

## **BILL ANALYSIS**

Senate Research Center

H.B. 4265  
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Finance  
5/20/2009  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

This bill amends Chapter 171 (Franchise Tax), Tax Code. Current law defines "controlling interests" or partnerships, associations, trusts, and other entities in one paragraph. This leads to confusing definitions because terminology is different for each of these different legal organizations.

H.B. 4265 amends current law relating to the definition of controlling interest for purposes of the franchise tax and to the imposition of the tax on certain combined groups.

### **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 Sections 171.0001(1), (7), and (8), Tax Code, to redefine "affiliated group," "combined group," and "controlling interest."

SECTION 2. Amends Section 171.1014, Tax Code, by amending Subsection (a) and adding Subsections (a-1) and (a-2), as follows:

(a) Creates an exception under Subsection (a-1).

(a-1) Authorizes taxable entities that are part of an affiliated group described by Section 171.0001(1)(B) (relating to the definition of affiliated group in which an equal interest is owned by all owners with more than 25 employees) that is engaged in a unitary business to elect to file a combined report in lieu of individual reports based on the combined group's business.

(a-2) Creates this subsection from existing text. Makes a nonsubstantive change.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: January 1, 2010.