

Amend CSHB 3 as follows:

(1) On page 12, line 12, strike "Except" and substitute "Subject to the election to pay the franchise tax rates as they existed on January 1, 2006, as provided by Section 171.0021, and except".

(2) On page 14, between lines 12 and 13, insert:

Sec. 171.0021. ELECTION TO PAY FRANCHISE TAX RATES AS THEY EXISTED ON JANUARY 1, 2006. (a) Notwithstanding any other provision of this chapter, a taxable entity may elect to pay the franchise tax at the rates and in the manner provided by this chapter as it existed on January 1, 2006, except as changed for purposes of this section.

(b) An election under this section shall be made by the taxable entity on its annual report and is effective only for that annual report. The election may be changed by filing an amended report.

(c) A reference under this section to this chapter or a part of this chapter is a reference to this chapter or part of this chapter as it existed on January 1, 2006, only if it is followed by the language, "as it existed on January 1, 2006." A reference under this section to this chapter or a part of this chapter that is not followed by that language means this chapter or a part of this chapter as it exists for the tax year for which the taxable entity files the annual report.

(d) For purposes of this section, this chapter as it existed on January 1, 2006, applies to any taxable entity as defined under Section 171.0002.

(e) For purposes of this section, this chapter as it existed on January 1, 2006, allows combined reporting by an affiliated group engaged in unitary business as provided under Section 171.104.

(f) For purposes of this section, in computing net taxable earned surplus under Section 171.110, as it existed on January 1, 2006, a taxable entity shall add to its reportable federal taxable income any wages and cash compensation that the taxable entity

would be precluded from including in a determination of wages and cash compensation under Section 171.101 as a result of the limitation of Section 171.1013(c).

(g) For purposes of this section, this chapter as it existed on January 1, 2006, includes Section 171.2515.