

## **BILL ANALYSIS**

Senate Research Center

H.B. 3992  
By: Murphy (Perry)  
Finance  
5/16/2017  
Engrossed

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

Interested parties note the need to clarify in statute that a certain type of agricultural cooperative is exempt from the franchise tax. H.B. 3992 seeks to provide such clarification.

H.B. 3992 amends current law relating to a franchise tax exemption for certain cooperatives with a member that has farmer-fruit grower members.

### **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 171.071, Tax Code, as follows:

Sec. 171.071. EXEMPTION--FARMERS' COOPERATIVE SOCIETY. Provides that a cooperative that is either a farmers' cooperative society incorporated under Chapter 51 (Farmers' Cooperative Societies), Agriculture Code, or a cooperative whose single member is a farmers' cooperative described in Section 521(b)(1), Internal Revenue Code, that has at least 500 farmer-fruit grower members, is exempted from the franchise tax, rather than providing that a farmers' cooperative society incorporated under Chapter 51, Agriculture Code, is exempted from the franchise tax.

SECTION 2. Provides that the amendment made by this Act to Section 171.071, Tax Code, is a clarification of existing law.

SECTION 3. Effective date: upon passage or September 1, 2017.