

BILL ANALYSIS

Senate Research Center
82R22172 KLA-D

S.J.R. 52
By: Ogden
Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The goal of this joint resolution is to enable the voters to clarify that Section 24, Article VIII, Texas Constitution, does not apply to a tax imposed on a business entity that provides liability protection for the owners from the debts and other obligations of the business entity. This resolution also provides that a tax imposed on a business entity may no longer be computed using the business entity's taxable margin under Section 171.101 (Determination of Taxable Margin), Tax Code, for any tax liability of a business entity that is originally due on or after January 1, 2014.

As proposed, S.J.R. 52 proposes a constitutional amendment clarifying that a tax imposed on certain business entities is not subject to Section 24, Article VIII, Texas Constitution, and imposing certain limitations on the computation of a tax imposed on a business entity.

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 24, Article VIII, Texas Constitution, by adding Subsection (k) to provide that, notwithstanding any other provision of this section, this section does not apply to a tax imposed on a business entity that is organized under the laws of this state, another state, or a foreign nation to provide liability protection for the owners from the debts and other obligations of the business entity.

SECTION 2. Amends Article VIII, Texas Constitution, by adding Section 25, as follows:

Sec. 25. Provides that a tax imposed on a business entity may not be computed using the business entity's taxable margin, as determined under Section 171.101 (Determination of Taxable Margin), Tax Code, as that section existed on January 1, 2011, or a substantially similar tax base.

SECTION 3. Provides that the following temporary provision is added to the Texas Constitution:

TEMPORARY PROVISION. (a) Provides that this temporary provision applies to the constitutional amendment proposed by the 82nd Legislature, Regular Session, 2011, clarifying that a tax imposed on a business entity organized to provide liability protection for the owners from the debts and other obligations of the business entity is not a tax subject to Section 24 (Personal Income Tax; Dedication of Proceeds), Article VIII (Taxation and Revenue), of this constitution and imposing certain limitations on the manner in which a tax imposed on a business entity may be computed.

(b) Provides that the changes made by Section 25, Article VIII, of this constitution, as added by the amendment, apply only to a tax liability of a business entity that is originally due on or after January 1, 2014.

(c) Provides that this temporary provision expires January 1, 2015.

SECTION 4. Requires the proposed constitutional amendment to be submitted to the voters at an election to be held November 8, 2011. Sets forth the required language of the ballot.