

BILL ANALYSIS

Senate Research Center

H.B. 3702
By: Paddie; Meyer (Springer)
Finance
5/19/2021
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The bill would prohibit the legislature from imposing any new taxes on either the transfer of securities or the processing of financial transactions, protecting Texans and Texas businesses. Many people have a 401(k), IRA, or pension that they rely on for their retirement and that depends on marginal returns on investment. A tax on financial transactions could cut into those returns and make it more difficult to save for the future.

H.B. 3702 is the enabling legislation for H.J.R. 140 by Representative Paddie, which would constitutionally prohibit a tax on certain security transactions.

H.B. 3702 amends current law relating to prohibiting the enactment of a law that imposes a tax on certain transactions that either convey a security or involve specified derivative contracts.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 101, Tax Code, by adding Section 101.010, as follows:

Sec. 101.010. PROVISIONS RELATING TO SECURITIES MARKET OPERATORS.

(a) Prohibits any law, after January 1, 2022, from being enacted that imposes an occupation tax on a registered securities market operator or a tax on a securities transaction of a registered securities market operator.

(b) Defines "registered securities market operator."

(c) Defines "security" or "securities."

(d) Defines "securities transaction."

(e) Provides that this section does not prohibit:

- (1) the imposition of a general business tax measured by business activity;
- (2) the imposition of a tax on the production of minerals;
- (3) the imposition of a tax on insurance premiums;
- (4) the imposition of a general sales tax on tangible personal property or services;
- (5) the imposition of a fee based on the cost of processing documents; or
- (6) the change of a rate of a tax in existence on January 1, 2022.

SECTION 2. Provides that this Act takes effect January 1, 2022, but only if the constitutional amendment proposed by the 87th Legislature, Regular Session, 2021, to authorize the legislature to prohibit the enactment of a law that imposes a tax on certain transactions that either convey a security or involve specified derivative contracts is approved by the voters. Provides that, if that amendment is not approved by the voters, this Act has no effect.