By:  Paddie, Meyer, et al. H.B. No. 3702

A BILL TO BE ENTITLED

AN ACT

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.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1.  Chapter 101, Tax Code, is amended by adding Section 101.010 to read as follows:

Sec. 101.010.  PROVISIONS RELATING TO SECURITIES MARKET OPERATORS. (a) After January 1, 2022, no law may be 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)  The term "registered securities market operator" means a self-regulatory organization, national securities exchange, financial institution, alternative trading system, trade reporting facility, broker, dealer, clearing agency, or transfer agent, as those terms are defined in the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) or a board of trade, commodities pool operator, derivatives clearing organization, electronic trading facility, or organized exchange, as that term is defined in the Commodity Exchange Act (7 U.S.C. Section 1 et seq.), or an affiliate, subsidiary, or facility thereof, to the extent that such regulated securities market operator is subject to registration with and regulation by the U.S. Securities and Exchange Commission or the U.S. Commodities Futures Trading Commission.

(c)  The term "security" or "securities" means the definition of that term set forth in the Securities Exchange Act of 1934 (15 U.S.C. Section 78c(a)(10)).

(d)  The term "securities transaction" means the purchase or sale of securities by a registered securities market operator on behalf of a customer, any contract or agreement to do the same, and any service by a registered securities market operator to facilitate, match parties to, process, report, clear, or settle the purchase or sale of securities on behalf of a customer.

(e)  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.  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. If that amendment is not approved by the voters, this Act has no effect.