

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	HB 2963
Version:	Proposed Committee Substitute
Request Number:	8313
Author:	Wallace
Date:	5/17/2021
Impact:	Please see previous summary of this measure

Research Analysis

The proposed committee substitute for HB 2963 reduces the income tax for both corporations that are equity owners in a pass-through entity and the tax rate for pass-through entities such as general partnerships, limited partnerships and limited liability companies, from 6 percent to 4 percent. This change would match the new reduced corporate income tax rate of 4 percent, assuming HB 2960 is enacted into law. It also maintains the connection to Section 2355 of Title 68 for purposes of determining the rate of tax to be paid by individuals who are equity owners of pass-through entities, currently at 5 percent; however, this figure would be reduced to 4.75 percent if HB 2962 is enacted. This preserves the relationship between the rate structure in the Income Tax Code and the rates used to compute the pass-through entity tax liability amount to reflect the new reduced income tax rates effective January 1, 2022.

Prepared By: Emily McPherson

Fiscal Analysis

The measure is currently under review and impact information will be completed.

Prepared By: Mark Tygret

Other Considerations

None.