

Amend CSHB 500 (house committee report) by adding the following appropriately numbered SECTION to the bill and renumbering the other SECTIONS of the bill accordingly:

SECTION \_\_\_\_\_. Section 171.1013(a), Tax Code, is amended to read as follows:

(a) Except as otherwise provided by this section, "wages and cash compensation" means the amount entered in the Medicare wages and tips box of Internal Revenue Service Form W-2 or any subsequent form with a different number or designation that substantially provides the same information. The term also includes, to the extent not included above:

(1) net distributive income from a taxable entity treated as a partnership for federal income tax purposes, but only if the person receiving the distribution is a natural person;

(2) net distributive income from limited liability companies and corporations treated as S corporations for federal income tax purposes, but only if the person receiving the distribution is a natural person;

(3) stock awards and stock options deducted for federal income tax purposes; ~~and~~

(4) net distributive income from a limited liability company treated as a sole proprietorship for federal income tax purposes, but only if the person receiving the distribution is a natural person; and

(5) salaries or other compensation deducted for federal income tax purposes of employees located outside the United States for which the employer is not required to issue an Internal Revenue Service Form W-2.