

By: _____

____.B. No. _____

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the definition of "passive entity" for the franchise
3 tax.

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

5 SECTION 1. Section 171.0003(b), Tax Code, is amended to
6 read as follows:

7 (b) The income described by Subsection (a)(2) does not
8 include:

9 (1) rent; [~~or~~]

10 (2) income received by a nonoperator from mineral
11 properties under a joint operating agreement if the nonoperator is
12 a member of an affiliated group and another member of that group is
13 the operator under the same joint operating agreement; or

14 (3) interest income by a person in the business of
15 making loans to the general public.

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

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