

Amend CSSJR 1 (Senate committee printing) as follows:

(1) In proposed Section 5A, Article VII, Texas Constitution (page 2, between lines 63 and 64), insert the following:

(4) the net revenue from the state services tax imposed under Section 27, Article VIII, of this constitution;

(2) In proposed Section 5A, Article VII, Texas Constitution (page 2, lines 64-69), renumber existing Subdivisions (4)-(6) as Subdivisions (5)-(7).

(3) In proposed Section 25, Article VIII, Texas Constitution (page 4, lines 3-25), strike added Subsections (c) and (d), and substitute the following:

(c) Notwithstanding any other provision of this constitution, the net revenue derived from an increase in the rate of the tax described by Subsection (a) of this section over the rate of the tax on June 30, 2004, shall be deposited to the credit of the Texas education fund created under Section 5A, Article VII, of this constitution.

(4) In proposed Section 25, Article VIII, Texas Constitution (page 4, line 26), reletter added Subsection (e) as Subsection (d).

(5) Add an appropriately numbered Section to the resolution to read as follows and renumber subsequent Sections accordingly:

SECTION _____. Article VIII, Texas Constitution, is amended by adding Section 27 to read as follows:

Sec. 27. (a) A state tax is imposed on the sale or use of a service in this state at the rate of 9.5 percent unless:

(1) the service was specifically and not generally exempt, either wholly or partly, from taxation under Chapter 151, Tax Code, on June 30, 2004; or

(2) the legislature by general law provides an exemption from the application of the tax.

(b) The legislature by general law may raise or lower the rate of the state services tax or modify or repeal the tax.

(c) Except as provided by Subsection (d) of this section, the net revenue derived from the imposition of the state services tax shall be deposited to the credit of the Texas education fund.

(d) The comptroller shall allocate to each local taxing

entity an amount of revenue derived from the imposition of the services tax that is substantially equal to the amount of revenue that the comptroller estimates would have been received by the entity from the imposition of the tax provided by Chapter 151, Tax Code, on services that were subject to taxation under that chapter on June 30, 2004.