

Amend CSHB 3 on page 15, between lines 6 and 7, by inserting the following SECTION:

SECTION 1A. (a) This section takes effect only if the constitutional amendment proposed by the 79th Legislature, 3rd Called Session, 2006, requiring that any increase in the rate of the franchise tax be approved by two-thirds of all the members elected to each house of the legislature, is approved by the voters. If that amendment is not approved by the voters, this section has no effect.

(b) Subchapter A, Chapter 171, Tax Code, is amended by adding Section 171.003 to read as follows:

Sec. 171.003. INCREASE IN RATE REQUIRES TWO-THIRDS VOTE.

(a) An increase in a rate provided by Section 171.002(a) or (b) takes effect only if the legislation proposing the increase is passed by a record vote of two-thirds of all the members elected to each house of the legislature on final consideration of that legislation in each house.

(b) This section does not apply to a decrease in a rate provided by Section 171.002(a) or (b). If a rate is decreased, this section applies to any subsequent increase in that rate.

(c) This section does not apply to any change in the tax imposed by this chapter in relation to:

(1) the manner in which the tax is computed, including the determination of margin and taxable margin and any allowable deductions or credits;

(2) the manner in which the tax is administered or enforced; or

(3) the applicability of the tax to certain entities.