

BILL ANALYSIS

Senate Research Center
76R6577 CBH-F

H.B. 2067
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Finance
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Engrossed

DIGEST

Currently, Texas franchise law treats banks differently than other corporations. For banks, interest and divided income returns to the state of the bank's headquarters; for other corporations, this money is allocated to the state where the payor is located. Therefore, banks which only have branches in Texas return all their interest and divided income to another "headquarter" state. As a result of local banks' consolidation with large interstate banks, franchise taxes paid to Texas will decrease. H.B. 2067 redefines and expands terms identifying entities which are currently subject to a franchise tax.

PURPOSE

As proposed, H.B. 2067 redefines terms identifying entities which are currently subject to a franchise tax.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 171.001(b)(1), (3), and (7), Tax Code, to redefine "banking corporation," "corporation," and "savings and loan association (S&L)."

SECTION 2. Amends Sections 171.106(a) and (b), Tax Code, to delete references to Section 171.1031, Tax Code.

SECTION 3. Amends Section 171.259, Tax Code, to provide that this subchapter does not apply to a banking corporation organized under certain laws, and which has its main office in Texas. Requires the banking commissioner to appoint a conservator to pay a franchise tax, and that the commissioner certifies as being delinquent in the payment of the franchise tax.

SECTION 4. Amends Chapter 171F, Tax Code, by adding Section 171.260, as follows:

Sec. 171.260. SAVINGS AND LOAN ASSOCIATION. Provides that this section does not apply to an S&L that is organized under certain laws and has its main office in Texas. Requires the S&L commissioner to pay a franchise tax, and that the commissioner certifies as being delinquent in the payment of the franchise tax.

SECTION 5. Amends Section 171.316, Tax Code, to make a conforming change.

SECTION 6. Amends Section 171.317, Tax Code, to delete text regarding the revocation of a charter, and make a conforming change.

SECTION 7. Repealer: Section 171.1031, Tax Code (Apportionment of Taxable Capital and Taxable Earned Surplus of Banking Corporation and Savings And Loan Association).

SECTION 8. Effective date: January 1, 2000.
Makes application of this Act prospective.

SECTION 9. Emergency clause.