

1-1 By: Campbell S.B. No. 1049  
 1-2 (In the Senate - Filed March 6, 2015; March 11, 2015, read  
 1-3 first time and referred to Committee on Finance; April 22, 2015,  
 1-4 reported favorably by the following vote: Yeas 12, Nays 0;  
 1-5 April 22, 2015, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7 Nelson	X			
1-8 Hinojosa	X			
1-9 Bettencourt	X			
1-10 Eltife			X	
1-11 Hancock	X			
1-12 Huffman	X			
1-13 Kolthorst	X			
1-14 Nichols	X			
1-15 Schwertner	X			
1-16 Seliger			X	
1-17 Taylor of Galveston	X			
1-18 Uresti	X			
1-19 Watson	X			
1-20 West	X			
1-21 Whitmire			X	

1-23 A BILL TO BE ENTITLED  
 1-24 AN ACT

1-25 relating to an exemption from the franchise tax and certain filing  
 1-26 fees for certain businesses owned by veterans during an initial  
 1-27 period of operation in the state.

1-28 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-29 SECTION 1. Section 171.0001(4), Tax Code, is amended to  
 1-30 read as follows:

1-31 (4) "Beginning date" means:

1-32 (A) except as provided by Paragraph (B):

1-33 (i) for a taxable entity chartered or  
 1-34 organized in this state, the date on which the taxable entity's  
 1-35 charter or organization takes effect; and

1-36 (ii) [~~(B)~~] for any other taxable entity,  
 1-37 the date on which the taxable entity begins doing business in this  
 1-38 state; or

1-39 (B) for a taxable entity that qualifies as a new  
 1-40 veteran-owned business as defined by Section 171.0005, the earlier  
 1-41 of:

1-42 (i) the fifth anniversary of the date on  
 1-43 which the taxable entity begins doing business in this state; or

1-44 (ii) the date the taxable entity ceases to  
 1-45 qualify as a new veteran-owned business as defined by Section  
 1-46 171.0005.

1-47 SECTION 2. Subchapter A, Chapter 171, Tax Code, is amended  
 1-48 by adding Section 171.0005 to read as follows:

1-49 Sec. 171.0005. DEFINITION OF NEW VETERAN-OWNED BUSINESS.

1-50 (a) A taxable entity is a new veteran-owned business only if the  
 1-51 taxable entity is a new business in which each owner is a natural  
 1-52 person who:

1-53 (1) served in and was honorably discharged from a  
 1-54 branch of the United States armed forces; and

1-55 (2) provides verification to the comptroller of the  
 1-56 person's service and discharge required by Subdivision (1).

1-57 (b) The Texas Veterans Commission shall provide to a person  
 1-58 who meets the requirements of Subsection (a)(1) written  
 1-59 verification of that status in a form required by the comptroller.  
 1-60 The comptroller shall adopt rules prescribing the form and content  
 1-61 of the verification and the manner in which the verification may be

2-1 provided to the comptroller.

2-2 (c) For purposes of Subsection (a), a new business is a  
2-3 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 September 1, 2015.

2-8 SECTION 3. Section 171.001, Tax Code, is amended by adding  
2-9 Subsection (d) to read as follows:

2-10 (d) Notwithstanding Subsection (a), the tax imposed under  
2-11 this chapter is not imposed on a taxable entity that qualifies as a  
2-12 new veteran-owned business as defined by Section 171.0005 until the  
2-13 earlier of:

2-14 (1) the fifth anniversary of the date on which the  
2-15 taxable entity begins doing business in this state; or

2-16 (2) the date the taxable entity ceases to qualify as a  
2-17 new veteran-owned business as defined by Section 171.0005.

2-18 SECTION 4. Section 171.063(g), Tax Code, is amended to read  
2-19 as follows:

2-20 (g) If a corporation's federal tax exemption is withdrawn by  
2-21 the Internal Revenue Service for failure of the corporation to  
2-22 qualify or maintain its qualification for the exemption, the  
2-23 corporation's exemption under this section ends on the effective  
2-24 date of that withdrawal by the Internal Revenue Service. The  
2-25 effective date of the withdrawal is considered the corporation's  
2-26 beginning date for purposes of determining the corporation's  
2-27 privilege periods and for all other purposes of this chapter,  
2-28 except that if the corporation would have been subject to Section  
2-29 171.001(d) in the absence of the federal tax exemption, and the  
2-30 effective date of the withdrawal is a date earlier than the date the  
2-31 corporation would have become subject to the franchise tax as  
2-32 provided by Section 171.001(d), the date the corporation would have  
2-33 become subject to the franchise tax under that section is  
2-34 considered the corporation's beginning date for those purposes.

2-35 SECTION 5. Section 171.204, Tax Code, is amended by adding  
2-36 Subsection (d) to read as follows:

2-37 (d) The comptroller may require a taxable entity on which  
2-38 the tax imposed under this chapter is not imposed solely because of  
2-39 the application of Section 171.001(d) to file an information report  
2-40 stating the taxable entity's beginning date as determined under  
2-41 Section 171.0001(4)(B) and any other information the comptroller  
2-42 determines necessary. The comptroller may not require the taxable  
2-43 entity to report or compute its margin.

2-44 SECTION 6. Subchapter A, Chapter 12, Business Organizations  
2-45 Code, is amended by adding Section 12.005 to read as follows:

2-46 Sec. 12.005. FEE WAIVER FOR NEW VETERAN-OWNED BUSINESS.  
2-47 The secretary of state shall waive all fees imposed under  
2-48 Subchapter D, Chapter 4, for an entity that is a new veteran-owned  
2-49 business as defined by Section 171.0005, Tax Code, until the  
2-50 earlier of:

2-51 (1) the fifth anniversary of the date on which the  
2-52 entity was formed; or

2-53 (2) the date the entity ceases to qualify as a new  
2-54 veteran-owned business as defined by Section 171.0005, Tax Code.

2-55 SECTION 7. This Act takes effect September 1, 2015.

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