

Amend CSHB 3 (Senate committee printing) by adding the following appropriately numbered ARTICLE to the bill and renumbering subsequent ARTICLES of the bill accordingly:

ARTICLE \_\_. REPORT ON EFFECTS OF TAX POLICIES

SECTION \_\_.01. SPECIAL REPORT ON EFFECTS OF CERTAIN TAX POLICIES ON PERSONAL INCOME AND BUSINESSES. (a) The comptroller of public accounts shall prepare a report that provides a comprehensive analysis of the effects of tax policies adopted by the 79th Legislature, 1st Called Session, on the personal income of residents of this state and on businesses in this state. Not later than October 15, 2006, the comptroller shall submit the report to the governor, lieutenant governor, speaker of the house of representatives, and each other member of the legislature.

(b) The report required under Subsection (a) of this section must include at least the following information with respect to business taxes enacted or significantly reformed by the 79th Legislature, 1st Called Session:

(1) the total amount of the tax revenue collected from businesses between the effective date of this article and the date of the report;

(2) a profile of the businesses that paid the taxes by:

(A) the number of employees;

(B) the two-digit standard industrial classification; and

(C) for the period described by Subdivision (1) of this subsection:

(i) the total amount of wages paid and, reported separately, the total amount of taxable wages paid;

(ii) the total amount of profits made and, reported separately, the total amount of taxable profits made;

(iii) the total amount of taxes paid; and

(iv) any credits used to reduce tax liability;

(3) the percentage of the taxes that were paid by businesses with fewer than 100 employees;

(4) an estimate of the number and wages of workers not covered by the taxes; and

(5) an estimate of the number, two-digit standard industrial classification, and profits of, and an estimate of the wages paid by, businesses not covered by the taxes.

(c) The report required under Subsection (a) of this section must also include at least the following:

(1) with respect to major legislation enacted by the 79th Legislature, 1st Called Session, a tax incidence analysis, categorized by industry sector and family income level, of the effects of:

(A) any reduction in school district tax rates;

(B) any changes in business taxation;

(C) any changes in property taxation;

(D) any increase in the rate of the sales tax on the sales tax base as compared to the sales tax base that existed on January 1, 2005;

(E) any repeal of a sales tax exemption or exclusion;

(F) any increase in the rate of the motor vehicle sales and use tax;

(G) any increase in the rate of the boat and boat motor sales and use tax;

(H) any tax imposed on the sale of discretionary food and drink items;

(I) any increase in rate of the cigarette, cigar, or tobacco products tax; and

(J) any other changes in major state taxes; and

(2) with respect to residents of this state who itemize deductions on their federal income tax returns, an analysis, categorized by income level, of:

(A) the amount of state sales taxes deducted from those persons' federal income taxes; and

(B) the difference between the federal income tax deductions for property taxes paid that were claimed by those persons before property tax rate reductions were enacted by the 79th Legislature, 1st Called Session, and the federal income tax deductions for property taxes paid that were claimed by those persons after those reductions were enacted.

(d) Not later than October 15, 2008, the comptroller of public accounts shall:

(1) update the information contained in the report submitted under this section; and

(2) submit the updated report to the persons listed in Subsection (a) of this section.

SECTION \_\_.02. This article takes effect November 1, 2005.