

Amend CSSB 1811 (house committee printing) by adding the following appropriately numbered ARTICLE to the bill and renumbering the subsequent ARTICLES and SECTIONS of the bill appropriately:

ARTICLE _____. FUNDING FOR TOTAL REVENUE EXEMPTION FOR FRANCHISE
TAX AND PROPERTY TAX RELIEF

SECTION _____.01. (a) Subtitle C, Title 2, Utilities Code, is amended by adding Chapter 67 to read as follows:

CHAPTER 67. SUBSCRIPTION VIDEO SERVICES

Sec. 67.001. DEFINITIONS. In this chapter:

(1) "Provider" means a provider of subscription video services.

(2) "Subscription video services" means the distribution or broadcasting of video programming or services by satellite directly to a subscriber's or paying customer's receiving equipment. The term does not include any video service provided by a commercial mobile service provider as defined in 47 U.S.C. Section 332(d). The term includes:

(A) the rental of receiving equipment used by the subscriber or paying customer to obtain the service;

(B) the provision of premium channels; and

(C) the installation or repair of receiving equipment used by the subscriber or paying customer to obtain the service.

Sec. 67.002. SUBSCRIPTION VIDEO ASSESSMENT. (a) There is imposed on each provider an assessment of 6-1/4 percent of gross revenues derived from the provision of subscription video services in this state.

(b) The assessment imposed by Subsection (a) does not apply to gross revenue from Internet access services as defined by Section 151.00394(a), Tax Code, including Internet access services purchased, used, or sold to provide subscription video services.

(c) A provider of subscription video services is entitled to exclude the following amounts from gross revenues subject to the assessment imposed by Subsection (a):

(1) bad debts to the extent and in the same manner as provided by Section 151.426, Tax Code;

(2) gross revenue derived from a contract to sell or transfer subscription video services for further commercial broadcast, rebroadcast, transmission, retransmission, licensing, relicensing, distribution, redistribution, or exhibition of the product, wholly or partly, to another person or persons;

(3) gross revenue received by an affiliate or any other person in exchange for supplying goods and services used by a provider;

(4) refunds, rebates, or discounts made to a subscriber, advertiser, or other person;

(5) a fee, tax, or other assessment imposed by the United States or any state or local government that is permitted or required to be added to the sales price of subscription video services, if the fee, tax, or other assessment is stated separately on a subscriber's bill;

(6) revenue from the sale of capital assets or surplus equipment not used by the purchaser to receive subscription video services from the provider;

(7) late payment fees collected from subscribers of subscription video services; and

(8) revenue from advertising services.

Sec. 67.003. INFORMATION SHOWN ON SUBSCRIBER BILL. A provider may show, as a separate line item on each regular bill of each subscriber, the amount of the total bill resulting from any assessment imposed under this chapter.

Sec. 67.004. ASSESSMENT DUE DATES. The assessment imposed by this chapter is due and payable to the comptroller on or before the last day of the first month following the end of each calendar quarter.

Sec. 67.005. ASSESSMENT REPORT. (a) A provider required to pay an assessment under this chapter shall file an assessment report with the comptroller on a form prescribed by the comptroller. The assessment report is due on the date the assessment is due under Section 67.004.

(b) The assessment report must include a statement of the gross revenues received from the provision of subscription video services and any other information required by the comptroller.

Sec. 67.006. SUBSCRIPTION REPORT. (a) A provider subject to the assessment imposed by this chapter shall file a subscription report with the comptroller on a form prescribed by the comptroller. The subscription report is due annually not later than December 31.

(b) The subscription report must include a statement of the number of subscribers the provider had on December 1 of the calendar year in which the report is due:

(1) in the incorporated area of each municipality in which the provider provides subscription video services; and

(2) in the unincorporated areas of each county in which the provider provides subscription video services.

(c) A provider shall base the number of subscribers reported in Subsections (b)(1) and (2) on the service address of each subscriber. For purposes of this section, "service address" means the location where the subscriber receives subscription video services.

Sec. 67.007. RECORDS. (a) A provider on whom the assessment is imposed by this chapter shall maintain the necessary records, and any other information required by the comptroller, to determine:

(1) the amount of the assessment that the provider is required to remit under this chapter; and

(2) the number of subscription video service subscribers in the incorporated area of each municipality and in the unincorporated areas of each county.

(b) The records shall be open at all times to inspection by the comptroller.

