

1-1 By: Campbell S.B. No. 524
1-2 (In the Senate - Filed December 4, 2024; February 3, 2025,
1-3 read first time and referred to Committee on Finance; May 15, 2025,
1-4 reported adversely, with favorable Committee Substitute by the
1-5 following vote: Yeas 15, Nays 0; May 15, 2025, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	Huffman	X		
1-9	Hinojosa of Hidalgo	X		
1-10	Alvarado	X		
1-11	Bettencourt	X		
1-12	Campbell	X		
1-13	Creighton	X		
1-14	Flores	X		
1-15	Hall	X		
1-16	Kolkhorst	X		
1-17	Nichols	X		
1-18	Paxton	X		
1-19	Perry	X		
1-20	Schwertner	X		
1-21	West	X		
1-22	Zaffirini	X		

1-23 COMMITTEE SUBSTITUTE FOR S.B. No. 524 By: Campbell

1-24 A BILL TO BE ENTITLED
1-25 AN ACT

1-26 relating to the exemption from the franchise tax and certain filing
1-27 fees for certain businesses owned by veterans.
1-28 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
1-29 SECTION 1. Section 171.0005, Tax Code, is amended to read as
1-30 follows:

1-31 Sec. 171.0005. DEFINITION OF NEW VETERAN-OWNED BUSINESS.
1-32 (a) A taxable entity is a new veteran-owned business only if the
1-33 taxable entity is a new business ~~[in which]~~ each owner of which is a
1-34 natural person who:

1-35 (1) served in and was honorably discharged from a
1-36 branch of the United States armed forces;

1-37 (2) is a resident of this state;

1-38 (3) is not an owner of a different taxable entity that
1-39 is receiving an exemption from the tax imposed by this chapter as a
1-40 new veteran-owned business; and

1-41 (4) ~~[(2)]~~ provides ~~[verification]~~ to the comptroller:

1-42 (A) verification of the person's service and
1-43 discharge required by Subdivision (1); and

1-44 (B) documentation demonstrating the person's
1-45 residency required by Subdivision (2).

1-46 (b) The Texas Veterans Commission shall provide to a person
1-47 who meets the requirements of Subsection (a)(1) written
1-48 verification of that status in a form required by the comptroller.

1-49 (c) The comptroller shall adopt rules prescribing:

1-50 (1) the form and content of the verification required
1-51 under Subsection (b) and the manner in which that ~~[the]~~
1-52 verification may be provided to the comptroller; and

1-53 (2) the documentation required to be provided to
1-54 demonstrate that a person is a resident of this state, which may
1-55 include the person's United States Department of Defense Form
1-56 DD-214, and the manner in which that documentation may be provided
1-57 to the comptroller.

1-58 (d) The comptroller may require a taxable entity to provide
1-59 any information reasonably necessary to determine whether the
1-60 entity is a new veteran-owned business for purposes of Subsection

2-1 (a).
2-2 (e) ~~[(e)]~~ For purposes of Subsection (a), a new business is
2-3 a taxable entity that:

2-4 (1) is chartered or organized or otherwise formed in
2-5 this state; and

2-6 (2) first begins doing business in this state on or
2-7 after January 1, 2022.

2-8 SECTION 2. The following provisions are repealed:

2-9 (1) Section 3, Chapter 859 (S.B. 938), Acts of the 87th
2-10 Legislature, Regular Session, 2021, as effective January 1, 2026,
2-11 which amended Section 171.0001(4), Tax Code;

2-12 (2) Section 7, Chapter 859 (S.B. 938), Acts of the 87th
2-13 Legislature, Regular Session, 2021, as effective January 1, 2026,
2-14 which amended Section 171.063(g), Tax Code; and

2-15 (3) Section 9, Chapter 859 (S.B. 938), Acts of the 87th
2-16 Legislature, Regular Session, 2021, as effective January 1, 2026,
2-17 which provided for the repeal of Section 12.005, Business
2-18 Organizations Code, and Sections 171.0005, 171.001(d), and
2-19 171.204(d), Tax Code.

2-20 SECTION 3. The change in law made by this Act to Section
2-21 171.0005, Tax Code, does not affect the receipt of a franchise tax
2-22 exemption by a taxable entity that qualifies as a new veteran-owned
2-23 business under that section before the effective date of this Act.
2-24 The receipt of a franchise tax exemption by a taxable entity that
2-25 qualifies as a new veteran-owned business under Section 171.0005,
2-26 Tax Code, before the effective date of this Act is governed by the
2-27 law in effect on the date the taxable entity qualified as a new
2-28 veteran-owned business under that section, and the former law is
2-29 continued in effect for that purpose.

2-30 SECTION 4. This Act takes effect September 1, 2025.

2-31 * * * * *