

Amend CSSB 1863 (House committee printing) by adding a new section numbered appropriately to read as follows:

SECTION __. Sections 151.3162 (d) and (e), Tax Code, are amended to read as follows:

(d) the exemption provided by Subsection (b) takes effect January 1, 2008. Until that date, a person is entitled to an exemption [~~a credit or refund~~] of a portion of the taxes paid under this chapter on an item that after January 1, 2008, will be exempted from the taxes imposed by this chapter under Subsection (b). The amount of the exemption [~~credit or refund~~] is determined as follows:

(1) for an item for which the taxable event occurs on or after October 1, 2001, and before January 1, 2004, the taxpayer is entitled to an exemption [~~a refund or credit~~] in an amount equal to 33 percent of the tax paid on the item;

(2) for an item for which the taxable event occurs on or after January 1, 2004, and before January 1, 2006, the taxpayer is entitled to an exemption [~~a refund or credit~~] in an amount equal to 50 percent of the tax paid on the item; and

(3) for an item for which the taxable event occurs on or after January 1, 2006, and before January 1, 2008, the taxpayer is entitled to an exemption [~~a refund or credit~~] in an amount equal to 75 percent of the tax paid on the item.

(e) A taxpayer entitled to a credit or refund under Subsection (d), as that subsection existed on September 30, 2005, may elect to receive either a credit or a refund. A taxpayer who elects to receive a credit must claim the credit on the return for a period that ends not later than the first anniversary of the date on which the taxable event occurred. A taxpayer who elects to receive a refund must apply to the comptroller for the refund before or during the calendar year following the year in which the tax on the item was paid.