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All Prefiled Amendments for: HB 500

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**The following 33 amendments were
published on 5/6/13 7:50 PM**



13 MAY -3 PM 6:15
HOUSE OF REPRESENTATIVES

James Bohac
By: Bohac

Amendment to H.B. No. 500

Amend HB 500 by adding the following SECTION:

SECTION __. Section 171.1011(n), Tax Code, is amended to read as follows:

(n) A [~~Except as provided by Subsection (e), a~~] taxable entity that is a health care provider shall exclude from its total revenue:

(1) to the extent included under Subsection (c)(1)(A), (c)(2)(A), or (c)(3), the total amount of payments the health care provider received:

(A) under the Medicaid program, Medicare program, Indigent Health Care and Treatment Act (Chapter 61, Health and Safety Code), and Children's Health Insurance Program (CHIP);

(B) for professional services provided in relation to a workers' compensation claim under Title 5, Labor Code; and

(C) for professional services provided to a beneficiary rendered under the TRICARE military health system; and

(2) the actual cost to the health care provider for any uncompensated care provided, but only if the provider maintains records of the uncompensated care for auditing purposes and, if the provider later receives payment for all or part of that care, the provider adjusts the amount excluded for the tax year in which the payment is received.

SECTION __. Section 171.1011(o), Tax Code, is repealed.

SECTION 3. This Act applies only to a report originally due

on or after the effective date of this Act.

H.B. No. 1727

SECTION 4. This Act takes effect January 1, 2015.



13 MAY -3 PM 6:15
HOUSE OF REPRESENTATIVES

Wm Bohac
By: Bohac

Amendment to H.B. No. 500

Amend HB 500 by adding the following SECTION:

SECTION __. Section 171.1011(o), Tax Code, is amended to read
as follows:

(o) A health care provider that is a health care
institution shall exclude from its total revenue ~~50~~75 percent of
the amounts described by Subsection (n).



13 MAY -6 AM 9:02
HOUSE OF REPRESENTATIVES

James Bohar

FLOOR AMENDMENT NO. _____

By: _____

(1) Amend HB 500 by adding the appropriately numbered SECTION as follows:

SECTION _____. Section 171.106, Tax Code, is amended by adding Subsection (g) to read as follows:

(g) A taxable entity that is a broadcaster shall include in the numerator of the broadcaster's apportionment factor receipts arising from a broadcast or other distribution of film by any means only if the legal domicile of the broadcaster's customer is in this state. This subsection applies only to receipts that are licensing income from distributing film programming. In this subsection:

(1) "Broadcaster" means a taxable entity, not including a cable service provider or a direct broadcast satellite service, that is a:

(A) television or radio station licensed by the Federal Communications Commission;

(B) television or radio broadcast network;

(C) cable television network; or

(D) television distribution company.

(2) "Customer" means a person, including a licensee, that has a direct connection or contractual relationship with a broadcaster under which the broadcaster derives revenue.

H.B. No. 2145

(3) "Film programming" means all or part of a live or recorded performance, event, or production intended to be distributed for visual and auditory perception by an audience.

(4) "Programming" includes news, entertainment, sporting events, plays, stories, or other literary, commercial, educational, or artistic works.

(2) Amend HB 500 by adding a new SECTION as follows:

SECTION ____ . SECTION ____ of HB 500 takes effect January 1, 2015.



13 MAY -4 AM 11:38

HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY:

Maoni R...
Angie Chan B...

1 Amend C.S.H.B. No. 500 (house committee printing) as follows:
2 (1) On page 3, line 1, strike "and" and substitute "[and]".
3 (2) On page 3, line 2, between "(iii)" and "subtracting",
4 insert the following:
5 subtracting 50 percent of the costs not already subtracted under
6 Subparagraph (ii)(a) or (b) that are properly allocable under the
7 Federal Acquisition Regulation (48 C.F.R. Chapter 1, or a successor
8 regulation), to contracts, or subcontracts supporting those
9 contracts, for the sale of goods or services to the federal
10 government; and
11 (iv)



13 MAY -4 AM 11:38
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY:

D. Bohner
Angie Chan Batt

- 1 Amend C.S.H.B. No. 500 (house committee report) as follows:
- 2 (1) On page 7, line 10, strike "Subsection (q)" and
- 3 substitute "Subsections (p) and (q)".
- 4 (2) On page 7, between lines 10 and 11, insert the
- 5 following:
- 6 (p) Notwithstanding Subsection (e)(2) or any other
- 7 provision of this section, the cost of goods sold includes 20
- 8 percent of the costs attributable to the acceptance of credit cards
- 9 and debit cards as a means of payment.



13 MAY -4 AM 11:18
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: _____

J. Caperton

1 Amend C.S.H.B. No. 500 (house committee report) by striking
2 page 8, lines 15 and 16, and substituting the following
3 appropriately numbered SECTION:

4 SECTION _____. Sections 171.0021, 171.1016(d), and
5 171.103(c) and (d), Tax Code, are repealed.

13 MAY -6 AM 9:17
HOUSE OF REPRESENTATIVES



FLOOR AMENDMENT NO. _____

BY: *[Signature]*

1 Amend C.S.H.B. No. 500 (House committee printing) by striking
2 SECTION 15 of the bill (page 9, line 6) and substituting the
3 following appropriately numbered SECTION:

4 SECTION _____. (a) Subject to Subsection (b) of this
5 section, this Act takes effect January 1, 2014.

6 (b) This Act takes effect only if the comptroller of public
7 accounts certifies in accordance with Section 49a(b), Article III,
8 Texas Constitution, that the amounts of money proposed for
9 appropriation by S.B. 1, Acts of the 83rd Legislature, Regular
10 Session, 2013, as enacted by that legislature, are within the
11 amounts estimated to be available in the funds from which the
12 proposed appropriations would be made. If the comptroller does not
13 make that certification, this Act has no effect.



FLOOR AMENDMENT NO. _____

BY: *[Signature]*

1 Amend C.S.H.B. No. 500 (house committee printing) by adding
2 the following appropriately numbered SECTION to the bill and
3 renumbering subsequent SECTIONS of the bill accordingly:

4 SECTION _____. (a) Chapter 325, Government Code, is amended
5 by adding Section 325.025 to read as follows:

6 Sec. 325.025. EVALUATION OF EXEMPTIONS FROM FRANCHISE TAX.

7 (a) The commission shall periodically evaluate each exemption
8 provided by Chapter 171, Tax Code, from the tax imposed under that
9 chapter.

10 (b) The commission shall conduct the evaluation required by
11 Subsection (a) according to a schedule that the commission adopts.
12 The schedule must provide for the commission to evaluate each tax
13 exemption at an interval not to exceed six years. The commission
14 shall provide the schedule to the governor, lieutenant governor,
15 speaker of the house of representatives, and presiding officers of
16 the senate finance committee and the house ways and means
17 committee.

18 (c) The commission's evaluation of each tax exemption must:

19 (1) include an evaluation of the exemption's effect
20 on:

21 (A) revenue received from the tax imposed under
22 Chapter 171;

23 (B) the entities that receive the exemption;

24 (C) sales of property, goods, and services made
25 in this state, where applicable; and

26 (D) economic investment and growth in this state;

27 (2) take into account any other factors the commission
28 considers relevant in evaluating the exemption;

29 (3) consider whether retaining the exemption is in the

1 public's best interest; and

2 (4) make recommendations for retaining or repealing
3 the exemption, or for amending a provision related to the
4 exemption.

5 (d) At each regular legislative session, the commission
6 shall present to the legislature and the governor a report on the
7 evaluation and recommendations it makes under Subsection (c). The
8 report must include drafts of any legislation needed to carry out
9 the commission's recommendations under that subsection.

10 (e) The evaluation described by this section does not apply
11 to a tax exemption that is:

12 (1) explicitly provided by the constitution of this
13 state; or

14 (2) related to an item or service that this state is
15 unable to tax under the United States Constitution or federal law.

16 (b) Chapter 101, Tax Code, is amended by adding Section
17 101.010 to read as follows:

18 Sec. 101.010. SUNSET PROVISION FOR CERTAIN EXEMPTIONS FROM
19 FRANCHISE TAX. (a) The exemptions provided by Chapter 171 from the
20 tax imposed under that chapter are subject to periodic evaluation
21 by the Sunset Advisory Commission under Section 325.025, Government
22 Code, according to a schedule that the commission adopts under that
23 section.

24 (b) A tax exemption that is the subject of a Sunset Advisory
25 Commission evaluation under Section 325.025, Government Code, and a
26 section or part of a section that provides the exemption are
27 repealed on December 31 of the year in which the commission presents
28 its evaluation to the legislature unless the legislature retains
29 the exemption.

30 (c) This section does not prohibit the legislature from
31 repealing an exemption from the tax imposed under Chapter 171 at a

1 date earlier than the date provided by this section.

2 (d) The evaluation described by Subsection (a) and the
3 repeal described by Subsection (b) do not apply to a tax exemption
4 relating to an item or service that this state is unable to tax
5 under the United States Constitution or federal law.

6 (c) The Sunset Advisory Commission shall adopt a schedule
7 for evaluating exemptions from the tax imposed under Chapter 171,
8 Tax Code, as provided by Section 325.025, Government Code, as added
9 by this section, on or before January 1, 2014.



13 MAY -3 PM 6:15
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: _____

Eiland

1 Amend C.S.H.B. No. 500 (house committee printing) by adding
2 the following appropriately numbered SECTION to the bill and
3 renumbering subsequent SECTIONS accordingly:

4 SECTION _____. Section 171.052(a), Tax Code, is amended to
5 read as follows:

6 (a) Except as provided by Subsection (c), an insurance
7 organization, title insurance company, or title insurance agent
8 authorized to engage in insurance business in this state that is
9 ~~[now]~~ required to pay an annual tax ~~[under Chapter 4 or 9, Insurance~~
10 ~~Code,~~ measured by its gross premium receipts is exempted from the
11 franchise tax. A nonadmitted insurance organization that is
12 required to pay a gross premium receipts tax during a tax year is
13 exempted from the franchise tax for that same tax year. A
14 nonadmitted insurance organization that is subject to an occupation
15 tax or any other tax that is imposed for the privilege of doing
16 business in another state or a foreign jurisdiction, including a
17 tax on gross premium receipts, is exempted from the franchise tax.



13 MAY -3 PM 6:15
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: _____

Eiland

Amend C.S.H.B. No. 500 (house committee report) by adding the following appropriately numbered SECTION to the bill and renumbering the other SECTIONS of the bill accordingly:

SECTION _____. Section 171.1013(a), Tax Code, is amended to read as follows:

(a) Except as otherwise provided by this section, "wages and cash compensation" means the amount entered in the Medicare wages and tips box of Internal Revenue Service Form W-2 or any subsequent form with a different number or designation that substantially provides the same information. The term also includes, to the extent not included above:

(1) net distributive income from a taxable entity treated as a partnership for federal income tax purposes, but only if the person receiving the distribution is a natural person;

(2) net distributive income from limited liability companies and corporations treated as S corporations for federal income tax purposes, but only if the person receiving the distribution is a natural person;

(3) stock awards and stock options deducted for federal income tax purposes; ~~and~~

(4) net distributive income from a limited liability company treated as a sole proprietorship for federal income tax purposes, but only if the person receiving the distribution is a natural person; and

(5) salaries or other compensation deducted for federal income tax purposes of employees located outside the United States for which the employer is not required to issue an Internal Revenue Service Form W-2.



13 MAY -6 AM 8:50
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: 

1 Amend C.S.H.B. No. 500 by adding the following appropriately
2 numbered SECTION to read as follows and renumbering subsequent
3 SECTIONS accordingly:

4 SECTION _____. Section 171.1012, Tax Code, is amended by
5 adding Subsections (k-2) and (k-3) to read as follows:

6 (k-2) This subsection applies only to a pipeline entity: (1)
7 that owns or leases and operates the pipeline by which the product
8 is transported for others and only to that portion of the product to
9 which the entity does not own title; and (2) that is primarily
10 engaged in gathering, storing, transporting, or processing crude
11 oil, including finished petroleum products, natural gas,
12 condensate, and natural gas liquids, except for a refinery
13 installation that manufactures finished petroleum products from
14 crude oil. Notwithstanding Subsection (e)(3) or (i), a pipeline
15 entity providing services for others related to the product that
16 the pipeline does not own and to which this subsection applies may
17 subtract as a cost of goods sold its depreciation, operations, and
18 maintenance costs allowed by this section related to the services
19 provided.

