

## **BILL ANALYSIS**

Senate Research Center  
86R23216 BEF-D

H.B. 2611  
By: Morrison (Perry)  
Finance  
5/14/2019  
Engrossed

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

Interested parties note that a number of limited liability companies operate as a passive entity, but are not able to be treated as a passive entity for purposes of the franchise tax due to their exclusion in statute.

H.B. 2611 amends current law relating to the treatment of certain limited liability companies as passive entities for purposes of the franchise tax.

### **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 171.0003(a), Tax Code, to provide that an entity is a passive entity only if the entity fits certain criteria, including if the entity is a general or limited partnership, a limited liability company, or a trust, other than a business trust, rather than the entity is a general or limited partnership, or a trust, other than a business trust.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: January 1, 2020.