

BILL ANALYSIS

Senate Research Center
89R31485 LRM-D

C.S.H.B. 346
By: Harris Davila et al. (King)
Economic Development
5/21/2025
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

New business owners oftentimes must pay different fees in order to officially register their business with the state, with the fees ranging in price and quickly adding up to sizeable sums. For a new business, this registration process can be burdensome and take resources away from start-up operations. These expenses can be a barrier of entry, especially for small businesses with limited capital. Considering Texas' positive reputation as a business-friendly state, entrepreneurship should not be hindered by unnecessary regulations and fees. H.B. 346 seeks to address this issue by authorizing the secretary of state to work with state and local governmental entities to minimize fees related to licensing and regulation of businesses in their first year of operation.

(Original Author's/Sponsor's Statement of Intent)

C.S.H.B. 346 amends current law relating to the fee amounts prescribed by the secretary of state for expedited commercial and business record searches or filings and the exemption from the franchise tax and certain filing fees for veteran-owned businesses

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 Section 405.032, Government Code, by amending Subsection (a) and adding Subsection (d), as follows:

(a) Authorizes the secretary of state (SOS) to set and collect the following:

(1) for the expedited handling of a certified record search or expedited filing of a document in the security interest and financing statement records of the secretary, a fee in an amount SOS prescribes, rather than a fee of not more than \$15;

(2) for the expedited filing or reviewing of a document relating to a profit or nonprofit corporation, professional corporation or association, cooperative association, unincorporated nonprofit association, limited or general partnership, or limited liability company, a fee in an amount SOS prescribes, rather than a fee of not more than \$25; and

(3)-(4) makes no changes to these subdivisions.

(d) Authorizes SOS, in prescribing fee amounts under Subsection (a)(1) and (2), to prescribe a varying fee schedule based on the type of business organization. Requires SOS to publish on SOS's Internet website the prescribed fee amounts and any varying fee schedule.

SECTION 2. Repealer: Section 3 (relating to defining "beginning date"), Chapter 859 (S.B. 938), Acts of the 87th Legislature, Regular Session, 2021, as effective January 1, 2026, which amended Section 171.0001(4), Tax Code.

Repealer: Section 7 (relating to providing that a corporation's federal tax exemption ends on the effective date of withdrawal by the Internal Revenue Service), Chapter 859 (S.B. 938), Acts of the 87th Legislature, Regular Session, 2021, as effective January 1, 2026, which amended Section 171.063(g), Tax Code.

Repealer: Section 9 (relating to the repeal of certain provisions of the Business Organizations Code and the Tax Code), Chapter 859 (S.B. 938), Acts of the 87th Legislature, Regular Session, 2021, as effective January 1, 2026, which provided for the repeal of certain provisions of the Business Organizations Code and the Tax Code.

SECTION 3. Effective date: September 1, 2025.