

Amend CSHB 3 as follows:

(1) On page 1, line 18, strike "\$1.12" and substitute "\$_____".

(2) On page 2, line 6, strike "\$1.23" and substitute "\$_____".

(3) On page 2, lines 24 and 26, strike "\$1.23" and substitute "\$_____".

(4) On page 3, lines 1 and 2, strike "\$1.12" and substitute "\$_____".

(5) Add the following appropriately lettered PART to ARTICLE 3 of the bill and reletter subsequent PARTS accordingly:

PART ____ . ELECTRICITY AND GAS

SECTION 3_.01. Sections 321.201(a) and (b), Tax Code, are amended to read as follows:

(a) Each retailer in a municipality that has adopted a tax authorized by this chapter shall add each sales tax imposed by the municipality under this chapter and by Chapter 151 to the sales price, and the sum of the taxes is a part of the price, a debt of the purchaser to the retailer until paid, and recoverable at law in the same manner as the purchase price. [~~If the municipality imposes the tax on gas and electricity for residential use, only the municipal tax is added to the sales price of sales of gas and electricity for residential use.~~]

(b) The amount of the total tax is computed by multiplying the combined applicable tax rates [~~, or the rate of the municipal tax only for sales of gas and electricity for residential use in a municipality that imposes the tax on gas and electricity for residential use,~~] by the amount of the sales price. If the product results in a fraction of a cent less than one-half of one cent, the fraction of a cent is not collected. If the fraction of a cent is one-half of one cent or more, the fraction shall be collected as one cent.

SECTION 3_.02. Section 321.204(a), Tax Code, is amended to read as follows:

(a) In each municipality that has adopted the taxes

authorized by this chapter, the taxes imposed by Section 321.104(a) and the tax imposed by Subchapter D, Chapter 151, are added together to form a single combined tax rate, except[+]

~~[(1) in a municipality that imposes the tax on gas and electricity for residential use only the rate of the municipal tax is used to determine the amount of tax on the use, storage, or other consumption of gas and electricity for residential use; and~~

~~[(2)]~~ only the rate of the municipal tax is used in a situation described by Section 321.205(b).

SECTION 3_.03. Section 321.208, Tax Code, is amended to read as follows:

Sec. 321.208. STATE EXEMPTIONS APPLICABLE. The exemptions provided by Subchapter H, Chapter 151, apply to the taxes authorized by this chapter~~[, except as provided by Section 151.317(b)]~~.

SECTION 3_.04. Section 323.207, Tax Code, is amended to read as follows:

Sec. 323.207. STATE EXEMPTIONS APPLICABLE. The exemptions provided by Subchapter H, Chapter 151, apply to the taxes authorized by this chapter~~[, except as provided by Section 151.317(b)]~~.

SECTION 3_.05. The following provisions of the Tax Code are repealed:

- (1) Section 151.317;
- (2) Section 321.207(c); and
- (3) Section 323.206(c).

SECTION 3_.06. LEGISLATIVE INTENT. It is the legislature's strong intention that, though the legislature has rarely conducted a referendum on matters of statewide importance, the will of the people should be honored and take precedence over any prior constitutional rule of law given the nature of this particularly important issue in our state.

SECTION 3_.07. REFERENDUM AND BALLOT PROPOSITION. At the general election to be held on November 8, 2005, the voters shall be permitted to vote in a referendum as provided by this section. The ballot shall be printed to provide for voting for or against the proposition: "Reduction in school district maintenance and

operation property tax rates through imposing the state sales and use tax on electricity and gas." The proposition shall be printed on the ballot beneath the proposed constitutional amendments under the heading: "Referendum Proposition."

SECTION 3_.08. ELECTION PROCEDURE. (a) Notice of the election shall be given in the same manner that notice of proposed constitutional amendments is given.

(b) Returns of the votes cast on the proposition shall be prepared and canvassed in the same manner as the returns on proposed constitutional amendments.

(c) Immediately after the results of the election are certified by the governor, the secretary of state shall transmit a copy of the certification to the lieutenant governor and the speaker of the house of representatives.

SECTION 3_.09. EFFECT OF ELECTION. (a) If a majority of the votes cast in the referendum oppose the proposition, Sections 3_.01-3_.05 of this part do not take effect.

(b) If a majority of the votes cast in the referendum favor the proposition, Sections 3_.01-3_.05 of this part take effect January 1, 2006.

SECTION 3_.10. CONSTRUCTION. (a) Except as provided in Subsection (b) of this section, the rules of construction stated in Section 311.032, Government Code, apply to the construction of this part.

(b) If a majority of votes cast in the referendum opposes the proposition and subsequently the sections of this part requiring a referendum are held invalid by a final judgment of a court of competent jurisdiction, this part expires on the date that the judgment of the court becomes final and the law amended by this part exists as if this part were not enacted.

SECTION 3_.11. This part takes effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for effect on that date, this part takes effect on the 91st day after the last day of the legislative session.