20 (k-3) For purposes of Subsection (k-2), "processing" means
21 the physical or mechanical removal, separation, or treatment of
22 crude oil, including finished petroleum products, natural gas,
23 condensate, and natural gas liquids after those materials are
24 produced from the earth. The term does not include the chemical or
25 biological transformation of those materials.



13 MAY -4 PM 2:48
HOUSE OF REPRESENTATIVES

Agenda Butter
Francis P. [Signature]

FLOOR AMENDMENT NO. _____

BY:

1 Amend C.S.H.B. No. 500 (house committee report) by striking
2 page 7, lines 9 through 10, and substituting the following,
3 appropriately numbered:

4 SECTION _____. Section 171.1012, Tax Code, is amended by
5 amending Subsection (f) and adding Subsection (q) to read as
6 follows:

7 (f) A taxable entity may subtract as a cost of goods sold
8 indirect or administrative overhead costs, including all mixed
9 service costs, such as security services, legal services, data
10 processing services, accounting services, personnel operations,
11 and general financial planning and financial management costs, that
12 it can demonstrate are allocable to the acquisition or production
13 of goods, except that the amount subtracted may not exceed 5.5
14 [~~four~~] percent of the taxable entity's total indirect or
15 administrative overhead costs, including all mixed service costs.
16 Any costs excluded under Subsection (e) may not be subtracted under
17 this subsection.



FLOOR AMENDMENT NO. _____

BY:

Lane Gordon

Amend C.S.H.B. 500 (House committee printing) by adding a new the SECTION as follows, and renumbering the remaining sections accordingly:

SECTION __. Effective January 1, 2016, Section 252.310, Tax Code, is amended by adding subsection (g) to read as follows:

(g) The comptroller may not regard an organization that qualifies for an exemption under Subsection (a)(1) or (2) as the agent of the organization's wholesale supplier or distributor under Section 151.024, if in exchange for consideration, title to taxable items is transferred under a contract, purchase order, invoice, shipping document, or other proof, from the supplier or distributor to the organization for purposes of the sale of those items at a tax-free sale or auction under this section.

13 MAY -6 AM 10:00
HOUSE OF REPRESENTATIVES



HOUSE OF REPRESENTATIVES

BY

6 (i) Subject to Section 171.1014 and the limitation in
7 Subsection (c), a taxable entity that elects to subtract
8 compensation for the purpose of computing its taxable margin under
9 Section 171.101 may include as wages and cash compensation any
10 nonemployee compensation paid to an independent contractor as
11 reported on Internal Revenue Service Form 1099 or any subsequent
12 form with a different number or designation that substantially
13 provides the same information.



13 MAY -6 AM 9:39
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: 

1 Amend C.S.H.B. No. 500 (House committee printing) as follows:

2 (1) On page 1, line 17, strike "and".

3 (2) On page 1, line 19, between "Code" and the period,
4 insert the following:

5 i

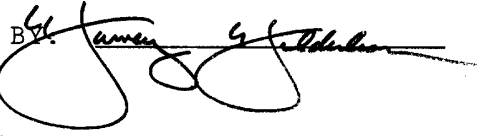
6 (E) activities involving the rental or leasing of
7 tools, party and event supplies, and furniture that are classified
8 as Industry 7359 of the 1987 Standard Industrial Classification
9 Manual published by the federal Office of Management and Budget;
10 and

11 (F) heavy construction equipment rental or
12 leasing activities classified as Industry 7353 of the 1987 Standard
13 Industrial Classification Manual published by the federal Office of
14 Management and Budget



13 MAY -6 AM 9:37
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: 

1 Amend C.S.H.B. No. 500 (house committee printing) as follows:

2 (1) Strike SECTION 4 (page 2, line 12, through page 3, line
3 15).

4 (2) On page 8, lines 7-8, strike "65 percent" and substitute
5 "the applicable percentage".

6 (3) Add the following appropriately numbered SECTION to the
7 bill:

8 SECTION _____. Section 171.101(a), Tax Code, is amended to
9 read as follows:

10 (a) The taxable margin of a taxable entity is computed by:

11 (1) determining the taxable entity's margin, which is
12 the lesser of:

13 (A) the applicable percentage [~~70 percent~~] of the
14 taxable entity's total revenue from its entire business [~~as~~]
15 determined under Section 171.1011, as follows:

16 (i) 40 percent, if the taxable entity's
17 total revenue from its entire business is less than \$5 million;

18 (ii) 50 percent, if the taxable entity's
19 total revenue from its entire business is at least \$5 million but
20 less than \$10 million;

21 (iii) 60 percent, if the taxable entity's
22 total revenue from its entire business is at least \$10 million but
23 less than \$15 million; and

24 (iv) 70 percent, if the taxable entity's
25 total revenue from its entire business is at least \$15 million; or

26 (B) an amount computed by:

27 (i) determining the taxable entity's total
28 revenue from its entire business, under Section 171.1011;

29 (ii) subtracting, at the election of the

1 taxable entity, either:

2 (a) cost of goods sold, as determined
3 under Section 171.1012; or

4 (b) compensation, as determined under
5 Section 171.1013; and

6 (iii) subtracting, in addition to any
7 subtractions made under Subparagraph (ii)(a) or (b), compensation,
8 as determined under Section 171.1013, paid to an individual during
9 the period the individual is serving on active duty as a member of
10 the armed forces of the United States if the individual is a
11 resident of this state at the time the individual is ordered to
12 active duty and the cost of training a replacement for the
13 individual;

14 (2) apportioning the taxable entity's margin to this
15 state as provided by Section 171.106 to determine the taxable
16 entity's apportioned margin; and

17 (3) subtracting from the amount computed under
18 Subdivision (2) any other allowable deductions to determine the
19 taxable entity's taxable margin.

20 (4) Renumber the existing SECTIONS of the bill accordingly.



13 MAY -6 PM 9:38

HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: _____

Amend C.S.H.B. No. 500 (house committee printing) as follows:

(1) On page 3, line 18, between "(g-11)," and "(u)", insert
"(g-12),".

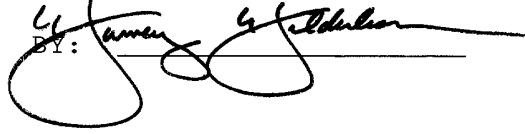
(2) On page 5, between lines 23 and 24, insert the
following:

(g-12) A taxable entity that is primarily engaged in the
business of manufacturing and delivering ready mix concrete shall
exclude from its total revenue direct costs of transporting or
delivering the material using a ready mix concrete vehicle that
maintains the manufacturing of the concrete by use of an attached
revolving drum.



13 MAY -6 4:06
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: 

1 Amend C.S.H.B. No. 500 (house committee report) as follows:

2 (1) Strike page 1, lines 5 through 6, and substitute the
3 following, numbered appropriately:

4 SECTION _____. Sections 171.0001(4) and (12), Tax Code, are
5 amended to read as follows:

6 (4) "Beginning date" means:

7 (A) for a taxable entity chartered or organized
8 in this state, the date on which the taxable entity's charter or
9 organization takes effect; and

10 (B) for any other taxable entity:

11 (i) [] the date on which the taxable entity
12 begins doing business in this state; or

13 (ii) if the taxable entity concurrently
14 begins doing business in this state and relocates its main office or
15 other principal place of business to this state from another state,
16 the third anniversary of the date on which the taxable entity begins
17 doing business in this state.

18 (2) Strike page 1, lines 20 through 21, and substitute the
19 following, numbered appropriately:

20 SECTION _____. Section 171.002, Tax Code, is amended by
21 adding Subsection (c-2) and amending Subsection (d) to read as
22 follows:

23 (3) On page 2, between lines 2 and 3, insert the following:

24 (d) A taxable entity is not required to pay any tax and is
25 not considered to owe any tax for a period if [+]

26 [(-)] the amount of tax computed for the taxable
27 entity is less than \$1,000 [+ or

28 [(-)] the amount of the taxable entity's total revenue
29 from its entire business is less than or equal to \$1 million or the

1 ~~amount determined under Section 171.006 per 12-month period on~~
2 ~~which margin is based~~].

3 (4) On page 2, lines 6 through 7, strike "Sections
4 171.002(d)(2) [~~171.0021~~], and 171.1013(c)" and substitute
5 "Sections 171.1011(c)(1)(C), 171.1011(c)(2)(C), 171.1011(c)(3),
6 [~~171.002(d)(2), 171.0021~~], and 171.1013(c)".

7 (5) On page 3, line 17, strike "amending Subsection (g)" and
8 substitute "amending Subsections (g) and (g-4)".

9 (6) On page 4, between lines 5 and 6, insert the following:

10 (g-4) A taxable entity that is a pharmacy cooperative shall
11 exclude from its total revenue, to the extent included under
12 Subsection (c)(1)(A), (c)(2)(A), or (c)(3), flow-through funds
13 from rebates from pharmacy wholesalers that are distributed to the
14 pharmacy cooperative's shareholders. A taxable entity that
15 provides a pharmacy network shall exclude from its total revenue,
16 to the extent included under Subsection (c)(1)(A), (c)(2)(A), or
17 (c)(3), flow-through funds from rebates from pharmacy wholesalers
18 that are distributed to pharmacies in the pharmacy network and
19 flow-through funds from reimbursements for payments to pharmacies
20 in the pharmacy network.

21 (7) Strike page 8, lines 2 through 9, and substitute the
22 following appropriately numbered SECTION:

23 SECTION _____. Section 171.1014, Tax Code, is amended by
24 amending Subsections (c) and (d) and adding Subsections (j) and
25 (j-1) to read as follows:

26 (c) For purposes of Section 171.101, a combined group shall
27 determine its total revenue by:

28 (1) determining the total revenue of each of its
29 members as provided by Section 171.1011 as if the member were an
30 individual taxable entity, except that only one member of the
31 combined group may subtract \$1 million under Section

1 171.1011(c)(1)(C), (c)(2)(C), or (c)(3);

2 (2) adding the total revenues of the members
3 determined under Subdivision (1) together; and

4 (3) subtracting, to the extent included under Section
5 171.1011(c)(1)(A), (c)(2)(A), or (c)(3), items of total revenue
6 received from a member of the combined group.

7 (d) For purposes of Section 171.101, a combined group shall
8 make an election to subtract either cost of goods sold or
9 compensation that applies to all of its members. Regardless of the
10 election, the taxable margin of the combined group may not exceed 70
11 percent of the combined group's total revenue from its entire
12 business, as provided by Section 171.101(a)(1)(A) notwithstanding
13 the percentage provided by Section 171.101(a)(1)(A).

14 (j) Notwithstanding any other provision of this chapter, a
15 nonqualified affiliate that would, except as otherwise provided by
16 this subsection, be included in a combined group with a qualified
17 affiliate may not be included in that combined group if:

18 (1) greater than 50 percent of the threshold amount is
19 from activities in retail or wholesale trade;

20 (2) less than 50 percent of the threshold amount is
21 from the sale of products produced by any entity that is included in
22 an affiliated group with that qualified affiliate; and

23 (3) less than five percent of the threshold amount is
24 from providing retail or wholesale electric utilities.

25 (j-1) For purposes of Subsection (j):

26 (1) a nonqualified affiliate is an individual taxable
27 entity that provides retail or wholesale electric utilities;

28 (2) a qualified affiliate is an individual taxable
29 entity that does not provide retail or wholesale electric
30 utilities; and

31 (3) the threshold amount is the total revenue that

1 would be determined under Subsection (c), provided that Subsection
2 (j) does not apply to the determination of total revenue for
3 purposes of this subdivision.

4 (8) Strike page 8, lines 15 through 16, and substitute the
5 following appropriately numbered SECTION:

6 SECTION _____. Sections 171.0021, 171.1016(d), 171.103(c)
7 and (d), and 171.204(b), Tax Code, are repealed.

8 (9) Strike page 9, line 6, and substitute the following
9 appropriately numbered SECTION:

10 SECTION _____. Except as otherwise provided by this Act,
11 this Act takes effect January 1, 2014.

12 (10) Add the following appropriately numbered SECTIONS to
13 the bill and renumber the SECTIONS of the bill accordingly:

14 SECTION _____. Section 171.001, Tax Code, is amended by
15 adding Subsection (d) to read as follows:

16 (d) Notwithstanding Subsection (a), the tax imposed under
17 this chapter is not imposed on a taxable entity that is chartered or
18 organized under the laws of the United States or another state and
19 that concurrently begins doing business in this state and relocates
20 its main office or other principal place of business to this state
21 from another state until the third anniversary of the date on which
22 the taxable entity begins doing business in this state.

23 SECTION _____. Section 171.063(g), Tax Code, is amended to
24 read as follows:

25 (g) If a corporation's federal tax exemption is withdrawn by
26 the Internal Revenue Service for failure of the corporation to
27 qualify or maintain its qualification for the exemption, the
28 corporation's exemption under this section ends on the effective
29 date of that withdrawal by the Internal Revenue Service. The
30 effective date of the withdrawal is considered the corporation's
31 beginning date for purposes of determining the corporation's

1 privilege periods and for all other purposes of this chapter,
2 except that if the corporation would have been subject to Section
3 171.001(d) or exempted from the franchise tax under Section 171.089
4 in the absence of the federal tax exemption, and the effective date
5 of the withdrawal is a date earlier than the date the corporation
6 would have become subject to the franchise tax as provided by
7 Section 171.001(d) or Section 171.089, as applicable, the date the
8 corporation would have become subject to the franchise tax under
9 the applicable provision is considered the corporation's beginning
10 date for those purposes.

11 SECTION _____. Subchapter B, Chapter 171, Tax Code, is
12 amended by adding Section 171.089 to read as follows:

13 Sec. 171.089. EXEMPTION FOR LIMITED PERIOD: CERTAIN
14 ENTITIES RELOCATING TO TEXAS. (a) A taxable entity is exempted
15 from the franchise tax for a period of three years if the taxable
16 entity:

17 (1) is chartered or organized under the laws of the
18 United States or another state;

19 (2) has been doing business in this state; and

20 (3) had its main office or principal place of business
21 located in another state but relocates that main office or other
22 principal place of business to this state.

23 (b) The three-year period during which a taxable entity is
24 exempted from the franchise tax as provided by this section begins
25 on January 1 of the year following the date the relocation of the
26 main office or other principal place of business is completed, as
27 defined by comptroller rules, and ends on the third anniversary of
28 that date.

29 SECTION _____. (a) Effective January 1, 2014, Section
30 171.1011(c), Tax Code, is amended to read as follows:

31 (c) Except as provided by this section, and subject to

1 Section 171.1014, for the purpose of computing its taxable margin
2 under Section 171.101, the total revenue of a taxable entity is:

3 (1) for a taxable entity treated for federal income
4 tax purposes as a corporation, an amount computed by:

5 (A) adding:

6 (i) the amount reportable as income on line
7 1c, Internal Revenue Service Form 1120;

8 (ii) the amounts reportable as income on
9 lines 4 through 10, Internal Revenue Service Form 1120; and

10 (iii) any total revenue reported by a lower
11 tier entity as includable in the taxable entity's total revenue
12 under Section 171.1015(b); ~~and~~

13 (B) subtracting:

14 (i) bad debt expensed for federal income
15 tax purposes that corresponds to items of gross receipts included
16 in Subsection (c)(1)(A) for the current reporting period or a past
17 reporting period;

18 (ii) to the extent included in Subsection
19 (c)(1)(A), foreign royalties and foreign dividends, including
20 amounts determined under Section 78 or Sections 951-964, Internal
21 Revenue Code;

22 (iii) to the extent included in Subsection
23 (c)(1)(A), net distributive income from a taxable entity treated as
24 a partnership or as an S corporation for federal income tax
25 purposes;

26 (iv) allowable deductions from Internal
27 Revenue Service Form 1120, Schedule C, to the extent the relating
28 dividend income is included in total revenue;

29 (v) to the extent included in Subsection
30 (c)(1)(A), items of income attributable to an entity that is a
31 disregarded entity for federal income tax purposes; and

1 (vi) to the extent included in Subsection
2 (c)(1)(A), other amounts authorized by this section; and
3 (C) if the amount computed under Subsections
4 (c)(1)(A) and (c)(1)(B) totals \$5 million or less, subtracting \$1
5 million;
6 (2) for a taxable entity treated for federal income
7 tax purposes as a partnership, an amount computed by:
8 (A) adding:
9 (i) the amount reportable as income on line
10 1c, Internal Revenue Service Form 1065;
11 (ii) the amounts reportable as income on
12 lines 4, 6, and 7, Internal Revenue Service Form 1065;
13 (iii) the amounts reportable as income on
14 lines 3a and 5 through 11, Internal Revenue Service Form 1065,
15 Schedule K;
16 (iv) the amounts reportable as income on
17 line 17, Internal Revenue Service Form 8825;
18 (v) the amounts reportable as income on
19 line 11, plus line 2 or line 45, Internal Revenue Service Form 1040,
20 Schedule F; and
21 (vi) any total revenue reported by a lower
22 tier entity as includable in the taxable entity's total revenue
23 under Section 171.1015(b); ~~and~~
24 (B) subtracting:
25 (i) bad debt expensed for federal income
26 tax purposes that corresponds to items of gross receipts included
27 in Subsection (c)(2)(A) for the current reporting period or a past
28 reporting period;
29 (ii) to the extent included in Subsection
30 (c)(2)(A), foreign royalties and foreign dividends, including
31 amounts determined under Section 78 or Sections 951-964, Internal

1 Revenue Code;

2 (iii) to the extent included in Subsection

3 (c)(2)(A), net distributive income from a taxable entity treated as

4 a partnership or as an S corporation for federal income tax

5 purposes;

6 (iv) to the extent included in Subsection

7 (c)(2)(A), items of income attributable to an entity that is a

8 disregarded entity for federal income tax purposes; and

9 (v) to the extent included in Subsection

10 (c)(2)(A), other amounts authorized by this section; and

11 (C) if the amount computed under Subsections

12 (c)(2)(A) and (c)(2)(B) totals \$5 million or less, subtracting \$1

13 million; or

14 (3) for a taxable entity other than a taxable entity

15 treated for federal income tax purposes as a corporation or

16 partnership, an amount determined in a manner substantially

17 equivalent to the amount for Subdivision (1) or (2), including the

18 subtraction of \$1 million as provided by Subdivision (1)(C) or

19 (2)(C), determined by rules that the comptroller shall adopt.

20 (b) Effective January 1, 2016, Section 171.1011(c), Tax

21 Code, is amended to read as follows:

22 (c) Except as provided by this section, and subject to

23 Section 171.1014, for the purpose of computing its taxable margin

24 under Section 171.101, the total revenue of a taxable entity is:

25 (1) for a taxable entity treated for federal income

26 tax purposes as a corporation, an amount computed by:

27 (A) adding:

28 (i) the amount reportable as income on line

29 1c, Internal Revenue Service Form 1120;

30 (ii) the amounts reportable as income on

31 lines 4 through 10, Internal Revenue Service Form 1120; and

1 (iii) any total revenue reported by a lower
2 tier entity as includable in the taxable entity's total revenue
3 under Section 171.1015(b); ~~and~~

4 (B) subtracting:

5 (i) bad debt expensed for federal income
6 tax purposes that corresponds to items of gross receipts included
7 in Subsection (c)(1)(A) for the current reporting period or a past
8 reporting period;

9 (ii) to the extent included in Subsection
10 (c)(1)(A), foreign royalties and foreign dividends, including
11 amounts determined under Section 78 or Sections 951-964, Internal
12 Revenue Code;

13 (iii) to the extent included in Subsection
14 (c)(1)(A), net distributive income from a taxable entity treated as
15 a partnership or as an S corporation for federal income tax
16 purposes;

17 (iv) allowable deductions from Internal
18 Revenue Service Form 1120, Schedule C, to the extent the relating
19 dividend income is included in total revenue;

20 (v) to the extent included in Subsection
21 (c)(1)(A), items of income attributable to an entity that is a
22 disregarded entity for federal income tax purposes; and

23 (vi) to the extent included in Subsection
24 (c)(1)(A), other amounts authorized by this section; and

25 (C) if the amount computed under Subsections
26 (c)(1)(A) and (c)(1)(B) totals \$10 million or less, subtracting \$1
27 million;

28 (2) for a taxable entity treated for federal income
29 tax purposes as a partnership, an amount computed by:

30 (A) adding:

31 (i) the amount reportable as income on line

1 1c, Internal Revenue Service Form 1065;

2 (ii) the amounts reportable as income on
3 lines 4, 6, and 7, Internal Revenue Service Form 1065;

4 (iii) the amounts reportable as income on
5 lines 3a and 5 through 11, Internal Revenue Service Form 1065,
6 Schedule K;

7 (iv) the amounts reportable as income on
8 line 17, Internal Revenue Service Form 8825;

9 (v) the amounts reportable as income on
10 line 11, plus line 2 or line 45, Internal Revenue Service Form 1040,
11 Schedule F; and

12 (vi) any total revenue reported by a lower
13 tier entity as includable in the taxable entity's total revenue
14 under Section 171.1015(b); ~~and~~

15 (B) subtracting:

16 (i) bad debt expensed for federal income
17 tax purposes that corresponds to items of gross receipts included
18 in Subsection (c)(2)(A) for the current reporting period or a past
19 reporting period;

20 (ii) to the extent included in Subsection
21 (c)(2)(A), foreign royalties and foreign dividends, including
22 amounts determined under Section 78 or Sections 951-964, Internal
23 Revenue Code;

24 (iii) to the extent included in Subsection
25 (c)(2)(A), net distributive income from a taxable entity treated as
26 a partnership or as an S corporation for federal income tax
27 purposes;

28 (iv) to the extent included in Subsection
29 (c)(2)(A), items of income attributable to an entity that is a
30 disregarded entity for federal income tax purposes; and

31 (v) to the extent included in Subsection

1 (c)(2)(A), other amounts authorized by this section; and
2 (C) if the amount computed under Subsections
3 (c)(2)(A) and (c)(2)(B) totals \$10 million or less, subtracting \$1
4 million; or
5 (3) for a taxable entity other than a taxable entity
6 treated for federal income tax purposes as a corporation or
7 partnership, an amount determined in a manner substantially
8 equivalent to the amount for Subdivision (1) or (2), including the
9 subtraction of \$1 million as provided by Subdivision (1)(C) or
10 (2)(C), determined by rules that the comptroller shall adopt.
11 (c) Effective January 1, 2018, Section 171.1011(c), Tax
12 Code, is amended to read as follows:
13 (c) Except as provided by this section, and subject to
14 Section 171.1014, for the purpose of computing its taxable margin
15 under Section 171.101, the total revenue of a taxable entity is:
16 (1) for a taxable entity treated for federal income
17 tax purposes as a corporation, an amount computed by:
18 (A) adding:
19 (i) the amount reportable as income on line
20 1c, Internal Revenue Service Form 1120;
21 (ii) the amounts reportable as income on
22 lines 4 through 10, Internal Revenue Service Form 1120; and
23 (iii) any total revenue reported by a lower
24 tier entity as includable in the taxable entity's total revenue
25 under Section 171.1015(b); ~~and~~
26 (B) subtracting:
27 (i) bad debt expensed for federal income
28 tax purposes that corresponds to items of gross receipts included
29 in Subsection (c)(1)(A) for the current reporting period or a past
30 reporting period;
31 (ii) to the extent included in Subsection

1 (c)(1)(A), foreign royalties and foreign dividends, including
2 amounts determined under Section 78 or Sections 951-964, Internal
3 Revenue Code;

4 (iii) to the extent included in Subsection
5 (c)(1)(A), net distributive income from a taxable entity treated as
6 a partnership or as an S corporation for federal income tax
7 purposes;

8 (iv) allowable deductions from Internal
9 Revenue Service Form 1120, Schedule C, to the extent the relating
10 dividend income is included in total revenue;

11 (v) to the extent included in Subsection
12 (c)(1)(A), items of income attributable to an entity that is a
13 disregarded entity for federal income tax purposes; and

14 (vi) to the extent included in Subsection
15 (c)(1)(A), other amounts authorized by this section; and

16 (C) if the amount computed under Subsections
17 (c)(1)(A) and (c)(1)(B) totals \$15 million or less, subtracting \$1
18 million;

19 (2) for a taxable entity treated for federal income
20 tax purposes as a partnership, an amount computed by:

21 (A) adding:

22 (i) the amount reportable as income on line
23 1c, Internal Revenue Service Form 1065;

24 (ii) the amounts reportable as income on
25 lines 4, 6, and 7, Internal Revenue Service Form 1065;

26 (iii) the amounts reportable as income on
27 lines 3a and 5 through 11, Internal Revenue Service Form 1065,
28 Schedule K;

29 (iv) the amounts reportable as income on
30 line 17, Internal Revenue Service Form 8825;

31 (v) the amounts reportable as income on

1 line 11, plus line 2 or line 45, Internal Revenue Service Form 1040,
2 Schedule F; and

3 (vi) any total revenue reported by a lower
4 tier entity as includable in the taxable entity's total revenue
5 under Section 171.1015(b); ~~and~~

6 (B) subtracting:

7 (i) bad debt expensed for federal income
8 tax purposes that corresponds to items of gross receipts included
9 in Subsection (c)(2)(A) for the current reporting period or a past
10 reporting period;

11 (ii) to the extent included in Subsection
12 (c)(2)(A), foreign royalties and foreign dividends, including
13 amounts determined under Section 78 or Sections 951-964, Internal
14 Revenue Code;

15 (iii) to the extent included in Subsection
16 (c)(2)(A), net distributive income from a taxable entity treated as
17 a partnership or as an S corporation for federal income tax
18 purposes;

19 (iv) to the extent included in Subsection
20 (c)(2)(A), items of income attributable to an entity that is a
21 disregarded entity for federal income tax purposes; and

22 (v) to the extent included in Subsection
23 (c)(2)(A), other amounts authorized by this section; and

24 (C) if the amount computed under Subsections
25 (c)(2)(A) and (c)(2)(B) totals \$15 million or less, subtracting \$1
26 million; or

27 (3) for a taxable entity other than a taxable entity
28 treated for federal income tax purposes as a corporation or
29 partnership, an amount determined in a manner substantially
30 equivalent to the amount for Subdivision (1) or (2), including the
31 subtraction of \$1 million as provided by Subdivision (1)(C) or

1 (2)(C), determined by rules that the comptroller shall adopt.

2 (d) Effective January 1, 2020, Section 171.1011(c), Tax
3 Code, is amended to read as follows:

4 (c) Except as provided by this section, and subject to
5 Section 171.1014, for the purpose of computing its taxable margin
6 under Section 171.101, the total revenue of a taxable entity is:

7 (1) for a taxable entity treated for federal income
8 tax purposes as a corporation, an amount computed by:

9 (A) adding:

10 (i) the amount reportable as income on line
11 1c, Internal Revenue Service Form 1120;

12 (ii) the amounts reportable as income on
13 lines 4 through 10, Internal Revenue Service Form 1120; and

14 (iii) any total revenue reported by a lower
15 tier entity as includable in the taxable entity's total revenue
16 under Section 171.1015(b); ~~and~~

17 (B) subtracting:

18 (i) bad debt expensed for federal income
19 tax purposes that corresponds to items of gross receipts included
20 in Subsection (c)(1)(A) for the current reporting period or a past
21 reporting period;

22 (ii) to the extent included in Subsection
23 (c)(1)(A), foreign royalties and foreign dividends, including
24 amounts determined under Section 78 or Sections 951-964, Internal
25 Revenue Code;

26 (iii) to the extent included in Subsection
27 (c)(1)(A), net distributive income from a taxable entity treated as
28 a partnership or as an S corporation for federal income tax
29 purposes;

30 (iv) allowable deductions from Internal
31 Revenue Service Form 1120, Schedule C, to the extent the relating

1 dividend income is included in total revenue;

2 (v) to the extent included in Subsection

3 (c)(1)(A), items of income attributable to an entity that is a

4 disregarded entity for federal income tax purposes; and

5 (vi) to the extent included in Subsection

6 (c)(1)(A), other amounts authorized by this section; and

7 (C) if the amount computed under Subsections

8 (c)(1)(A) and (c)(1)(B) totals \$20 million or less, subtracting \$1

9 million;

10 (2) for a taxable entity treated for federal income

11 tax purposes as a partnership, an amount computed by:

12 (A) adding:

13 (i) the amount reportable as income on line

14 1c, Internal Revenue Service Form 1065;

15 (ii) the amounts reportable as income on

16 lines 4, 6, and 7, Internal Revenue Service Form 1065;

17 (iii) the amounts reportable as income on

18 lines 3a and 5 through 11, Internal Revenue Service Form 1065,

19 Schedule K;

20 (iv) the amounts reportable as income on

21 line 17, Internal Revenue Service Form 8825;

22 (v) the amounts reportable as income on

23 line 11, plus line 2 or line 45, Internal Revenue Service Form 1040,

24 Schedule F; and

25 (vi) any total revenue reported by a lower

26 tier entity as includable in the taxable entity's total revenue

27 under Section 171.1015(b); ~~and~~

28 (B) subtracting:

29 (i) bad debt expensed for federal income

30 tax purposes that corresponds to items of gross receipts included

31 in Subsection (c)(2)(A) for the current reporting period or a past

1 reporting period;

2 (ii) to the extent included in Subsection
3 (c)(2)(A), foreign royalties and foreign dividends, including
4 amounts determined under Section 78 or Sections 951-964, Internal
5 Revenue Code;

6 (iii) to the extent included in Subsection
7 (c)(2)(A), net distributive income from a taxable entity treated as
8 a partnership or as an S corporation for federal income tax
9 purposes;

10 (iv) to the extent included in Subsection
11 (c)(2)(A), items of income attributable to an entity that is a
12 disregarded entity for federal income tax purposes; and

13 (v) to the extent included in Subsection
14 (c)(2)(A), other amounts authorized by this section; and

15 (C) if the amount computed under Subsections
16 (c)(2)(A) and (c)(2)(B) totals \$20 million or less, subtracting \$1
17 million; or

18 (3) for a taxable entity other than a taxable entity
19 treated for federal income tax purposes as a corporation or
20 partnership, an amount determined in a manner substantially
21 equivalent to the amount for Subdivision (1) or (2), including the
22 subtraction of \$1 million as provided by Subdivision (1)(C) or
23 (2)(C), determined by rules that the comptroller shall adopt.

24 SECTION _____. (a) Section 171.1012, Tax Code, is amended by
25 adding Subsection (r) to read as follows:

26 (r) If a taxable entity that is a movie theater elects to
27 subtract cost of goods sold, the cost of goods sold for the taxable
28 entity shall be the costs described by this section in relation to
29 the acquisition, production, exhibition, or use of a film or motion
30 picture, including expenses for the right to use the film or motion
31 picture.

1 (b) Section 171.1012(r), Tax Code, as added by this section,
2 is a clarification of existing law and does not imply that existing
3 law may be construed as inconsistent with the law as amended by this
4 section.

5 (c) This section takes effect September 1, 2013.

6 SECTION _____. Section 171.1015(d), Tax Code, is amended to
7 read as follows:

8 (d) Section 171.002(d) does not apply to an upper tier
9 entity if, before the attribution of any total revenue by a lower
10 tier entity to an upper tier entity under this section, the lower
11 tier entity does not meet the criteria of Section 171.002(d)(1) [~~ex~~
12 ~~(d)(2)~~].

13 SECTION _____. Section 171.204, Tax Code, is amended by
14 adding Subsection (d) to read as follows:

15 (d) The comptroller may require a taxable entity on which
16 the tax imposed under this chapter is not imposed solely because of
17 the application of Section 171.001(d) to file an information report
18 stating the taxable entity's beginning date as determined under
19 Section 171.0001(4)(B)(ii). The comptroller may require a taxable
20 entity exempted from the franchise tax solely because of the
21 application of Section 171.089 to file an information report
22 stating the date the relocation of the taxable entity's main office
23 or other principal place of business was completed, as defined by
24 comptroller rules. The comptroller may require the report to
25 include other information the comptroller determines necessary,
26 except that the comptroller may not require the taxable entity to
27 report or compute its margin.

28 SECTION _____. Chapter 171, Tax Code, is amended by adding
29 Subchapter S to read as follows:

SUBCHAPTER S. TAX CREDIT FOR CERTIFIED REHABILITATION OF CERTIFIED
HISTORIC STRUCTURES

Sec. 171.901. DEFINITIONS. In this subchapter:

(1) "Certified historic structure" means a property in
this state that is:

(A) listed individually in the National Register
of Historic Places;

(B) designated as a Recorded Texas Historic
Landmark under Section 442.006, Government Code, or as a state
archeological landmark under Chapter 191, Natural Resources Code;
or

(C) certified by the commission as contributing
to the historic significance of:

(i) a historic district listed in the
National Register of Historic Places; or

(ii) a local district certified by the
United States Department of the Interior in accordance with 36
C.F.R. Section 67.9.

(2) "Certified rehabilitation" means the
rehabilitation of a certified historic structure that the
commission has certified as meeting the United States secretary of
the interior's Standards for Rehabilitation as defined in 36 C.F.R.
Section 67.7.

(3) "Commission" means the Texas Historical
Commission.

(4) "Eligible costs and expenses" means qualified
rehabilitation expenditures as defined by Section 47(c)(2),
Internal Revenue Code.

Sec. 171.902. ELIGIBILITY FOR CREDIT. An entity is
eligible to apply for a credit in the amount and under the
conditions and limitations provided by this subchapter against the

1 tax imposed under this chapter.

2 Sec. 171.903. QUALIFICATION. An entity is eligible for a
3 credit for eligible costs and expenses incurred in the certified
4 rehabilitation of a certified historic structure as provided by
5 this subchapter if:

6 (1) the rehabilitated certified historic structure is
7 placed in service on or after September 1, 2013;

8 (2) the entity has an ownership interest in the
9 certified historic structure in the year during which the structure
10 is placed in service after the rehabilitation; and

11 (3) the total amount of the eligible costs and
12 expenses incurred exceeds \$5,000.

13 Sec. 171.904. CERTIFICATION OF ELIGIBILITY. (a) Before
14 claiming, selling, or assigning a credit under this subchapter, the
15 entity that incurred the eligible costs and expenses in the
16 rehabilitation of a certified historic structure must request from
17 the commission a certificate of eligibility on which the commission
18 certifies that the work performed meets the definition of a
19 certified rehabilitation. The entity must include with the
20 entity's request:

21 (1) information on the property that is sufficient for
22 the commission to determine whether the property meets the
23 definition of a certified historic structure; and

24 (2) information on the rehabilitation, and
25 photographs before and after work is performed, sufficient for the
26 commission to determine whether the rehabilitation meets the United
27 States secretary of the interior's Standards for Rehabilitation as
28 defined in 36 C.F.R. Section 67.7.

29 (b) The commission shall issue a certificate of eligibility
30 to an entity that has incurred eligible costs and expenses as
31 provided by this subchapter. The certificate must:

1 (1) confirm that:

2 (A) the property to which the eligible costs and
3 expenses relate is a certified historic structure; and

4 (B) the rehabilitation qualifies as a certified
5 rehabilitation; and

6 (2) specify the date the certified historic structure
7 was first placed in service after the rehabilitation.

8 (c) The entity must forward the certificate of eligibility
9 and the following documentation to the comptroller to claim the tax
10 credit:

11 (1) an audited cost report issued by a certified
12 public accountant, as defined by Section 901.002, Occupations Code,
13 that itemizes the eligible costs and expenses incurred in the
14 certified rehabilitation of the certified historic structure by the
15 entity;

16 (2) the date the certified historic structure was
17 first placed in service after the rehabilitation and evidence of
18 that placement in service; and

19 (3) an attestation of the total eligible costs and
20 expenses incurred by the entity on the rehabilitation of the
21 certified historic structure.

22 (d) For purposes of approving the tax credit under
23 Subsection (c), the comptroller may rely on the audited cost report
24 provided by the entity that requested the tax credit.

25 (e) An entity that sells or assigns a credit under this
26 subchapter to another entity shall provide a copy of the
27 certificate of eligibility, together with the audited cost report,
28 to the purchaser or assignee.

29 Sec. 171.905. AMOUNT OF CREDIT; LIMITATIONS. (a) The total
30 amount of the credit under this subchapter with respect to the
31 rehabilitation of a single certified historic structure that may be

1 claimed may not exceed 25 percent of the total eligible costs and
2 expenses incurred in the certified rehabilitation of the certified
3 historic structure.

4 (b) The total credit claimed for a report, including the
5 amount of any carryforward under Section 171.906, may not exceed
6 the amount of franchise tax due for the report after any other
7 applicable tax credits.

8 (c) Eligible costs and expenses may only be counted once in
9 determining the amount of the tax credit available, and more than
10 one entity may not claim a credit for the same eligible costs and
11 expenses.

12 Sec. 171.906. CARRYFORWARD. (a) If an entity is eligible
13 for a credit that exceeds the limitation under Section 171.905(b),
14 the entity may carry the unused credit forward for not more than
15 five consecutive reports.

16 (b) A carryforward is considered the remaining portion of a
17 credit that cannot be claimed in the current year because of the
18 limitation under Section 171.905(b).

19 Sec. 171.907. APPLICATION FOR CREDIT. (a) An entity must
20 apply for a credit under this subchapter on or with the report for
21 the period for which the credit is claimed.

22 (b) An entity shall file with any report on which the credit
23 is claimed a copy of the certificate of eligibility issued by the
24 commission under Section 171.904 and any other information required
25 by the comptroller to sufficiently demonstrate that the entity is
26 eligible for the credit.

27 (c) The burden of establishing eligibility for and the value
28 of the credit is on the entity.

29 Sec. 171.908. SALE OR ASSIGNMENT OF CREDIT. (a) An entity
30 that incurs eligible costs and expenses may sell or assign all or
31 part of the credit that may be claimed for those costs and expenses

to one or more entities, and any entity to which all or part of the credit is sold or assigned may sell or assign all or part of the credit to another entity. There is no limit on the total number of transactions for the sale or assignment of all or part of the total credit authorized under this subchapter, however, collectively all transfers are subject to the maximum total limits provided by Section 171.905.

(b) An entity that sells or assigns a credit under this section and the entity to which the credit is sold or assigned shall jointly submit written notice of the sale or assignment to the comptroller on a form promulgated by the comptroller not later than the 30th day after the date of the sale or assignment. The notice must include:

(1) the date of the sale or assignment;
(2) the amount of the credit sold or assigned;
(3) the names and federal tax identification numbers of the entity that sold or assigned the credit or part of the credit and the entity to which the credit or part of the credit was sold or assigned; and

(4) the amount of the credit owned by the selling or assigning entity before the sale or assignment, and the amount the selling or assigning entity retained, if any, after the sale or assignment.

(c) The sale or assignment of a credit in accordance with this section does not extend the period for which a credit may be carried forward and does not increase the total amount of the credit that may be claimed. After an entity claims a credit for eligible costs and expenses, another entity may not use the same costs and expenses as the basis for claiming a credit.

(d) Notwithstanding the requirements of this subchapter, a credit earned or purchased by, or assigned to, a partnership,

limited liability company, S corporation, or other pass-through entity may be allocated to the partners, members, or shareholders of that entity and claimed under this subchapter in accordance with the provisions of any agreement among the partners, members, or shareholders and without regard to the ownership interest of the partners, members, or shareholders in the rehabilitated certified historic structure, provided that the entity that claims the credit must be subject to the tax imposed under this chapter.

Sec. 171.909. RULES. The commission and the comptroller shall adopt rules necessary to implement this subchapter.

SECTION _____. (a) Section 18, Chapter 1 (H.B. 3), Acts of the 79th Legislature, 3rd Called Session, 2006, is amended by adding Subsections (h) and (i) to read as follows:

(h) In this subsection and Subsection (i) of this section, "transfer" includes a sale. Notwithstanding Subsections (e) and (f) of this section, a corporation that has unused, unexpired credits carried forward under former Subchapter P or Q, Chapter 171, Tax Code, may transfer the credits to another taxpayer of this state. To be eligible to transfer the credits, the corporation must obtain a certificate of transfer of credit from the comptroller of public accounts for the amount of the credits to be transferred. Not later than the 30th day after the date of the transfer, the corporation must submit to the comptroller a notice of the transfer in a form prescribed by the comptroller. The notice must be accompanied by a copy of the certificate of transfer issued by the comptroller and specify:

(1) the number on the certificate of transfer;

(2) the amount of the corporation's unused, unexpired credits preceding the transfer;

(3) the date of the transfer;

(4) the amount of credits transferred;

1 (5) the tax identification numbers of the corporation
2 and the taxpayer to which the credits were transferred;

3 (6) the corporation's remaining amount of unused,
4 unexpired credits after the transfer; and

5 (7) any other information the comptroller requires.

6 (i) The transfer of a credit under Subsection (h) of this
7 section is limited to a credit that was first reported on a report
8 originally due before January 1, 2008, and does not include credits
9 authorized under former Subchapter Q-1, Chapter 171, Tax Code, or
10 credits that were created under the terms of a written agreement
11 between a taxpayer and the Texas Department of Economic Development
12 or its successor that was entered into before June 1, 2006, and
13 which credits continue to accrue under the terms provided by
14 Section 19 of this Act. The transferee of a credit under this
15 section obtains the credit subject to the same rights and
16 privileges as the transferor. The transfer of a credit under
17 Subsection (h) of this section does not extend or lessen the period
18 during which the credit may be claimed. If a corporation transfers a
19 credit that the corporation was not entitled to claim at the time of
20 the transfer:

21 (1) the taxpayer to which the credit was transferred
22 may pursue any remedy authorized by law against the corporation and
23 may not pursue any remedy against the comptroller of public
24 accounts or this state; and

25 (2) the comptroller:

26 (A) may not allow the taxpayer to which the
27 credit was transferred to apply the credit on a report; or

28 (B) shall recover from the taxpayer the amount of
29 the credit the taxpayer claims on a report using any means
30 authorized by law.

31 (b) This section applies only to a credit transferred on or

1 after the effective date of this section.

2 (c) This section takes effect September 1, 2013.

3 SECTION _____. (a) The changes in law made by this Act by the
4 addition of Sections 171.001(d), 171.089, and 171.204(d), Tax Code,
5 and the amendment of Sections 171.0001(4) and 171.063(g), Tax Code,
6 apply to a taxable entity doing business in this state before, on,
7 or after the effective date of this Act.

8 (b) A taxable entity on which the tax under Chapter 171, Tax
9 Code, was imposed before the effective date of this Act, but on
10 which the tax is not imposed on the effective date of this Act
11 because of the application of Section 171.001(d) or 171.089, Tax
12 Code, as added by this Act, is not entitled to a refund of or credit
13 for taxes paid under Chapter 171, Tax Code, before the effective
14 date of this Act.



13 MAY -6 AM 9:37
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: *[Signature]*

Amend C.S.H.B. No. 500 (house committee printing) as follows:

(1) Add the following appropriately numbered SECTION to the bill and renumber subsequent SECTIONS of the bill accordingly:

SECTION _____. (a) Effective January 1, 2016, Section 171.002(d), Tax Code, as amended by Section 1(a), Chapter 286 (H.B. 4765), Acts of the 81st Legislature, Regular Session, 2009, is amended to read as follows:

(d) A taxable entity is not required to pay any tax and is not considered to owe any tax for a period if:

(1) the amount of tax computed for the taxable entity is less than \$1,000; or

(2) the amount of the taxable entity's total revenue from its entire business is less than or equal to \$5 [~~\$1~~] million or the amount determined under Section 171.006 per 12-month period on which margin is based.

(b) Effective January 1, 2018, Section 171.002(d), Tax Code, as amended by Section 1(a), Chapter 286 (H.B. 4765), Acts of the 81st Legislature, Regular Session, 2009, is amended to read as follows:

(d) A taxable entity is not required to pay any tax and is not considered to owe any tax for a period if:

(1) the amount of tax computed for the taxable entity is less than \$1,000; or

(2) the amount of the taxable entity's total revenue from its entire business is less than or equal to \$10 [~~\$1~~] million or the amount determined under Section 171.006 per 12-month period on which margin is based.

(c) Effective January 1, 2020, Section 171.002(d), Tax Code, as amended by Section 1(a), Chapter 286 (H.B. 4765), Acts of

1 the 81st Legislature, Regular Session, 2009, is amended to read as
2 follows:

3 (d) A taxable entity is not required to pay any tax and is
4 not considered to owe any tax for a period if:

5 (1) the amount of tax computed for the taxable entity
6 is less than \$1,000; or

7 (2) the amount of the taxable entity's total revenue
8 from its entire business is less than or equal to \$15 [~~\$1~~] million
9 or the amount determined under Section 171.006 per 12-month period
10 on which margin is based.

11 (d) Effective January 1, 2022, Section 171.002(d), Tax
12 Code, as amended by Section 1(a), Chapter 286 (H.B. 4765), Acts of
13 the 81st Legislature, Regular Session, 2009, is amended to read as
14 follows:

15 (d) A taxable entity is not required to pay any tax and is
16 not considered to owe any tax for a period if:

17 (1) the amount of tax computed for the taxable entity
18 is less than \$1,000; or

19 (2) the amount of the taxable entity's total revenue
20 from its entire business is less than or equal to \$20 [~~\$1~~] million
21 or the amount determined under Section 171.006 per 12-month period
22 on which margin is based.

23 (e) Notwithstanding any other provision of this Act, this
24 section applies only to a report originally due on or after January
25 1, 2016.

26 (2) On page 9, line 6, strike "This" and substitute "Except
27 as otherwise provided by this Act, this".



13 MAY -6 AM 9:14
HOUSE OF REPRESENTATIVES

[Signature]
BY: _____

FLOOR AMENDMENT NO. _____

Amend C.S.H.B. 500(house committee report) as follows:

SECTION _____. Section 171.1014, Tax Code, is amended by adding Subsection (j) to read as follows:

(j) Notwithstanding any other provision of this section, a taxable entity that provides retail or wholesale electric utilities may not be included as a member of a combined group that includes one or more taxable entities that do not provide retail or wholesale electric utilities if that combined group in the absence of this subsection:

(1) would not meet the requirements of Section 171.002(c) solely because one or more members of the combined group provide retail or wholesale electric utilities; and

(2) would have less than five percent of the combined group's total revenue derived from providing retail or wholesale electric utilities.

SECTION _____. It is the intent of the legislature that certain taxable entities that are part of an affiliated group and that provide retail or wholesale electric utilities be disqualified as members of certain combined groups for purposes of the franchise tax.



13 MAY -4 PM 1:42
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: _____

Amend C.S.H.B. No. 500 as follows:

(1) Add the following appropriately numbered SECTION to the bill and renumber subsequent SECTIONS of the bill accordingly:

SECTION ____ (a) Subchapter C, Chapter 171, Tax Code, is amended by adding Section 171.109 to read as follows:

Sec. 171.109. DEDUCTION OF RELOCATION COSTS BY CERTAIN TAXABLE ENTITIES FROM MARGIN APPORTIONED TO THIS STATE. (a) In this section, "relocation costs" means the costs incurred by a taxable entity to relocate the taxable entity's main office or other principal place of business from one location to another. The term includes:

(1) costs of relocating computers and peripherals, other business supplies, furniture, and inventory; and

(2) any other costs related to the relocation that are allowable deductions for federal income tax purposes.

(b) Subject to Subsection (c), a taxable entity may deduct from its apportioned margin relocation costs incurred in relocating the taxable entity's main office or other principal place of business to this state from another state if the taxable entity:

(1) did not do business in this state before relocating the taxable entity's main office or other principal place of business to this state; and

(2) is not a member of an affiliated group engaged in a unitary business, another member of which is doing business in this state on the date the taxable entity relocates the taxable entity's main office or other principal place of business to this state.

(c) A taxable entity must take the deduction authorized by Subsection (b) on the report based on the taxable entity's initial period described by Section 171.151(1).

1 (d) On the comptroller's request, a taxable entity that
2 takes a deduction authorized by this section shall file with the
3 comptroller proof of the deducted relocation costs.

4 (b) The change in law made by this section applies only to a
5 taxable entity that relocates the taxable entity's main office or
6 other principal place of business to this state on or after the
7 effective date of this section.

8 (c) This section takes effect September 1, 2013.

9 (2) On page 9, line 6, strike "This" and substitute "Except
10 as otherwise provided by this Act, this".



13 MAY -6 AM 7:55

HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: _____

1 Amend C.S.H.B. No. 500 (House committee printing) by adding
2 the following appropriately numbered SECTION to the bill and
3 renumbering subsequent SECTIONS of the bill accordingly:

4 SECTION _____. Chapter 171, Tax Code, is amended by adding
5 Subchapters P-1 and Q-2 to read as follows:

6 SUBCHAPTER P-1. TAX CREDITS FOR CERTAIN

7 JOB CREATION ACTIVITIES

8 Sec. 171.771. DEFINITIONS. In this subchapter:

9 (1) "Agricultural processing" means an establishment
10 primarily engaged in activities described in categories 0724,
11 2011-2099, 2211, 2231, 2824, 2833, 2834, 2835, 2836, 2841,
12 3111-3199, 3262, or 3952, in product classes 28692 or 28698 of
13 category 2869, or in product classes 28992 or 28994 of category 2899
14 of the 1987 Standard Industrial Classification Manual published by
15 the United States Department of Labor.

16 (2) "Central administrative offices" means an
17 establishment primarily engaged in performing management or
18 support services for other establishments of the same enterprise.
19 An enterprise consists of all establishments having more than 50
20 percent common direct or indirect ownership.

21 (3) "Data processing" means an establishment
22 primarily engaged in activities described in categories 7371-7379
23 of the 1987 Standard Industrial Classification Manual published by
24 the United States Department of Labor.

25 (4) "Distribution" means an establishment primarily
26 engaged in activities described in categories 5012-5199 of the 1987
27 Standard Industrial Classification Manual published by the United
28 States Department of Labor.

29 (5) "Group health benefit plan" means:

1 (A) a health plan provided by a health
2 maintenance organization established under Chapter 843, Insurance
3 Code;

4 (B) a health benefit plan approved by the
5 commissioner of insurance; or

6 (C) a self-funded or self-insured employee
7 welfare benefit plan that provides health benefits and is
8 established in accordance with the Employee Retirement Income
9 Security Act of 1974 (29 U.S.C. Section 1001 et seq.).

10 (6) "Manufacturing" means an establishment primarily
11 engaged in activities described in categories 2011-3999 of the 1987
12 Standard Industrial Classification Manual published by the United
13 States Department of Labor.

14 (7) "Qualified business" means an establishment
15 primarily engaged in agricultural processing, central
16 administrative offices, distribution, data processing,
17 manufacturing, research and development, or warehousing.

18 (8) "Qualifying job" means a new permanent full-time
19 job that:

20 (A) pays an annual wage of at least \$50,000,
21 subject to Section 171.772;

22 (B) is covered by a group health benefit plan for
23 which the business pays at least 80 percent of the premiums or other
24 charges assessed under the plan for the employee; and

25 (C) is not created to replace a previous
26 employee.

27 (9) "Research and development" means an establishment
28 primarily engaged in activities described in category 8731 of the
29 1987 Standard Industrial Classification Manual published by the
30 United States Department of Labor.

31 (10) "Warehousing" means an establishment primarily

1 engaged in activities described in categories 4221-4226 of the 1987
2 Standard Industrial Classification Manual published by the United
3 States Department of Labor.

4 Sec. 171.772. BIENNIAL ADJUSTMENT OF WAGE FOR QUALIFYING
5 JOB. (a) In this section, "consumer price index" means the average
6 over a state fiscal biennium of the Consumer Price Index for All
7 Urban Consumers (CPI-U), U.S. City Average, published monthly by
8 the United States Bureau of Labor Statistics, or its successor in
9 function.

10 (b) Beginning in 2016, on January 1 of each even-numbered
11 year, the wage amount prescribed by Section 171.771(8) is increased
12 or decreased by an amount equal to the amount prescribed by that
13 section on December 31 of the preceding year multiplied by the
14 percentage increase or decrease during the preceding state fiscal
15 biennium in the consumer price index and rounded to the nearest
16 dollar.

17 (c) The amount determined under Subsection (b) applies to a
18 report originally due on or after the date the determination is
19 made.

20 (d) The comptroller shall make the determination required
21 by this section and may adopt rules related to making that
22 determination.

23 (e) A determination by the comptroller under this section is
24 final and may not be appealed.

25 Sec. 171.773. ELIGIBILITY. A taxable entity is eligible for
26 a credit against the tax imposed under this chapter if the taxable
27 entity:

28 (1) is a qualified business; and

29 (2) creates a minimum of 10 qualifying jobs.

30 Sec. 171.774. AMOUNT OF CREDIT. A taxable entity may
31 establish a credit equal to 25 percent of the total wages paid by

the taxable entity for each qualifying job during each of the first 12 months of employment of the person hired to perform the job that occur during the period on which the report is based.

Sec. 171.775. LENGTH OF CREDIT. The credit established shall be claimed in five equal installments of one-fifth the credit amount over the five consecutive reports beginning with the report based on the period during which the qualifying jobs were created.

Sec. 171.776. LIMITATIONS. (a) The total credit claimed under this subchapter for a report, including the amount of any carryforward credit under Section 171.777, may not exceed 50 percent of the amount of franchise tax due for the report before any other applicable tax credits.

(b) The total credit claimed under this subchapter and Subchapter Q-2 for a report, including the amount of any carryforward credits, may not exceed the amount of franchise tax due for the report after any other applicable credits.

Sec. 171.777. CARRYFORWARD. (a) If a taxable entity is eligible for a credit that exceeds the limitations under Section 171.776, the taxable entity may carry the unused credit forward for not more than five consecutive reports.

(b) A carryforward is considered the remaining portion of an installment that cannot be claimed in the current year because of a limitation under Section 171.776. A carryforward is added to the next year's installment of the credit in determining the limitation for that year. A credit carryforward from a previous report is considered to be used before the current year installment.

Sec. 171.778. CERTIFICATION OF ELIGIBILITY. (a) For the initial and each succeeding report on which a credit is claimed under this subchapter, the taxable entity shall file with its report, on a form provided by the comptroller, information that sufficiently demonstrates that the taxable entity is eligible for

1 the credit.

2 (b) The burden of establishing entitlement to and the value
3 of the credit is on the taxable entity.

4 (c) A credit expires under this subchapter and the taxable
5 entity may not take any remaining installment of the credit if in
6 one of the five years in which the installment of a credit accrues,
7 the taxable entity fails to maintain the minimum number of
8 qualifying jobs required to be created by Section 171.773.

9 (d) Notwithstanding Subsection (c), the taxable entity may
10 take the portion of an installment that accrued in a previous year
11 and was carried forward to the extent permitted under Section
12 171.777.

13 Sec. 171.779. ASSIGNMENT PROHIBITED. A taxable entity may
14 not convey, assign, or transfer the credit allowed under this
15 subchapter to another entity unless all of the assets of the taxable
16 entity are conveyed, assigned, or transferred in the same
17 transaction.

18 Sec. 171.780. BIENNIAL REPORT BY COMPTROLLER. (a) Before
19 the beginning of each regular session of the legislature, the
20 comptroller shall submit to the governor, the lieutenant governor,
21 and the speaker of the house of representatives a report that
22 states:

23 (1) the total number of jobs created by taxable
24 entities that claim a credit under this subchapter and the average
25 and median annual wage of those jobs;

26 (2) the total amount of credits applied against the
27 tax under this chapter and the amount of unused credits including:

28 (A) the total amount of franchise tax due by
29 taxable entities claiming a credit under this subchapter before and
30 after the application of the credit;

31 (B) the average percentage reduction in

1 franchise tax due by taxable entities claiming a credit under this
2 subchapter; and

3 (C) the percentage of tax credits that were
4 awarded to taxable entities with fewer than 100 employees;

5 (3) the two-digit standard industrial classification
6 of businesses claiming a credit under this subchapter;

7 (4) the geographical distribution of the credits
8 claimed under this subchapter; and

9 (5) the effect of the credit provided under this
10 subchapter on employment, personal income, and capital investment
11 in this state and on state tax revenues.

12 (b) The final report issued before the expiration of this
13 subchapter must include historical information on the credit
14 authorized under this subchapter.

15 (c) The comptroller may not include in the report
16 information that is confidential by law.

17 (d) For purposes of this section, the comptroller may
18 require a taxable entity that claims a credit under this subchapter
19 to submit information, on a form provided by the comptroller, on the
20 location of the taxable entity's job creation in this state and any
21 other information necessary to complete the report required under
22 this section.

23 (e) The comptroller shall provide notice to the members of
24 the legislature that the report required under this section is
25 available on request.

26 Sec. 171.781. COMPTROLLER POWERS AND DUTIES. The
27 comptroller shall adopt rules and forms necessary to implement this
28 subchapter.

29 Sec. 171.782. EXPIRATION. (a) This subchapter expires
30 December 31, 2025.

31 (b) The expiration of this subchapter does not affect the

1 carryforward of a credit under Section 171.777 or those credits for
2 which a taxable entity is eligible before the date this subchapter
3 expires.

4 SUBCHAPTER Q-2. TAX CREDITS FOR CERTAIN CAPITAL INVESTMENTS

5 Sec. 171.821. DEFINITIONS. In this subchapter:

6 (1) "Agricultural processing" and "qualified
7 business" have the meanings assigned those terms by Section
8 171.771.

9 (2) "Qualified capital investment" means tangible
10 personal property first placed in service in this state by a taxable
11 entity primarily engaged in agricultural processing, and that is
12 described in Section 1245(a), Internal Revenue Code, such as
13 engines, machinery, tools, and implements used in a trade or
14 business or held for investment and subject to an allowance for
15 depreciation, cost recovery under the accelerated cost recovery
16 system, or amortization. The term does not include real property or
17 buildings and their structural components. Property that is leased
18 under a capitalized lease is considered a "qualified capital
19 investment," but property that is leased under an operating lease
20 is not considered a "qualified capital investment." Property
21 expensed under Section 179, Internal Revenue Code, is not
22 considered a "qualified capital investment."

23 Sec. 171.822. ELIGIBILITY. (a) A qualified business is
24 eligible for a credit against the tax imposed under this chapter in
25 the amount and under the conditions and limitations provided by
26 this subchapter.

27 (b) To qualify for the credit authorized under this
28 subchapter, a qualified business must:

29 (1) pay an annual wage of at least the amount required
30 for a qualifying job as defined by Section 171.771 for the period on
31 which the report is based;

1 (2) offer health benefits coverage to all full-time
2 employees at the location with respect to which the credit is
3 claimed through a group health benefit plan, as defined by Section
4 171.771, for which the business pays at least 80 percent of the
5 premiums or other charges assessed under the plan for the
6 employees; and

7 (3) make a minimum \$500,000 qualified capital
8 investment.

9 Sec. 171.823. AMOUNT OF CREDIT. A taxable entity may
10 establish a credit equal to 7.5 percent of the qualified capital
11 investment during the period on which the report is based.

12 Sec. 171.824. LENGTH OF CREDIT. The credit established
13 shall be claimed in five equal installments of one-fifth the credit
14 amount over the five consecutive reports beginning with the report
15 based on the period during which the qualified capital investment
16 was made.

17 Sec. 171.825. LIMITATIONS. (a) The total credit claimed
18 under this subchapter for a report, including the amount of any
19 carryforward credit under Section 171.826, may not exceed 50
20 percent of the amount of franchise tax due for the report before any
21 other applicable tax credits.

22 (b) The total credit claimed under this subchapter and
23 Subchapter P-1 for a report, including the amount of any
24 carryforward credits, may not exceed the amount of franchise tax
25 due for the report after any other applicable tax credits.

26 Sec. 171.826. CARRYFORWARD. (a) If a taxable entity is
27 eligible for a credit from an installment that exceeds the
28 limitation under Section 171.825, the taxable entity may carry the
29 unused credit forward for not more than five consecutive reports.

30 (b) A carryforward is considered the remaining portion of an
31 installment that cannot be claimed in the current year because of a

1 limitation under Section 171.825. A carryforward is added to the
2 next year's installment of the credit in determining the limitation
3 for that year. A credit carryforward from a previous report is
4 considered to be used before the current year installment.

5 Sec. 171.827. CERTIFICATION OF ELIGIBILITY. (a) For the
6 initial and each succeeding report on which a credit is claimed
7 under this subchapter, the taxable entity shall file with its
8 report, on a form provided by the comptroller, information that
9 sufficiently demonstrates that the taxable entity is eligible for
10 the credit.

11 (b) The burden of establishing entitlement to and the value
12 of the credit is on the taxable entity.

13 (c) A credit expires under this subchapter and the taxable
14 entity may not take any remaining installment of the credit if in
15 one of the five years in which the installment of a credit accrues,
16 the taxable entity:

17 (1) disposes of the qualified capital investment;
18 (2) takes the qualified capital investment out of
19 service;

20 (3) moves the qualified capital investment out of this
21 state; or

22 (4) fails to pay the annual wage required for a
23 qualifying job under Section 171.771 for the period covered by the
24 report on which the taxable entity would otherwise claim the
25 credit.

26 (d) Notwithstanding Subsection (c), the taxable entity may
27 take the portion of an installment that accrued in a previous year
28 and was carried forward to the extent permitted under Section
29 171.826.

30 Sec. 171.828. ASSIGNMENT PROHIBITED. A taxable entity may
31 not convey, assign, or transfer the credit allowed under this

1 subchapter to another entity unless all of the assets of the taxable
2 entity are conveyed, assigned, or transferred in the same
3 transaction.

4 Sec. 171.829. BIENNIAL REPORT BY COMPTROLLER. (a) Before
5 the beginning of each regular session of the legislature, the
6 comptroller shall submit to the governor, the lieutenant governor,
7 and the speaker of the house of representatives a report that
8 states:

9 (1) the total amount of qualified capital investments
10 made by taxable entities that claim a credit under this subchapter
11 and the average and median wages paid by those taxable entities;

12 (2) the total amount of credits applied against the
13 tax under this chapter and the amount of unused credits, including:

14 (A) the total amount of franchise tax due by
15 taxable entities claiming a credit under this subchapter before and
16 after the application of the credit;

17 (B) the average percentage reduction in
18 franchise tax due by taxable entities claiming a credit under this
19 subchapter;

20 (C) the percentage of tax credits that were
21 awarded to taxable entities with fewer than 100 employees; and

22 (D) the two-digit standard industrial
23 classification of taxable entities claiming a credit under this
24 subchapter;

25 (3) the geographical distribution of the qualified
26 capital investments on which tax credit claims are made under this
27 subchapter; and

28 (4) the effect of the credit provided under this
29 subchapter on employment, personal income, and capital investment
30 in this state and on state tax revenues.

31 (b) The final report issued before the expiration of this

1 subchapter must include historical information on the credit
2 authorized under this subchapter.

3 (c) The comptroller may not include in the report
4 information that is confidential by law.

5 (d) For purposes of this section, the comptroller may
6 require a taxable entity that claims a credit under this subchapter
7 to submit information, on a form provided by the comptroller, on the
8 location of the taxable entity's capital investment in this state
9 and any other information necessary to complete the report required
10 under this section.

11 (e) The comptroller shall provide notice to the members of
12 the legislature that the report required under this section is
13 available on request.

14 Sec. 171.830. COMPTROLLER POWERS AND DUTIES. The
15 comptroller shall adopt rules and forms necessary to implement this
16 subchapter.

17 Sec. 171.831. EXPIRATION. (a) This subchapter expires
18 December 31, 2025.

19 (b) The expiration of this subchapter does not affect the
20 carryforward of a credit under Section 171.826 or those credits for
21 which a taxable entity is eligible before the date this subchapter
22 expires.



Amorin

1 Amend CSHB 500 as follows:

2 (1) On page 1, line 20, add the following appropriately numbered
3 sections and renumber subsequent sections accordingly:

HOUSE OF REPRESENTATIVES

4 SECTION __. (a) Effective January 1, 2014, Sections 171.002(a)
5 and (b), Tax Code, are amended to read as follows:

6 (a) Subject to Sections 171.003 and 171.1016 and except as
7 provided by Subsection (b), the rate of the franchise tax is 0.90
8 ~~[one]~~ percent of taxable margin.

9 (b) Subject to Sections 171.003 and 171.1016, the rate of the
10 franchise tax is 0.45 ~~[0.5]~~ percent of taxable margin for those
11 taxable entities primarily engaged in retail or wholesale trade.

12 (b) This section applies only to a report originally due on or
13 after January 1, 2014.

14 (2) On page 8, line 10 insert the following appropriately numbered
15 sections and renumber subsequent sections accordingly:

16 SECTION __. (a) Effective January 1, 2014, Section 171.1016(b), Tax
17 Code, is amended to read as follows:

18 (b) The amount of the tax for which a taxable entity that
19 elects to pay the tax as provided by this section is liable is
20 computed by:

21 (1) determining the taxable entity's total revenue from its
22 entire business, as determined under Section 171.1011;

23 (2) apportioning the amount computed under Subdivision (1)
24 to this state, as provided by Section 171.106, to determine the
25 taxable entity's apportioned total revenue; and

26 (3) multiplying the amount computed under Subdivision (2) by
27 the rate of 0.5175 ~~[0.575]~~ percent.

1 (b) This section applies only to a report originally due on
2 or after January 1, 2014.



831429

Amendment

1 Amend CSHB 500 as follows:

2 (1) On page 1, line 20, add the following appropriately numbered
3 sections and renumber subsequent sections accordingly:

HOUSE OF REPRESENTATIVES

4 SECTION __. (a) Effective January 1, 2014, Sections 171.002(a)
5 and (b), Tax Code, are amended to read as follows:

6 (a) Subject to Sections 171.003 and 171.1016 and except as
7 provided by Subsection (b), the rate of the franchise tax is 0.75
8 ~~[one]~~ percent of taxable margin.

9 (b) Subject to Sections 171.003 and 171.1016, the rate of the
10 franchise tax is 0.38 ~~[0.5]~~ percent of taxable margin for those
11 taxable entities primarily engaged in retail or wholesale trade.

12 (b) This section applies only to a report originally due on or
13 after January 1, 2014.

14 SECTION __. (a) Effective January 1, 2015, Sections 171.002(a) and
15 (b), Tax Code, are amended to read as follows:

16 (a) Subject to Sections 171.003 and 171.1016 and except as
17 provided by Subsection (b), the rate of the franchise tax is 0.50
18 ~~[one]~~ percent of taxable margin.

19 (b) Subject to Sections 171.003 and 171.1016, the rate of the
20 franchise tax is 0.25 ~~[0.5]~~ percent of taxable margin for those
21 taxable entities primarily engaged in retail or wholesale trade.

22 (b) This section applies only to a report originally due on or
23 after January 1, 2015.

24 SECTION __. (a) Effective January 1, 2016, Sections 171.002(a) and
25 (b), Tax Code, are amended to read as follows:

26 (a) Subject to Sections 171.003 and 171.1016 and except as
27 provided by Subsection (b), the rate of the franchise tax is 0.25
28 ~~[one]~~ percent of taxable margin.

1 (b)Subject to Sections 171.003 and 171.1016, the rate of
2 the franchise tax is 0.13 [~~0.5~~] percent of taxable margin for those
3 taxable entities primarily engaged in retail or wholesale trade.

4 (b)This section applies only to a report originally due on
5 or after January 1, 2016.

6 (2) On page 8, line 10 insert the following appropriately numbered
7 sections and renumber subsequent sections accordingly:

8 SECTION__.(a) Effective January 1, 2014, Section 171.1016(b), Tax
9 Code, is amended to read as follows:

10 (b)The amount of the tax for which a taxable entity that
11 elects to pay the tax as provided by this section is liable is
12 computed by:

13 (1)determining the taxable entity 's total revenue from its
14 entire business, as determined under Section 171.1011;

15 (2)apportioning the amount computed under Subdivision (1)
16 to this state, as provided by Section 171.106, to determine the
17 taxable entity 's apportioned total revenue; and

18 (3)multiplying the amount computed under Subdivision(2) by
19 the rate of 0.43 [~~0.575~~] percent.

20 (b)This section applies only to a report originally due on
21 or after January 1, 2014.

22 SECTION__.(a) Effective January 1, 2015, Section 171.1016(b), Tax
23 Code, is amended to read as follows:

24 (b)The amount of the tax for which a taxable entity that elects
25 to pay the tax as provided by this section is liable is

1 computed by:

2 (1)determining the taxable entity 's total revenue
3 from its entire business, as determined under Section 171.1011;

4 (2)apportioning the amount computed under Subdivision (1)
5 to this state, as provided by Section 171.106, to determine the
6 taxable entity 's apportioned total revenue; and

7 (3)multiplying the amount computed under Subdivision(2) by
8 the rate of 0.29 [~~0.575~~] percent.

9 (b)This section applies only to a report originally due on
10 or after January 1, 2015.

11 SECTION__. (a) Effective January 1, 2016, Section 171.1016(b), Tax
12 Code, is amended to read as follows:

13 (b)The amount of the tax for which a taxable entity that elects
14 to pay the tax as provided by this section is liable is
15 computed by:

16 (1)determining the taxable entity 's total revenue from its
17 entire business, as determined under Section 171.1011;

18 (2)apportioning the amount computed under Subdivision (1)
19 to this state, as provided by Section 171.106, to determine the
20 taxable entity 's apportioned total revenue; and

21 (3)multiplying the amount computed under Subdivision (2) by
22 the rate of 0.14 [~~0.575~~] percent.

23 (b)This section applies only to a report originally due on or
24 after January 1, 2016.

25 SECTION__. Section 171.006(b), Tax Code, is amended to read as
26 follows:

(b) Beginning in 2010, on January 1 of each even-numbered year, the amounts prescribed by Sections 171.002(d) (2) [~~171.0021~~] and 171.1013(c) are increased or decreased by an amount equal to the amount prescribed by those sections on December 31 of the preceding year multiplied by the percentage increase or decrease during the preceding state fiscal biennium in the consumer price index and rounded to the nearest \$10,000.

SECTION__. Section 1(c), Chapter 286 (H.B. 4765), Acts of the 81st Legislature, Regular Session, 2009, as amended by Section 37.01, Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called Session, 2011, is repealed.

SECTION__. Section 2, Chapter 286 (H.B. 4765), Acts of the 81st Legislature, Regular Session, 2009, as amended by Section 37.02, Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called Session, 2011, and which amended former Subsection (d), Section 171.002, Tax Code, is repealed.

SECTION__. Section 3, Chapter 286 (H.B. 4765), Acts of the 81st Legislature, Regular Session, 2009, as amended by Section 37.03, Chapter 4 (S.B. 1), Acts of the 82nd Legislature, 1st Called Session, 2011, and which amended former Subsection (a), Section 171.0021, Tax Code, is repealed.

SECTION__. Sections 171.0021 and 171.1016(d), Tax Code, are repealed.

SECTION__. (a) Chapter 171, Tax Code, is repealed.

(b) A taxable entity that is subject to the franchise tax imposed under Chapter 171, Tax Code, on December 31, 2016, shall file a final franchise tax return and pay a transitional tax as required by this subsection on or before May 15, 2017. The transitional tax is equal to the tax the taxable entity would have paid in 2017 under Chapter 171, Tax Code, if Chapter 171, Tax Code, had not been repealed. The provisions of Chapter 171, Tax Code, relating to the computation and

1 payment of the franchise tax remain in effect after the repeal of
2 Chapter 171, Tax Code, by this section for the purposes of computing
3 and paying the transitional tax required by this subsection.

4 (c)Chapter 171, Tax Code, and Subtitle B, Title 2, Tax Code,
5 continue to apply to audits, deficiencies, redeterminations, and
6 refunds of any tax due or collected under Chapter 171, including the
7 tax due as provided by Subsection (b) of this section, until barred by
8 limitations.

9 (d)The repeal of Chapter 171, Tax Code, does not affect:

10 (1)the status of a taxable entity that has had its
11 corporate privileges, certificate of authority, certificate of
12 organization, certificate of limited partnership, corporate charter,
13 or registration revoked, suit filed against it, or a receiver
14 appointed under Subchapter F, G, or H of that chapter;

15 (2)the ability of the comptroller, secretary of state, or
16 attorney general to take action against a taxable entity under
17 Subchapter F, G, or H of that chapter for actions that took place
18 before the repeal; or

19 (3)the right of a taxable entity to contest a forfeiture,
20 revocation, lawsuit, or appointment of a receiver under Subchapter F,
21 G, or H of that chapter.

22 (e)This section takes effect January 1, 2017.

23 (3) On page 9, line 4, strike "This" and insert "Except as otherwise
24 provided by this Act, this".

