

By: _____

____.B. No. _____

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the apportionment of certain sales of loans and
3 securities for the franchise tax.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Sections 171.106(f) and (f-1), Tax Code, are
6 amended to read as follows:

7 (f) If [~~Notwithstanding Section 171.1055, if~~] a loan or
8 security is treated as inventory of the seller for federal income
9 tax purposes and the net gain or loss from the sale of that loan or
10 security is included in total revenue under Section
11 171.1011(c)(1)(A)(i) or (c)(2)(A)(i) and is not deducted or
12 excluded under another provision of this chapter, the gross
13 proceeds of the sale of that loan or security are considered gross
14 receipts.

15 (f-1) If [~~Notwithstanding Section 171.1055, if~~] a lending
16 institution categorizes a loan or security as "Securities Available
17 for Sale" or "Trading Securities" under Financial Accounting
18 Standard No. 115 and the net gain or loss from the sale of that loan
19 or security is included in total revenue under Section 171.1011 and
20 is not deducted or excluded under another provision of this
21 chapter, the gross proceeds of the sale of that loan or security are
22 considered gross receipts. In this subsection, "Financial
23 Accounting Standard No. 115" means the Financial Accounting
24 Standard No. 115 in effect as of January 1, 2009, not including any

1 changes made after that date. In this subsection, "security" means
2 a security as defined in Section 171.0001(13-a).

3 SECTION 2. This Act is a clarification of existing law and
4 does not imply that existing law may be construed as inconsistent
5 with the law as amended by this Act.

6 SECTION 3. This Act takes effect September 1, 2017.