texas is as a bullion holder is not considered to be doing business in Texas for franchise tax purposes and is not required to file an annual franchise tax report.

The bill would also provide that a taxable entity that is a bullion holder shall exclude from its total revenue, for purposes of computing its taxable margin, all gains or losses attributable to the purchase or sale, trade, barter, gift, donation, or other disposal of platinum, gold, or silver bullion.

The bill would take effect January 1, 2020 and only apply to reports due on or after that date.

The number of taxable entities subject to franchise tax that are bullion holders as well as any gains or losses attributable to the purchase or sale of precious metals is unknown; therefore, the fiscal impact cannot be determined. The waiver of the "no tax due" report would compromise the ability to identify liability and enforce collection of the tax when tax may in fact be due.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD

