

## **BILL ANALYSIS**

C.S.H.B. 3413  
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Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

It has been suggested that some world gold and silver markets have an advantage over Texas in bullion depository trading services because certain precious metal market-making activities are not taxed. There have been calls to eliminate certain franchise tax liability for financial institutions and precious metal market-making companies that choose to participate in Texas-based market-making activities. C.S.H.B. 3413 seeks to address this issue by revising the application of the franchise tax to and computation of franchise tax owed by certain entities that hold precious metals.

### **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**

C.S.H.B. 3413 amends the Tax Code to establish that a taxable entity whose only activity in Texas is as a bullion holder, as defined by the bill, is not considered to be doing business in Texas for purposes of the franchise tax and is not required to file a franchise tax report. The bill requires a taxable entity that is a bullion holder to exclude from its total revenue, for the purpose of computing the entity's taxable margin for the franchise tax, all gains or losses attributable to the purchase or the sale, trade, barter, gift, donation, or other disposal of platinum, gold, or silver bullion, including gold, silver, or numismatic coins.

### **EFFECTIVE DATE**

January 1, 2020.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 3413 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute does not include in the definition of "bullion holder" a specification that the holder engages in the applicable bullion activity at the Texas Bullion Depository and does not include a definition for "depository."