

BILL ANALYSIS

Senate Research Center

S.B. 1824
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Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

A performing rights society—also called a performing rights organization or “PRO”—licenses public performances of copyrighted musical works. Composers, songwriters, and music publishers grant to their PRO the right to license musical performances on their behalf. The PRO issues licenses to music users, including restaurants, retail stores, and radio and television stations. The PRO collects license fees from users and distributes those fees as royalties to the composers, writers, and publishers.

Current Tax Code is designed to exclude from revenue for franchise tax purposes certain payments that are mandated to be distributed to other entities.

S.B. 1824 contains narrowly targeted language that clarifies current law since it is not specific in the statute. S.B. 1824 is intended to confirm that a PRO that licenses public performances of musical works on behalf of artists and pays royalties to the artists is authorized to exclude those royalties from its tax base for the purposes of calculating the franchise tax.

S.B. 1824 states that a taxable entity that is a PRO that licenses the public performance of non-dramatic musical works on behalf of a copyright owner is required to exclude from its total revenue for purposes of calculating the franchise tax payments made to the public performance rights holder and copyright owner for whom the taxable entity licenses the public performance.

As proposed, S.B. 1824 amends current law relating to the exclusion from total revenue of certain payments made by a performing rights society for purposes of computing 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 171.1011, Tax Code, by adding Subsection (g-12), as follows:

(g-12) Requires a taxable entity that is a performing rights society that licenses the public performance of nondramatic musical works on behalf of a copyright owner to exclude from its total revenue, to the extent included under Subsection (c)(1)(A) (relating to computing the total revenue of a taxable entity for a taxable entity treated for federal income tax purposes as a corporation), (c)(2)(A) (relating to computing the total revenue of a taxable entity for a taxable entity treated for federal income tax purposes as a partnership), or (c)(3) (relating to computing the total revenue of a taxable entity for a taxable entity other than a taxable entity treated for federal income tax purposes as a corporation or partnership, as determined by rules that the comptroller of public accounts of the State of Texas is required to adopt), payments made to the public performance rights holder and the copyright owner for whom the taxable entity licenses the public performance.

SECTION 2. Effective date: upon passage or September 1, 2019.