

Amend **CSHB 3** by inserting the following new Section and renumbering any remaining sections accordingly:

SECTION ____ . SPECIAL REPORT ON EFFECT OF CERTAIN TAX POLICIES ON PERSONAL INCOME AND BUSINESS. No later than October 15, 2006, the Comptroller of Public Accounts shall submit a report to the governor and each member of the legislature providing a comprehensive analysis of the effect of certain tax policies on personal income and business. The report shall include, at a minimum, the following:

(1) the total amount of business taxes collected under Article 2, Reformed Franchise Tax;

(2) a profile of the businesses paying the reformed franchise tax by the number of employees, the amount of wages, the total amount of payroll taxes paid, the total amount of claimed credits, and the number and wages of employees over \$90,000;

(3) a tax incidence analysis by income level on the increase in the sales tax rate on the sales tax base as that base existed prior to the effective date of this Act;

(4) a tax incidence analysis by income level on each sales tax exemption or exclusion repealed by this Act; and

(5) an analysis by income level of the Texans who itemize their federal income taxes and the amount of state sales taxes deducted from federal income taxes by income level."