

By: Parker

S.B. No. 1058

A BILL TO BE ENTITLED

AN ACT

relating to the exclusion of certain securities transaction payments from the total revenue of a taxable entity that is an exchange or a member of an exchange for purposes of the franchise tax.

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

SECTION 1. Section 171.0001(13-a), Tax Code, is amended to read as follows:

(13-a) "Security," for purposes of Sections 171.1011(g), 171.1011(g-2), 171.1011(y), 171.1011(z), and 171.106(f) only, has the meaning assigned by Section 475(c)(2), Internal Revenue Code, and includes instruments described by Sections 475(e)(2)(B), (C), and (D) of that code.

SECTION 2. Section 171.1011, Tax Code, is amended by adding Subsections (y) and (z) to read as follows:

(y) A taxable entity shall exclude from its total revenue:

(1) if the entity is an exchange, transaction rebate payments made by the exchange to a member of the exchange as part of a securities transaction; and

(2) if the entity is a member of an exchange, transaction rebate payments made to the member by the exchange as part of a securities transaction.

(z) For purposes of Subsection (y):

(1) "Exchange" has the meaning assigned by 15 U.S.C.

1 Section 78C(a)(1).

2 (2) "Member" has the meaning assigned by 15 U.S.C.

3 Section 78C(a)(3)(A).

4 (3) "Securities transaction" means the purchase or
5 sale of a security on an exchange by a member of the exchange.

6 (4) "Transaction rebate payment" means an amount paid
7 to compensate a member of the exchange in order to provide liquidity
8 to the market.

9 SECTION 3. This Act applies only to a report originally due
10 on or after the effective date of this Act.

11 SECTION 4. This Act takes effect January 1, 2026.