

BILL ANALYSIS

H.B. 1923
By: Blanco
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

It has been noted that the ownership threshold to qualify for the franchise tax exemption for a new veteran-owned business is higher than comparable benefits provided for businesses owned by women or members of a minority group. H.B. 1923 seeks to promote equity across these exemptions and an increase in veteran-owned businesses in Texas by lowering the ownership threshold for veteran-owned businesses to 51 percent, the same threshold as prescribed for similar exemptions, and by postponing the expiration of the exemption to 2022.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 1923 postpones from January 1, 2020, to January 1, 2022, the date on which the temporary franchise tax exemption for a new veteran-owned business and related provisions are repealed.

H.B. 1923 amends the Tax Code to decrease from 100 percent to 51 percent the percentage of ownership in a taxable entity that must be held by natural persons who have served in and been honorably discharged from a branch of the U.S. armed forces for that business to be considered a new veteran-owned business for purposes of that exemption.

H.B. 1923, effective January 1, 2022, makes certain conforming changes and establishes that its provisions and repeals taking effect January 1, 2022, do not apply to a business that first qualifies as a new veteran-owned business before that date.

H.B. 1923 repeals the following provisions of Chapter 329 (S.B. 1049), Acts of the 84th Legislature, Regular Session, 2015:

- Section 2
- Section 6
- Section 9
- Section 10

H.B. 1923, effective January 1, 2022, repeals the following provisions:

- Section 171.0005, Tax Code, as amended by the bill
- Section 171.001(d), Tax Code
- Section 171.204(d), Tax Code
- Section 12.005, Business Organizations Code

EFFECTIVE DATE

Except as otherwise provided, September 1, 2019.