

Amend HB 4265 as follows:

(1) On page 1, line 5, strike "Section 171.0001(8), Tax Code, is" and substitute "Sections 171.0001(1), (7), and (8), Tax Code, are".

(2) On page 1, between lines 6 and 7, insert the following:

(1) "Affiliated group" means:

(A) a group of one or more entities in which a controlling interest is owned by a common owner or owners, either corporate or noncorporate, or by one or more of the member entities;  
or

(B) a group that is composed of one or more entities in which an equal interest is owned by all owners, corporate or noncorporate, or by all member entities, but only if none of the owners or member entities have more than 25 employees.

(7) "Combined group" means taxable entities that are part of an affiliated group engaged in a unitary business and that are required or permitted to file a group report under Section 171.1014.

(3) Add the following appropriately numbered SECTION to read as follows and renumber subsequent SECTIONS accordingly:

SECTION \_\_\_\_\_. Section 171.1014, Tax Code, is amended by amending Subsection (a) and adding Subsections (a-1) and (a-2) to read as follows:

(a) Except as provided by Subsection (a-1), taxable  
~~[Taxable]~~ entities that are part of an affiliated group engaged in a unitary business shall file a combined group report in lieu of individual reports based on the combined group's business.

(a-1) Taxable entities that are part of an affiliated group described by Section 171.0001(1)(B) that is engaged in a unitary business may elect to file a combined report in lieu of individual reports based on the combined group's business.

(a-2) A ~~[The]~~ combined group may not include a taxable entity that conducts business outside the United States if 80 percent or more of the taxable entity's property and payroll, as determined by factoring under Chapter 141, are assigned to locations outside the United States. In applying Chapter 141, if either the property factor or the payroll factor is zero, the

denominator is one. The combined group may not include a taxable entity that conducts business outside the United States and has no property or payroll if 80 percent or more of the taxable entity's gross receipts, as determined under Sections 171.103, 171.105, and 171.1055, are assigned to locations outside the United States.