

BILL ANALYSIS

Senate Research Center

H.J.R. 140
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The legislation would propose a constitutional amendment to prohibit the legislature from imposing any new taxes on either the transfer of securities or the processing of financial transactions, protecting Texans and Texas businesses. Many people have a 401(k), IRA, or pension that they rely on for their retirement and that depends on marginal returns on investment. A tax on financial transactions could cut into those returns and make it more difficult to save for the future.

H.B. 3702 by Rep. Paddie is the enabling legislation for H.J.R. 140 by Rep. Paddie.

H.J.R. 140 proposes a constitutional amendment prohibiting the enactment of a law that imposes a tax on certain transactions that either convey a security or involve specified derivative contracts.

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 Article VIII, Texas Constitution, by adding Section 30, as follows:

Sec. 30. (a) Prohibits a law, after January 1, 2022, from being enacted that imposes an occupation tax on a registered securities market operator or a tax on a securities transaction of a registered securities market operator.

(b) Defines "registered securities market operator."

(c) Defines "security" or "securities."

(d) Defines "securities transaction."

(e) Provides that this section does not prohibit:

- (1) the imposition of a general business tax measured by business activity;
- (2) the imposition of a tax on the production of minerals;
- (3) the imposition of a tax on insurance premiums;
- (4) the imposition of a general sales tax on tangible personal property or services;
- (5) the imposition of a fee based on the cost of processing documents; or
- (6) the change of a rate of a tax in existence on January 1, 2022.

SECTION 2. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 2, 2021. Sets forth the required language of the ballot.