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| RESOLUTION ANALYSIS |

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| H.J.R. 4 |
| By: Meyer |
| Ways & Means |
| Committee Report (Unamended) |

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| **BACKGROUND AND PURPOSE** A 2021 report from KPMG shows that several states have recently proposed new taxes on financial transactions. According to the Tax Foundation, a financial transaction tax would raise transaction costs, decrease trading volume, and lower asset prices, which could negatively impact earnings for all investors, including 401(k)s, public pensions, and mutual funds. H.J.R. 4 seeks to address this concern through the proposal of a constitutional amendment to prohibit the legislature from imposing any new such taxes on either the transfer of securities or the processing of financial transactions. |
| **CRIMINAL JUSTICE IMPACT**It is the committee's opinion that this resolution 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 resolution does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution. |
| **ANALYSIS** H.J.R. 4 proposes an amendment to the Texas Constitution to prohibit the legislature from enacting a law that imposes an occupation tax on a registered securities market operator or a tax on a securities transaction conducted by a registered securities market operator. The resolution defines the following terms for that purpose:* "registered securities market operator" as any of the following entities, to the extent the entity is subject to registration with and regulation by the U.S. Securities and Exchange Commission or the U.S. Commodity Futures Trading Commission, or the successor in function to either commission:
	+ a self-regulatory organization, financial institution, broker, dealer, clearing agency, or transfer agent, as those terms are defined by the federal Securities Exchange Act of 1934 in effect on January 1, 2025, or an affiliate, subsidiary, or facility of such an entity;
	+ an exchange that is registered as a national securities exchange under that federal act or an affiliate, subsidiary, or facility of such an entity;
	+ an alternative trading system, board of trade, commodity pool operator, derivatives clearing organization, electronic trading facility, or organized exchange, as those terms are defined by the federal Commodity Exchange Act in effect on January 1, 2025, or an affiliate, subsidiary, or facility of such an entity; or
	+ a trade reporting facility regulated under rules promulgated by the Financial Industry Regulatory Authority and in effect on January 1, 2025;
* "securities transaction" as the purchase or sale of a security, a contract or agreement to purchase or sell a security, or a service to facilitate, match parties to, process, report, clear, or settle the purchase or sale of a security on behalf of a customer; and
* "security" by reference to the federal Securities Exchange Act of 1934 in effect on January 1, 2025.

H.J.R. 4 expressly does not prohibit a change in the rate of a tax in existence on January 1, 2026, or the imposition of the following:* a general business tax measured by business activity;
* a tax on the production of minerals;
* a tax on insurance premiums;
* sales and use taxes on tangible personal property or services; or
* a fee based on the cost of processing or creating documents.
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| **ELECTION DATE** The constitutional amendment proposed by this joint resolution will be submitted to the voters at an election to be held November 4, 2025. |