25 On page 9, line 6, strike "This" and insert "Except as otherwise
26 provided by this Act, this".



13 MAY -4 AM 10:17
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: James M. Murphy

1 Amend H.B. No. 500 by adding the following appropriately
2 numbered SECTION to the bill and renumbering subsequent SECTIONS of
3 the bill accordingly:

4 SECTION _____. (a) Section 171.0001(12), Tax Code, is
5 amended to read as follows:

6 (12) "Retail trade" means:

7 (A) the activities described in Division G of the
8 1987 Standard Industrial Classification Manual published by the
9 federal Office of Management and Budget; ~~and~~

10 (B) apparel rental activities classified as
11 Industry 5999 or 7299 of the 1987 Standard Industrial
12 Classification Manual published by the federal Office of Management
13 and Budget;

14 (C) activities involving the rental or leasing of
15 tools, party and event supplies, and furniture that are classified
16 as Industry 7359 of the 1987 Standard Industrial Classification
17 Manual published by the federal Office of Management and Budget; or

18 (D) heavy construction equipment rental or
19 leasing activities classified as Industry 7353 of the 1987 Standard
20 Industrial Classification Manual published by the federal Office of
21 Management and Budget.

22 (b) This section applies only to a report originally due on
23 or after January 1, 2014.

24 (c) This section takes effect January 1, 2014.



13 MAY -6 AM 9:24
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: Jim Murphy

1 Amend C.S.H.B. No. 500 (house committee printing) as follows:
2 (1) On page 3, line 18, strike "(w-1), and (x)" and
3 substitute "(w-1), (x), and (y)".
4 (2) On page 6, between lines 18 and 19, insert the
5 following:
6 (y) A taxable entity shall exclude from its total revenue,
7 to the extent included under Subsection (c)(1)(A), (c)(2)(A), or
8 (c)(3) but not subtracted as a cost of goods sold on the report or on
9 a previous report, the depreciation used to calculate gain or loss
10 on the disposition of real property held primarily for the
11 production of rental income.



13 MAY -6 AM 9:02
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: _____

- 1 Amend C.S.H.B. No. 500 (house committee report) as follows:
- 2 (1) On page 5, line 24, strike "that is a physician
- 3 practice".
- 4 (2) On page 6, line 20, strike "amending Subdivision (4-a)
- 5 and adding Subdivisions (4-b) and" and substitute "adding
- 6 Subdivision".
- 7 (3) Strike page 6, line 22, through page 7, line 4.



13 MAY -4 AM 9:22
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: _____

Van Tyler

1 Amend C.S.H.B. No. 500 as follows:

2 (1) Add the following appropriately numbered SECTION to the
3 bill and renumber subsequent SECTIONS of the bill accordingly:

4 SECTION _____. (a) Section 111.064(c), Tax Code, is amended
5 to read as follows:

6 (c) For a refund claimed before September 1, 2005, or after
7 August 31, 2015, and granted for a report period due on or after
8 January 1, 2000, the rate of interest is the rate set in Section
9 111.060.

10 (b) This section takes effect September 1, 2015.

11 (2) On page 9, line 6, strike "This" and substitute "Except
12 as otherwise provided by this Act, this".



13 MAY -4 AM 9:22
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: _____

Van Tylor

Amend C.S.H.B. No. 500 (house committee printing) as follows:

(1) On page 7, line 10, strike "Subsection (q)" and substitute "Subsections (q), (r), and (s)".

(2) On page 8, between lines 1 and 2, insert the following:

(r) A taxable entity that elects to subtract cost of goods sold for the purpose of computing its taxable margin may elect to determine the amount of that cost of goods sold in accordance with this subsection. A taxable entity making the election authorized by this subsection is not subject to the provisions of this section relating to the computation of the amount of cost of goods sold other than this subsection and Subsection (s). The taxable entity shall determine the amount of cost of goods sold as follows:

(1) for a taxable entity treated for federal income tax purposes as a corporation, the cost of goods sold is the amount reportable as cost of goods sold on line 2, Internal Revenue Service Form 1120;

(2) for a taxable entity treated for federal income tax purposes as a partnership, the cost of goods sold is the amount reportable as cost of goods sold on line 2, Internal Revenue Service Form 1065;

(3) for a taxable entity treated for federal income tax purposes as an S corporation, the cost of goods sold is the amount reportable as cost of goods sold on line 2, Internal Revenue Service Form 1120S; or

(4) for any other taxable entity, the cost of goods sold is an amount determined in a manner substantially equivalent to the amount for Subdivision (1), (2), or (3) determined by rules the comptroller shall adopt.

(s) A combined group that elects to subtract cost of goods

1 sold for the purpose of computing its taxable margin shall make the
2 election to compute the amount of that cost of goods sold under
3 Subsection (r), or to compute that amount under the other
4 provisions of this section, for all of its members.

5 (3) On page 8, line 2, strike "Section 171.1014(d), Tax
6 Code, is" and substitute "Sections 171.1014(d) and (d-1), Tax Code,
7 are".

8 (4) On page 8, between lines 9 and 10, insert the following:

9 (d-1) A member of a combined group that does not elect to
10 compute the amount of cost of goods sold as provided by Section
11 171.1012(r) may claim as cost of goods sold those costs that qualify
12 under Section 171.1012 if the goods for which the costs are incurred
13 are owned by another member of the combined group.



13 MAY -4 AM 10:36
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: _____

Van Taylor

Amend C.S.H.B. No. 500 (house committee printing) as follows:

(1) On page 7, line 10, strike "Subsection (q)" and substitute "Subsections (q), (r), and (s)".

(2) On page 8, between lines 1 and 2, insert the following:

(r) A taxable entity that has total revenue from its entire business of less than \$5 million and that elects to subtract cost of goods sold for the purpose of computing its taxable margin may elect to determine the amount of that cost of goods sold in accordance with this subsection. A taxable entity making the election authorized by this subsection is not subject to the provisions of this section relating to the computation of the amount of cost of goods sold other than this subsection and Subsection (s). The taxable entity shall determine the amount of cost of goods sold as follows:

(1) for a taxable entity treated for federal income tax purposes as a corporation, the cost of goods sold is the amount reportable as cost of goods sold on line 2, Internal Revenue Service Form 1120;

(2) for a taxable entity treated for federal income tax purposes as a partnership, the cost of goods sold is the amount reportable as cost of goods sold on line 2, Internal Revenue Service Form 1065;

(3) for a taxable entity treated for federal income tax purposes as an S corporation, the cost of goods sold is the amount reportable as cost of goods sold on line 2, Internal Revenue Service Form 1120S; or

(4) for any other taxable entity, the cost of goods sold is an amount determined in a manner substantially equivalent to the amount for Subdivision (1), (2), or (3) determined by rules

1 the comptroller shall adopt.

2 (s) A combined group that has total revenue from its entire
3 business of less than \$5 million and that elects to subtract cost of
4 goods sold for the purpose of computing its taxable margin shall
5 make the election to compute the amount of that cost of goods sold
6 under Subsection (r), or to compute that amount under the other
7 provisions of this section, for all of its members.

8 (3) On page 8, line 2, strike "Section 171.1014(d), Tax
9 Code, is" and substitute "Sections 171.1014(d) and (d-1), Tax Code,
10 are".

11 (4) On page 8, between lines 9 and 10, insert the following:

12 (d-1) A member of a combined group that does not elect to
13 compute the amount of cost of goods sold as provided by Section
14 171.1012(r), if applicable, may claim as cost of goods sold those
15 costs that qualify under Section 171.1012 if the goods for which the
16 costs are incurred are owned by another member of the combined
17 group.



13 MAY -4 AM 10:36

HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: Van Taylor

Amend C.S.H.B. No. 500 (house committee printing) as follows:

(1) On page 7, line 10, strike "Subsection (q)" and substitute "Subsections (q), (r), and (s)".

(2) On page 8, between lines 1 and 2, insert the following:

(r) A taxable entity that has total revenue from its entire business of less than \$10 million and that elects to subtract cost of goods sold for the purpose of computing its taxable margin may elect to determine the amount of that cost of goods sold in accordance with this subsection. A taxable entity making the election authorized by this subsection is not subject to the provisions of this section relating to the computation of the amount of cost of goods sold other than this subsection and Subsection (s). The taxable entity shall determine the amount of cost of goods sold as follows:

(1) for a taxable entity treated for federal income tax purposes as a corporation, the cost of goods sold is the amount reportable as cost of goods sold on line 2, Internal Revenue Service Form 1120;

(2) for a taxable entity treated for federal income tax purposes as a partnership, the cost of goods sold is the amount reportable as cost of goods sold on line 2, Internal Revenue Service Form 1065;

(3) for a taxable entity treated for federal income tax purposes as an S corporation, the cost of goods sold is the amount reportable as cost of goods sold on line 2, Internal Revenue Service Form 1120S; or

(4) for any other taxable entity, the cost of goods sold is an amount determined in a manner substantially equivalent to the amount for Subdivision (1), (2), or (3) determined by rules

1 the comptroller shall adopt.

2 (s) A combined group that has total revenue from its entire
3 business of less than \$10 million and that elects to subtract cost
4 of goods sold for the purpose of computing its taxable margin shall
5 make the election to compute the amount of that cost of goods sold
6 under Subsection (r), or to compute that amount under the other
7 provisions of this section, for all of its members.

8 (3) On page 8, line 2, strike "Section 171.1014(d), Tax
9 Code, is" and substitute "Sections 171.1014(d) and (d-1), Tax Code,
10 are".

11 (4) On page 8, between lines 9 and 10, insert the following:

12 (d-1) A member of a combined group that does not elect to
13 compute the amount of cost of goods sold as provided by Section
14 171.1012(r), if applicable, may claim as cost of goods sold those
15 costs that qualify under Section 171.1012 if the goods for which the
16 costs are incurred are owned by another member of the combined
17 group.



13 MAY -4 AM 10: 36
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: _____

Van Taylor

Amend C.S.H.B. No. 500 (house committee printing) as follows:

(1) On page 7, line 10, strike "Subsection (q)" and substitute "Subsections (q), (r), and (s)".

(2) On page 8, between lines 1 and 2, insert the following:

(r) A taxable entity that has total revenue from its entire business of less than \$30 million and that elects to subtract cost of goods sold for the purpose of computing its taxable margin may elect to determine the amount of that cost of goods sold in accordance with this subsection. A taxable entity making the election authorized by this subsection is not subject to the provisions of this section relating to the computation of the amount of cost of goods sold other than this subsection and Subsection (s). The taxable entity shall determine the amount of cost of goods sold as follows:

(1) for a taxable entity treated for federal income tax purposes as a corporation, the cost of goods sold is the amount reportable as cost of goods sold on line 2, Internal Revenue Service Form 1120;

(2) for a taxable entity treated for federal income tax purposes as a partnership, the cost of goods sold is the amount reportable as cost of goods sold on line 2, Internal Revenue Service Form 1065;

(3) for a taxable entity treated for federal income tax purposes as an S corporation, the cost of goods sold is the amount reportable as cost of goods sold on line 2, Internal Revenue Service Form 1120S; or

(4) for any other taxable entity, the cost of goods sold is an amount determined in a manner substantially equivalent to the amount for Subdivision (1), (2), or (3) determined by rules

1 the comptroller shall adopt.

2 (s) A combined group that has total revenue from its entire
3 business of less than \$30 million and that elects to subtract cost
4 of goods sold for the purpose of computing its taxable margin shall
5 make the election to compute the amount of that cost of goods sold
6 under Subsection (r), or to compute that amount under the other
7 provisions of this section, for all of its members.

8 (3) On page 8, line 2, strike "Section 171.1014(d), Tax
9 Code, is" and substitute "Sections 171.1014(d) and (d-1), Tax Code,
10 are".

11 (4) On page 8, between lines 9 and 10, insert the following:

12 (d-1) A member of a combined group that does not elect to
13 compute the amount of cost of goods sold as provided by Section
14 171.1012(r), if applicable, may claim as cost of goods sold those
15 costs that qualify under Section 171.1012 if the goods for which the
16 costs are incurred are owned by another member of the combined
17 group.



13 MAY -4 AM 10:35
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: _____

Van Taylor

1 Amend C.S.H.B. No. 500 as follows:

2 (1) Add the following appropriately numbered SECTION to the
3 bill and renumber subsequent SECTIONS of the bill accordingly:

4 SECTION _____. (a) Section 111.064, Tax Code, is amended by
5 adding Subsection (g) to read as follows:

6 (g) For a refund of an amount paid under Chapter 171 that is
7 claimed after August 31, 2015, and granted for a report period due
8 on or after January 1, 2000, the rate of interest is the rate set in
9 Section 111.060.

10 (b) This section takes effect September 1, 2015.

11 (2) On page 9, line 6, strike "This" and substitute "Except
12 as otherwise provided by this Act, this".