

Amend **CSHB 3** (Senate committee printing) as follows:

(1) In Section 171.0011(b), Tax Code, as amended by SECTION 4.04 of the bill (page 23, line 54), strike "four" and substitute " ".

(2) In Article 4 of the bill (page 23, between lines 64 and 65), insert a new SECTION 4.04A to read as follows:

SECTION 4.04A. (a) Section 171.0011(b), Tax Code, is amended to read as follows:

(b) The additional tax is equal to ____ [~~4.5~~] percent of the taxable entity's [~~corporation's~~] net taxable earned surplus computed on the period beginning on the day after the last day for which the tax imposed on net taxable earned surplus was computed under Section 171.1532 and ending on the date the taxable entity [~~corporation~~] is no longer subject to the earned surplus component of the tax.

(b) This section takes effect January 1, 2006, and applies to a report originally due on or after that date, but only if the constitutional amendment proposed by S.J.R. No. 38, 79th Legislature, Regular Session, 2005, is approved by the voters. If that amendment is not approved by the voters, this section has no effect.

(3) In Section 171.002(a)(2), Tax Code, as amended by SECTION 4.06 of the bill (page 24, line 36), strike "four" and substitute "____".

(4) In Article 4 of the bill (page 24, between lines 64 and 65), insert a new SECTION 4.06A to read as follows:

SECTION 4.06A. (a) Section 171.002(a), Tax Code, is amended to read as follows:

(a) The rates of the franchise tax are:

(1) 0.25 percent per year of privilege period of net taxable capital; and

(2) ____ [~~4.5~~] percent of net taxable earned surplus.

(b) This section takes effect January 1, 2006, and applies to a report originally due on or after that date, but only if the constitutional amendment proposed by S.J.R. No. 38, 79th Legislature, Regular Session, 2005, is approved by the voters. If that amendment is not approved by the voters, this section has no effect.

(5) In Section 171.1102(a)(2), Tax Code, as added by SECTION 4.20 of the bill (page 33, line 48), strike "four percent" and substitute "the rate provided by Section 171.002(a)(2)".

(6) Strike SECTIONS 5A.01A, 5B02A, 5B.03A, 5B.04A, 5B.05A, 5C.01A, AND 5C.02A of the bill.