Sec. 67.008. PENALTY FOR FAILURE TO FILE REPORT OR PAY ASSESSMENT. (a) A person who fails to file an assessment report as required by Section 67.005 or who fails to pay an assessment imposed by this chapter when due forfeits five percent of the amount of the assessment due as a penalty, and if the person fails to file the assessment report or pay the assessment within 30 days after the day on which the assessment or assessment report is due, the person forfeits an additional five percent.

(b) A person who fails to file a subscription report as

required by Section 67.006 forfeits five percent of the amount of the most recent assessment due as a penalty, and if the person fails to file the subscription report within 30 days after the day on which the subscription report is due, the person forfeits an additional five percent.

(c) The minimum penalty imposed by this section is \$1.

Sec. 67.009. ALLOCATION OF REVENUE. (a) The comptroller shall deposit 75 percent of the revenue collected from the assessment imposed by this chapter to the credit of the property tax relief fund under Section 403.109, Government Code.

(b) The comptroller shall deposit the remaining revenue collected from the assessment imposed by this chapter to the credit of the subscription video assessment clearance fund established under Section 67.010.

Sec. 67.010. SUBSCRIPTION VIDEO ASSESSMENT CLEARANCE FUND.

(a) The subscription video assessment clearance fund is a special fund in the state treasury outside the general revenue fund. The fund is exempt from the application of Section 403.095, Government Code.

(b) The fund consists of revenue credited to the fund under Section 67.009(b).

(c) Not later than the last day of the second month following a calendar quarter, the comptroller shall:

(1) determine the total number of subscription video service subscribers in this state and in the incorporated area of each municipality and the unincorporated areas of each county, according to the most recent subscription report filed by each provider under Section 67.006; and

(2) issue warrants to those municipalities and counties as provided by Subsection (d).

(d) The comptroller shall distribute the amount in the subscription video assessment clearance fund deposited during the previous calendar quarter, less any retention authorized by Subsection (e), by issuing a warrant drawn on the fund to:

(1) each municipality with subscription video service subscribers in the incorporated area of the municipality in an amount equal to the amount in the fund, less the retention amount,

multiplied by the ratio that the total number of subscription video service subscribers in that incorporated area bears to the total number of subscribers in this state; and

(2) each county with subscription video service subscribers in the unincorporated areas of the county in an amount equal to the amount in the fund, less the retention amount, multiplied by the ratio that the total number of subscription video service subscribers in those unincorporated areas bears to the total number of subscribers in this state.

(e) The comptroller may retain not more than five percent of the balance of the fund to process:

(1) a refund of an overpayment of the assessment imposed by this chapter; or

(2) a correction in the allocation of revenue received under this chapter.

(f) A distribution received by a municipality or county under this section shall be used only to reduce the effective tax rate of ad valorem taxes imposed by the municipality or county and for that purpose only, the distribution shall be treated in the same manner as and added to any revenue generated under Section 321.101(b), Tax Code, or Chapter 323, Tax Code, for the purpose of property tax reduction and computation of the municipality's or county's tax rate under Section 26.041, Tax Code.

Sec. 67.011. RULES. The comptroller may adopt rules necessary to enforce this chapter.

(b) The change in law made by this section applies to the provision of subscription video services, as defined by Section 67.001, Utilities Code, as added by this section, occurring on or after the effective date of this section. The provision of subscription video services, as defined by Section 67.001, Utilities Code, as added by this section, occurring before the effective date of this section is governed by the law in effect on the date the provision of subscription video services occurred, and the former law is continued in effect for that purpose.

(c) The comptroller of public accounts shall issue initial warrants as provided by Section 67.010, Utilities Code, as added by this section, for the fiscal quarter beginning on the effective

date of this section not later than February 29, 2012.

(d) This section takes effect October 1, 2011.

SECTION _____.02. Section 1(c), Chapter 286 (HB 4765), Acts of the 81st Legislature, Regular Session, 2009, is repealed.

SECTION _____.03. Section 2, Chapter 286 (HB 4765), Acts of the 81st Legislature, Regular Session, 2009, which amended former Subsection (d), Section 171.002, Tax Code, is repealed.

SECTION _____.04. Section 3, Chapter 286 (HB 4765), Acts of the 81st Legislature, Regular Session, 2009, which amended former Subsection (a), Section 171.0021, Tax Code, is repealed.

SECTION _____.05. Section 171.0021, Tax Code, is repealed.

SECTION _____.06. Section 171.1016(d), Tax Code, is repealed.

SECTION _____.07. Except as otherwise provided by this article, this article takes effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for this article to have immediate effect, this article takes effect September 1, 2011.