

By: Parker

H.B. No. 1962

A BILL TO BE ENTITLED

AN ACT

relating to the franchise tax and alternative revenue sources and
spending priorities for this state; repealing the franchise tax.

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

SECTION 1. This Act may be cited as the Revenue Reform Act
of 2015.

SECTION 2. (a) The comptroller of public accounts shall
conduct a comprehensive study that:

(1) analyzes and compares:

(A) the feasibility of implementing alternative
methods to the franchise tax imposed under Chapter 171, Tax Code, by
which revenue may be generated to address the needs of this state;
and

(B) the effectiveness of each of those methods in
generating sufficient revenue to address those needs; and

(2) prioritizes the revenue needs of this state and
identifies potential reductions in expenditures by this state.

(b) The comptroller of public accounts shall consider the
funding priorities and requirements established by the Texas
Constitution in prioritizing the revenue needs of this state as
required by Subsection (a)(2) of this section.

(c) The study conducted under Subsection (a) of this section
must include an analysis and comparison of the following
revenue-generating methods:

- 1 (1) imposing a transaction tax in this state;
- 2 (2) imposing a value-added tax in this state;
- 3 (3) eliminating exemptions from the sales and use tax
- 4 imposed under Chapter 151, Tax Code;
- 5 (4) increasing the rate of the sales and use tax
- 6 imposed under Chapter 151, Tax Code;
- 7 (5) imposing the sales and use tax under Chapter 151,
- 8 Tax Code, according to rate brackets, the applications of which
- 9 vary according to the sales price of a taxable item;
- 10 (6) imposing a business sales tax in this state in
- 11 addition to the sales and use tax imposed under Chapter 151, Tax
- 12 Code;
- 13 (7) any other method the comptroller of public
- 14 accounts considers potentially effective in addressing the revenue
- 15 needs of this state; and
- 16 (8) imposing a business franchise tax in this state on
- 17 the basis of net profit.

18 (d) Not later than November 1, 2016, the comptroller of
19 public accounts shall submit a report to the legislature regarding
20 the results of the study conducted under this section. The report
21 must:

- 22 (1) identify one or more revenue-generating methods
- 23 the comptroller determines would be most effective in meeting the
- 24 revenue needs of this state;
- 25 (2) include a description of any legislation necessary
- 26 to implement the methods identified under Subdivision (1) of this
- 27 subsection; and

1 (3) propose specific reductions in expenditures by
2 this state and any legislation necessary to implement those
3 reductions.

4 SECTION 3. Effective January 1, 2020, Chapter 171, Tax
5 Code, is repealed.

6 SECTION 4. The change in law made by Section 3 of this Act
7 does not affect tax liability accruing before the effective date of
8 that section. That liability continues in effect as if this Act had
9 not been enacted, and the former law is continued in effect for the
10 collection of taxes due and for civil and criminal enforcement of
11 the liability for those taxes.

12 SECTION 5. Except as otherwise provided by this Act, this
13 Act takes effect September 1, 2015.