

Amend CSHB 3 as follows:

On page 3 add a New Section (11) to Section 171.001, Subchapter A of the bill to read as follows and renumber accordingly:

(11) "Management company" means a corporation, limited liability company, or other limited liability entity that conducts all or part of the active trade or business of another entity (the "managed entity") in exchange for:

(A) a management fee, and

(B) reimbursement of specified costs incurred in the conduct of the active trade or business of the managed entity including "wages and cash compensation" as determined under Sec. 171.1013(a) and (b).

On page 24 Add a new Section (n) to Sec. 171.1011 to read as follows and renumber accordingly:

(m) A taxable entity that is a management company shall exclude from its total revenue reimbursements of specified costs incurred in its conduct of the active trade or business of a managed entity including "wages and cash compensation" as determined under Sec. 171.1013(a) and (b).

On page 36 Add a new section (f) and (g) to Sec. 171.1013 to read as follows:

(f) A taxable entity that is a management company:

(1) may not include as wages or cash compensation any amounts reimbursed by a managed entity; and

(2) shall determine compensation as provided by this section for only those wage and compensation payments that are not reimbursed by a managed entity.

(g) A taxable entity that is a managed entity shall include reimbursements made to the management company for wages and compensation as if the reimbursed amounts had been paid to employees of the managed entity.