

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1822 **As Engrossed: 3/14/2017**
Bill Subtitle: TO AMEND THE ANNUAL FRANCHISE TAX.

Basic Change :

Sponsor: Representative Lundstrum; Senator Hester

HB1822 would change the annual franchise tax paid by corporations. Franchise tax rates would be reduced to 1/3 of current rates. Current rates vary depending on the type of corporation.

	<u>Current Rate</u>	<u>HB1822 Rate</u>
Insurance Corporation Legal Reserve Mutual, Assets Less Than \$100 million	\$300	\$100
Insurance Corporation Legal Reserve Mutual, Assets Greater Than \$100 million	\$400	\$135
Insurance Company Outstanding Capital Stock Less Than \$500,000	\$300	\$100
Insurance Company Outstanding Capital Stock Greater Than \$500,000	\$400	\$135
Mortgage Loan Corporation	0.3% of the outstanding capital stock; \$300 minimum	0.1% of the outstanding capital stock; \$100 minimum
Mutual Assessment Insurance Corporation	\$300	\$100
Other Corporations without authorized capital stock	\$300	\$100
Other Corporation/Bank with Stock	0.3% of the outstanding capital stock; \$150 minimum	0.1% of the outstanding capital stock; \$50 minimum
Organization formed under Small Business Entity Tax Pass Through Act	Minimum	Minimum

Revenue Impact :

\$15 million annual reduction to Educational Adequacy Fund.

The first \$8 million of franchise tax collected each fiscal year is deposited as general revenue. Any amount collected above \$8 million is deposited to the Educational Adequacy Fund.

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Taxpayer Impact :

Taxpayers will pay reduced franchise tax rates.

Resources Required :

None.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

None.

Other Comments :

None.

Legal Analysis :

None.